

COMMONWEALTH OF KENTUCKY

**IN RE: KENTUCKY RIVER AUTHORITY**

MEETING NO. 188

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September 10, 2018  
1:00 P.M.  
Bush Building  
Wapping Street  
Frankfort, Kentucky

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**APPEARANCES**

Mike Flynn  
CHAIR

Rodney Simpson  
Huston Wells  
James Kay  
Jonathan Lang  
Thomas Stephens  
Mark Smith  
Barry Sanders  
Kevin Rogers  
Harold Rainwater  
Melinda Hill  
(Proxy for Finance & Admin. Cabinet)  
Bruce Scott  
(Proxy for Energy & Environment  
Cabinet)  
KENTUCKY RIVER AUTHORITY

Mr. David Hamilton  
EXECUTIVE DIRECTOR

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**CAPITAL CITY COURT REPORTING**

TERRI H. PELOSI, COURT REPORTER  
900 CHESTNUT DRIVE  
FRANKFORT, KENTUCKY 40601  
**(502) 223-1118**

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APPEARANCES  
(Continued)

Sue Ann Elliston  
Bobby Webb  
KRA STAFF

Andrew Blystra  
David Brown Kinloch  
Robin Antenucci  
Jim Parrish  
Malissa McAlister  
Ed Wilcox  
John Brady  
Billy Aldridge  
Bill Bushwald  
Ronnie Penn  
Jamie Penn  
Kathy Moore  
Kevin Moore  
Kara Smothermon  
Daniel Gilbert  
Ben Webster  
GUESTS

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**MOTIONS**

**MOTION TO APPROVE  
REGULAR MEETING NO.  
187 ..... PAGE 12, LINE 2**

CHAIRMAN FLYNN: Yes, we can. With that, we will take a motion, then, Ms. Hill, for the Regular Meeting No. 187. Does your motion stand for the Regular Meeting 187?

MS. HILL: Yes.

CHAIRMAN FLYNN: I have a second from Mr. Smith. Does that stand?

MR. SMITH: Yes.

CHAIRMAN FLYNN: Discussion on 187? Is that the one that you were absent from?

MR. STEPHENS: No, sir. I was at that one.

CHAIRMAN FLYNN: All right. Seeing there's no further discussion, all in favor, say aye. With no objection, the motion passes.

**MOTION TO APPROVE  
SPECIAL MEETING OF  
AUGUST 14, 2018 .....PAGE 12, LINE 17**

CHAIRMAN FLYNN: All right. Special-Called Meeting of August 14th of 2018, do I have a motion?

MR. STEPHENS: So moved.

MR. WELLS: Second.

CHAIRMAN FLYNN: I have a motion and a second on the floor. Any discussion?

All in favor, say aye. The motion passes on that one as well.

**MOTION TO APPROVE  
SPECIAL MEETING OF  
AUGUST 28, 2018, WITH A  
CORRECTION THAT MR. WELLS  
AND MR. STEPHENS WERE  
NOT IN ATTENDANCE AT  
THE MEETING.....PAGE 12, LINE 25**

CHAIRMAN FLYNN: Special-Called Meeting of August 28th.

MS. HILL: So moved.

**MOTIONS**  
(Continued)

MR. ROGERS: Second.

CHAIRMAN FLYNN: Motion and a second on the floor. Any discussion?

MR. STEPHENS: I believe that that's the one that I was absent.

MR. WELLS: And I wasn't there either.

CHAIRMAN FLYNN: And I remember the Judge not being here and Secretary Stephens.

We'll make that amendment to the meeting minutes. Any further discussion? Seeing none, all in favor, say aye. The motion passes.

**MOTION TO APPROVE  
FINANCIAL REPORT.....PAGE 25, LINE 5**

MR. KAY: I'll make a motion.

CHAIRMAN FLYNN: I have a motion from Mr. Kay to approve, and that is to approve April, May and June, all three of the reports that were provided. I have a motion on the floor.

MS. HILL: Second.

CHAIRMAN FLYNN: I have a second from Ms. Hill. Any further discussion on those? Being none, all in favor, say aye. Motion passes.

**MOTION TO APPROVE  
LEASE AGREEMENT BETWEEN  
DJ WILLIAMS, KY. DEPT.  
OF PARKS AND KRA.....PAGE 67, LINE 22**

MR. STEPHENS: I'll make a motion to approve the agreement.

MR. LANG: I'll second it.

(Discussion)

CHAIRMAN FLYNN: All right. We've got a motion and a second on the floor and I'll take that as the discussion portion of that. So, is there any further discussion on the item that's before us for approval of this lease agreement? All right. Seeing there's no further

discussion, all in favor, say aye. The motion passes.

**MOTION TO ADJOURN.....PAGE 85, LINE 1**

MR. WELLS: So moved.

MR. SANDERS: Second.

1 CHAIRMAN FLYNN: The hour is  
2 1:00, so, we will call the regular meeting of the  
3 Kentucky River Authority, Meeting No. 188 to order.

4 The first item of business is  
5 comments from the general public, but I guess the  
6 first thing we need to do is have a roll call for  
7 the Board. Sue, if you would do that, please.

8 (ROLL CALL)

9 MS. ELLISTON: We do have a  
10 quorum.

11 CHAIRMAN FLYNN: With that, we  
12 do have a lot of visitors with us today, and if  
13 would start to my left and go around the room and  
14 introduce those that are in the room and maybe who  
15 you represent as well.

16 (INTRODUCTIONS)

17 CHAIRMAN FLYNN: Thank you all  
18 for being here. This is the portion of our meeting  
19 that I've designated for specific comments. There  
20 are several of you that have presentations that will  
21 follow, but if there's any specific comments from  
22 anybody that they want to make known to the Board,  
23 you are more than welcome to do so. We'll go in an  
24 orderly fashion as we went around the room. If not,  
25 then, we'll move forward with the business that's on

1 the agenda for us today.

2 All right. Seeing that  
3 there's comments from the general public, then,  
4 we'll move forward with Item No. 3 on the agenda  
5 which is approval of the minutes.

6 MR. PARRISH: I did want to  
7 make a comment.

8 CHAIRMAN FLYNN: Yes, sir.

9 MR. PARRISH: I'm sorry.

10 CHAIRMAN FLYNN: No. You go  
11 right ahead.

12 MR. PARRISH: I'm Jim Parrish  
13 with the City of Frankfort and I've not spoken yet,  
14 and if I have, I didn't want to duplicate anything,  
15 but we operate Riverview Park Boat Dock under the  
16 City of Frankfort and also Blanton Landing Boat  
17 Dock, City of Frankfort.

18 We run the Nancy Wilkinson  
19 Historical Pontoon. Most all the boats here load  
20 and unload at Riverview Park, even though they come  
21 through the locks, and I just wanted to voice  
22 support for continuing what we've done with the  
23 locks and for river tourism and how important it is  
24 here in Pool 4 with Frankfort and seeing it advance  
25 forward to possibly Lock 5.



1 marketing efforts we do related to the Kentucky  
2 River and from here to the Ohio. So, these are some  
3 of the materials that we've got on different  
4 activities on the river and tour groups and things  
5 like that that we have distributed at the Louisville  
6 Boat Show, the Kentucky State Fair and through some  
7 regional distribution services in the region of  
8 Ohio, Indiana and Kentucky. Thank you.

9 CHAIRMAN FLYNN: Thank you,  
10 ma'am. You mentioned the Louisville Boat Show and I  
11 think that we'll be part of a booth that will be at  
12 the Louisville Boat Show to show our support and the  
13 importance of the KRA and the Kentucky River.

14 Yes, ma'am.

15 MS. MOORE: I've only been  
16 involved and been around the river for the past  
17 three or four years but the improvements and the  
18 things that have come along have been immense and  
19 numerous, and as it has been said, it's been a great  
20 thing and as Robin says for tourism, and we'd like  
21 to see that to continue to move forward.

22 It would be a ashamed for the  
23 potential that we have not to be recognized and to  
24 keep that moving. There's great potential to add on  
25 to and improve even what's already been done.



1 could we do them one at a time?

2 CHAIRMAN FLYNN: Yes, we can.

3 With that, we will take a motion, then, Ms. Hill,

4 for the Regular Meeting No. 187. Does your motion

5 stand for the Regular Meeting 187?

6 MS. HILL: Yes.

7 CHAIRMAN FLYNN: I have a

8 second from Mr. Smith. Does that stand?

9 MR. SMITH: Yes.

10 CHAIRMAN FLYNN: Discussion on

11 187? Is that the one that you were absent from?

12 MR. STEPHENS: No, sir. I was

13 at that one.

14 CHAIRMAN FLYNN: All right.

15 Seeing there's no further discussion, all in favor,

16 say aye. With no objection, the motion passes.

17 All right. Special-Called

18 Meeting of August 14th of 2018, do I have a motion?

19 MR. STEPHENS: So moved.

20 MR. WELLS: Second.

21 CHAIRMAN FLYNN: I have a

22 motion and a second on the floor. Any discussion?

23 All in favor, say aye. The motion passes on that

24 one as well.

25 Special-Called Meeting of

1 August 28th.

2 MS. HILL: So moved.

3 MR. ROGERS: Second.

4 CHAIRMAN FLYNN: Motion and a  
5 second on the floor. Any discussion?

6 MR. STEPHENS: I believe that  
7 that's the one that I was absent.

8 MR. WELLS: And I wasn't there  
9 either.

10 CHAIRMAN FLYNN: And I  
11 remember the Judge not being here and Secretary  
12 Stephens. We'll make that amendment to the meeting  
13 minutes. Any further discussion? Seeing none, all  
14 in favor, say aye. The motion passes.

15 Moving on, then, we've changed  
16 the agenda around a little bit and it's a little bit  
17 probably unfamiliar from previous meetings, but  
18 David is going to provide as much of a Financial  
19 Report as he can at this time and go over those  
20 finances.

21 I think he and Sue have kind  
22 of double-teamed to get us to this point from where  
23 we were two weeks ago and having the meeting that we  
24 had. So, David, if you want to go over that.

25 MR. HAMILTON: I will start by

1 just letting everybody know that the Office of  
2 Administrative Services has been taking care of  
3 billing, accounts receivable for the last couple of  
4 months and I would just like to publicly thank them  
5 for their efforts.

6 It's not the most fun thing  
7 when you get more work dumped into your lap and  
8 they've been very gracious to do a lot of that these  
9 last couple of months.

10 Secondly, I apologize for the  
11 late delivery of the financials for this meeting.  
12 It went out on email this morning. At future Board  
13 meetings, I hope to have that to you in a little  
14 more timely fashion. So, feel free to interject any  
15 questions or comments as we go through these.

16 What you should have in front  
17 of you is the monthly financials for April, May and  
18 June. It should be three sheets for each month - a  
19 narrative, a summary of the funds that the KRA has  
20 and a summary of the capital funds.

21 So, we'll begin with the April  
22 statements. The beginning cash balance in our  
23 General Operations Fund which is our Tier I fees was  
24 \$720,665.39. Tier I fee receipts for the month were  
25 \$432.85 and interest income totaled \$977.71 for a

1 total revenue in April of \$1,410.56.

2 The expenditures out of this  
3 fund for the month were \$43,436.69 which included  
4 salaries, benefits, professional services and  
5 operating expenses. The total, \$3,424.80, of  
6 professional services were comprised entirely of  
7 payments to Crown Services for our three  
8 lockmasters. The cash balance for this fund at the  
9 end of the month was \$678,639.26.

10 Moving on to the Tier II fee,  
11 the Dam Maintenance Fund, the beginning cash balance  
12 was \$5,28,469.33. There were no Tier II fee  
13 receipts this month. We did have interest income of  
14 \$7,393.96. There were no expenditures out of this  
15 fund, leaving a cash balance of \$5,287,863.29.

16 The Equipment Replacement  
17 Fund, there were no revenues or expenditures in  
18 April, leaving an unchanged cash balance of  
19 \$22,529.68.

20 Our General Fund allotment  
21 began the month with a balance of \$33,726.89.  
22 Expenditures for the month were \$20,369.25 which  
23 included salary and benefits, professional services  
24 and operating expenses. The professional services  
25 were comprised of employee training (GSC) and a

1 mandatory security guard fee for our offices here  
2 which comes up quarterly.

3 MR. STEPHENS: The GSC fee, is  
4 that the Governmental Services Center?

5 MR. HAMILTON: Yes. That's  
6 kind of an automatic. It doesn't seem like it  
7 changes. It's like a hundred bucks or something  
8 like every two or three months.

9 And, then, the other part of  
10 that was we tried getting out of the security fee  
11 for a while and it's pretty much mandatory it seems  
12 like but that comes up quarterly for our current  
13 office.

14 The General Fund allotment  
15 ended the month with a balance of \$13,357.64.

16 Moving on to the second sheet  
17 for April, the Capital Project Funds, the Dam 8  
18 Renovation Fund (C5RQ) had expenses of \$1,845.50 in  
19 April and ended the month with a balance of  
20 \$66,363.35.

21 The interest earning capital  
22 account tied to that had interest income in April of  
23 \$163.55 and ended the month with a balance of  
24 \$48,960.55.

25 And, then, finally, the Dam 10

1 10 Design Fund (C72K) had expenditures of \$15,099.00  
2 in April and ended the month with a balance of \$2.

3 Any questions on the April  
4 statements?

5 MR. ROGERS: I have one. On  
6 the design, that 2.2, how much of that is left?

7 MR. HAMILTON: That is just  
8 \$2.

9 MR. ROGERS: So, that is the  
10 remainder?

11 MR. HAMILTON: That is the  
12 remainder.

13 MR. ROGERS: So, we've expired  
14 that fund.

15 MR. HAMILTON: Yes. Two  
16 dollars was found left in there by DECA. They  
17 needed to keep that account alive. I think they  
18 said it would make it easier for them to do that  
19 which ended up happening which you will see in the  
20 next month is they opened up a new capital fund for  
21 the actual construction and construction oversight.

22 Any other questions on that  
23 month?

24 We'll move on to May.  
25 Beginning with the General Operations Fund, the

1 beginning cash balance was \$678,639.26. Tier I fee  
2 receipts were \$173,311.10 and interest income was  
3 \$947.35 for a total monthly revenue of \$A174,258.45.

4 Expenditures out of Tier I for  
5 the month were \$97,224.91 which included salary and  
6 benefits, professional services, operating expenses  
7 and inter-governmental contracts.

8 The \$6,616.40 of professional  
9 services were comprised entirely of payments to  
10 Crown Services for lockmasters and the inter-  
11 governmental contract payments included a \$14,757.01  
12 payment to UK for the Watershed Management contract  
13 and a quarterly payment to the USGS of \$34,537.50  
14 for the streamflow gage network. The cash balance  
15 at the month end was \$755,672.80.

16 Moving on to the Dam  
17 Maintenance Fund, our Tier II funds, the beginning  
18 cash balance was \$5,287,863.29. Tier II fee  
19 receipts for the month were \$708,207.90 and interest  
20 was \$7,199.57.

21 We transferred out of this  
22 fund \$1.3 million into the Debt Service Reserve Fund  
23 as part of the bond sale for the Dam 10 construction  
24 which was SPBC 118, and this left a cash balance of  
25 \$4,703,270.76.

1                                   The KRA Equipment Replacement  
2 Fund had a chart sale in May. So, we had \$25 in  
3 revenue, leaving the month-end cash balance at  
4 \$22,554.68.

5                                   General Fund allotment for the  
6 month began with a balance of \$13,357.64.  
7 Expenditures for the month were \$19,216.89 which  
8 included salary and benefits and operating expenses.

9                                   You will notice that the  
10 General Fund ended the month with a negative balance  
11 of \$5,859.25 and the reason why that ran into the  
12 red is, as I learned from Kara, the payroll will  
13 run. They will obviously pay that out but they let  
14 you know pretty quickly to fix that and you will see  
15 that in the next month's statements.

16                                  The Capital Project Funds, a  
17 new capital fund, like I just said a minute ago, a  
18 new capital fund C86X was created for the  
19 construction and oversight for the project at Dam  
20 10.

21                                  Revenues for the fund included  
22 an initial deposit of \$28,334,000.00 from the bond  
23 sale (SPBC118). Expenditures for the month totaled  
24 \$8,642.50 and the fund closed the month with a cash  
25 balance of \$28,325,357.50.

1                   A little side to this. Capital  
2 fund C8Z8 was created as the agency clearing account  
3 for the Dam 10 project. It had an initial balance  
4 of zero but had interest income of \$11,379.12 and  
5 ended with a cash balance of \$11,379.12.

6                   The Dam 8 Renovation Fund  
7 (C5RQ) had expenses in May of \$15,071.09 and ended  
8 the month with a balance of \$51,292.26.

9                   And, again, the interest  
10 earning capital account alongside of it (C6TR) had  
11 interest income during May of \$157.71 and ended the  
12 month with a balance of \$49,118.26.

13                   Any questions or comments on  
14 the May reports?

15                   MR. KAY: What was done on Dam  
16 8? What was it?

17                   MR. HAMILTON: That would have  
18 been E701 and that would have been architect/  
19 engineers' fees, I believe, and it probably was  
20 project wrap-up going over as-builts and, then,  
21 there was also a one-year warranty----

22                   CHAIRMAN FLYNN: Warranty.

23                   MR. HAMILTON: Because after  
24 the project closed out, it was quite a while before  
25 the contractor got the as-builts to us.

1 MR. KAY: I couldn't remember  
2 what it was.

3 MR. HAMILTON: Again, you'll  
4 see this next one, there's not a lot of activity  
5 going on with that.

6 Moving on to June, beginning  
7 with the General Operations Fund, the Tier I, the  
8 beginning cash balance was \$755,672.80. We had Tier  
9 I fee receipts for the month of \$28,647.82. There  
10 was no interest revenue posted to this or any of our  
11 funds in June due to the eMars upgrade. June  
12 interest will be posted in July and will be treated  
13 as an FY 2019 income.

14 The expenditures for the month  
15 were \$129,467.46 which included salary and benefits,  
16 professional services, operating expenses and inter-  
17 governmental contracts.

18 The professional services  
19 included \$375 for court reporting services and \$320  
20 for CPR training with the remainder of the balance  
21 of those expenses comprised of payments to Crown  
22 Services for three lockmasters.

23 The inter-governmental  
24 contract payments included a \$41,140.14 payment to  
25 UK for the Watershed Management contract and a

1 quarterly payment of \$34,537.50 to the USGS for the  
2 river gage network, ending with a cash balance at  
3 the end of the month of \$654,853.16.

4 You will notice we had another  
5 quarterly payment to USGS on the other ones. We did  
6 squeeze it in this year so that it could go in on  
7 our FY 2018 budget to give us a little more freedom  
8 with our budget for FY 2019. That's why you had two  
9 quarterly payments so close together.

10 Moving on to the Dam  
11 Maintenance Fund, Tier II, the beginning cash  
12 balance was \$4,703,270.76. We had Tier II fee  
13 receipts totaling \$25,046.97. We did have our  
14 quarterly debt service payment that was made that  
15 totaled \$551,797.50, leaving a cash balance in Tier  
16 II of \$4,176,520.23.

17 In the Equipment Replacement  
18 Fund, we had a chart sale for \$20. We had a  
19 slightly damaged book, so, we gave them a little  
20 rebate on it. And, then, we also got a Power co-op  
21 member receipt of \$41.03 leaving the month-end cash  
22 balance in this fund at \$22,615.71.

23 The General Fund allotment,  
24 again, you will remember from last month, we were in  
25 the red. We began the month with a negative balance

1 of \$5,859.25. The prior month's salaries of that  
2 total \$5,859.25 were adjusted so that they came out  
3 of the Tier I funds. Also, the salary and benefits  
4 which only one payroll runs in June, the salary and  
5 benefits that would normally have been paid out of  
6 the General Fund allotment this month were paid out  
7 of Tier I including that shortfall of \$5,859.25 from  
8 last month.

9 So, including that and, then,  
10 this month's one pay period, a total of \$13,766.75  
11 was paid from Tier I that would normally have been  
12 paid from the General Fund allotment for salaries  
13 and benefits. This left us with a perfect ending  
14 balance of zero with our General Fund allotment.

15 It was pretty close. If you  
16 will remember, in December, we had a cut to our  
17 General Fund that affected most state agencies of  
18 around 5%. Our cut was \$13,200. So, we came in  
19 just a little bit above that as far as having to use  
20 Tier I.

21 And, then, finally, moving on  
22 to the Capital Project Funds, the Dam 10  
23 construction fund (C86X) had expenditures of  
24 \$423,640.13. The fund closed the month with a cash  
25 balance of \$27,901.717.37.



1 Good job, David. Appreciate that. I guess it would  
2 be proper order for us to take a motion to approve  
3 the financials as provided by David in order that  
4 they are a matter of the record.

5 MR. KAY: I'll make a motion.

6 CHAIRMAN FLYNN: I have a  
7 motion from Mr. Kay to approve, and that is to  
8 approve April, May and June, all three of the  
9 reports that were provided. I have a motion on the  
10 floor.

11 MS. HILL: Second.

12 CHAIRMAN FLYNN: I have a  
13 second from Ms. Hill. Any further discussion on  
14 those? Being none, all in favor, say aye. Motion  
15 passes.

16 Next on the agenda is a couple  
17 of presentations. And, David, you know much more  
18 about this than I do and those that will be  
19 presenting. So, I will let you introduce our guests  
20 for us and we'll go from there.

21 MR. HAMILTON: We've got a  
22 couple of hydro projects. The first is the Lock 11  
23 hydro. That's a project that has been looked at for  
24 several years or more than that really, four or five  
25 years.

1                                   It is a company called Rye  
2                                   Development. The status of this project is they  
3                                   currently have a FERC license. They do not have any  
4                                   type of lease agreement with the State at this point  
5                                   but they do have their full FERC license. What they  
6                                   are presenting today is a proposed amendment to  
7                                   their plans.

8                                   The second project, you may be  
9                                   familiar with Dave Brown Kinloch who has presented  
10                                  here several times and he also has FERC licenses at  
11                                  Dams No. 12 and 14 and he also has a lease and  
12                                  operating agreement with the Commonwealth of  
13                                  Kentucky and has begun construction on the project  
14                                  at Lock 12 in Irvine.

15                                 So, we will begin with Rye  
16                                 Development. Where they stand in this process is  
17                                 they have to submit this amendment to FERC. FERC is  
18                                 independent of us but they do wish to see what kind  
19                                 of comments the KRA would have amongst other  
20                                 agencies regarding any kind of amendments to the  
21                                 licensing that they currently hold.

22                                 So, I will turn it over to Rye  
23                                 and whatever kind of comments you would have, we'll  
24                                 collect those and provide those to FERC.

25                                 MR. BLYSTRA: Thank you,

1 David. I'm Andrew Blystra and I work as a  
2 consulting engineer for Rye Development.

3 The license for the Lock and  
4 Dam 11 was issued in May of 2016. And according to  
5 the license, normally you have two years to begin  
6 construction. And you can get a two-year extension  
7 and they filed for that and that has been issued.  
8 So, construction now will have to begin by May 5  
9 actually of year 2020.

10 And one of the reasons that  
11 the process has taken longer than normal is that  
12 this has been a difficult time for hydro projects.  
13 The reason is what is happening, the potential to  
14 get a power sales agreement is very difficult.

15 Even though they have the  
16 license, getting a power sales agreement that  
17 justifies the construction cost has been a real  
18 challenge, and this is one of twenty-three licensed  
19 projects that Rye has and it's essentially the same.  
20 Whether it's in Kentucky or Indiana, Ohio,  
21 Pennsylvania where I'm located, it's the same  
22 situation really.

23 And, so, one of the things  
24 that Rye has done is taken a hard look at their  
25 projects including Kentucky 11 and come up with some

1 cost-savings. That's one of the drivers for this  
2 license amendment.

3 And a second is that there  
4 were some concerns that KRA issued originally and  
5 David was in on those. I met with David and some  
6 other members of Rye probably about three years ago  
7 and they expressed some concerns about the potential  
8 layout and we'll get into that in a moment.

9 What I thought first to do is  
10 to show just a few pictures of what the facility is  
11 like today. This is an aerial view. It shows the  
12 overflow dam and the lock on the bottom and the  
13 esplanade.

14 I took these pictures about a  
15 year ago. It was September of last year when I was  
16 out there for an inspection that FERC did. One of  
17 the engineers from the Chicago office came out to do  
18 an inspection.

19 This is a photograph of the  
20 upstream miter gate, and on the downstream side of  
21 the gate, there's a concrete bulkhead so that the  
22 gate stays in place. The FERC engineer was a brave  
23 soul and he walked across that upper miter gate.

24 Again, you can see in the lock  
25 chamber, you can see the concrete bulkhead up

1 against the upper miter gate. This is one of the  
2 lower miter gates and it shows part of the landward  
3 lock wall.

4 This is the miter gate on the  
5 river side of the lock wall and it shows the staff  
6 gage that's in place there.

7 The next slide is the  
8 esplanade, the concrete surface along the landward  
9 lock wall.

10 This is just a plan view of  
11 everything that is in place. You see the site photo  
12 in the upper right-hand corner. This shows the  
13 existing dam and then the lock chamber. The river  
14 flow here would be from right to left.

15 This is just a project  
16 comparison of a few of the items. And getting into  
17 this, one of the main issues that KRA objected to -  
18 there will be a slide showing this coming up - the  
19 proposed project went outside of the limits of the  
20 lock and that would have entailed removing the  
21 landside lock wall and that was a major concern that  
22 David and Jerry Graves had at the time.

23 So, that was one of the  
24 drivers that forced us to take a real hard look at  
25 this, as well as changing some of the economics.



1 kilowatts, a minimum flow of 360 cfs and a maximum  
2 flow of 2,250 cfs.

3 So, essentially, the amended  
4 project is about half the capacity, roughly half the  
5 installed capacity, and this shows the project as  
6 licensed. The red boundary which is significant  
7 here is that it's the project boundary and the  
8 project boundary has not changed.

9 The only thing that has  
10 changed inside that project boundary is where the  
11 powerhouse sits. So, this is really about the only  
12 thing that has changed, plus we had to add a control  
13 building to the outside because in the original  
14 design of the powerhouse, the controls would have  
15 been inside the powerhouse. The powerhouse would  
16 have been a structure that would have been sealed.  
17 It could have been overtopped. There's a number of  
18 projects like that.

19 This type of project with the  
20 Flygt units, they're submersible. So, that doesn't  
21 take that into account but we still have to have a  
22 place for the electrical controls.

23 Now, this slide shows the  
24 concern that KRA had initially. This is the  
25 landward lock wall and you can see how the project

1 goes outside of that. And, so, that would have  
2 required the removal of the landward lock wall.  
3 So, the intent here, then, with the amendment was to  
4 keep everything inside the lock chamber.

5 So, this is the amended  
6 project. This shows the five Flygt units. The  
7 intake area would be here. The tailways area would  
8 be down there. And, so, everything is contained  
9 within the lock chamber.

10 I mentioned we did have to add  
11 a control building as a place to have the switch  
12 gear and everything because with a Flygt unit  
13 powerhouse, that doesn't go inside the powerhouse,  
14 per se.

15 A couple of enlarged slides of  
16 the proposed powerhouse. And what you see here is  
17 almost a duplicate of what Mr. Kinloch is doing  
18 upstream at 12.

19 People at Rye Development have  
20 been in contact with David to discuss technical  
21 things and so forth and this is very, very similar  
22 to what he is doing upstream.

23 Another view showing cross-  
24 sections.

25 This is in the handout that

1 you have. You have a complete set of the slides  
2 that are in the Powerpoint presentation.

3 This is the proposed Exhibit  
4 G. Exhibit G that would be filed with FERC  
5 primarily deals with the project boundaries.

6 And, again, the project  
7 boundary has not changed because the project  
8 boundary over here is below where that control  
9 building would go up. And the only other change is  
10 actually inside the lock chamber itself.

11 This is some text that's taken  
12 directly from the license amendment. You folks have  
13 a complete copy of the text of the license amendment  
14 and this just gives kind of a summary of what was on  
15 a couple of the previous slides but this is, again,  
16 in the complete text that you have.

17 One of the things that is also  
18 in the printed amendment but I wanted to mention it  
19 here is that it really does not affect water quality  
20 at the site.

21 The four articles that deal  
22 with that, one is Article 403, Sediment contaminant  
23 testing and solid waste disposal plan, that initial  
24 plan was submitted to FERC. FERC approved it and,  
25 then, they said we had to come back and tell them

1 what we were going to do and how we were going to  
2 dispose of any solid waste that might be  
3 contaminated.

4 Well, now with everything  
5 contained within the lock chamber, there's not going  
6 to be excavation upstream or downstream, so, it  
7 really minimizes that.

8 Article 404, the post-  
9 construction erosion monitoring plan, that has been,  
10 again, submitted to FERC and has been approved.  
11 There are things that Rye Development will be  
12 required to do after the project goes into operation  
13 to monitor whether or not there is any erosion that  
14 is occurring and this is both upstream and  
15 downstream.

16 Article 405 is spill  
17 prevention, containment and countermeasures plan.  
18 That, again, has been prepared and approved. It's a  
19 plan that deals with things like what happens if  
20 there's a problem with a turbine and some oil gets  
21 into the water or grease, something like that. It's  
22 a plan that you have something onsite to deal with  
23 that immediately.

24 And, finally, Article 406, a  
25 water quality monitoring plan. There's certain

1 monitoring that has to be done during construction,  
2 looking at things like turbidity and, then, after  
3 construction, particularly dealing with dissolved  
4 oxygen. That's one of the main concerns here.

5 We have submitted this to  
6 forty-some stakeholders. The only one that we've  
7 heard back from is the State environmental folks,  
8 the ones that issue the 401 water quality  
9 certification. They had no comments.

10 KRA is a prime entity in  
11 looking at this. So, it's important for us to get  
12 your feedback on this. If there are issues that you  
13 have, please bring them up and we will address them.

14 We have to do that before this  
15 gets filed with FERC. We're trying to get this  
16 filed with FERC by the end of September. That's the  
17 date that FERC has given us.

18 So, any questions? Yes.

19 MR. STEPHENS: Am I correct,  
20 where this dam is located, this is immediately  
21 upriver from where the power plant was at Ford? Is  
22 that right? It was a coal-powered plant.

23 MR. HAMILTON: It's quite a  
24 ways.

25 MR. STEPHENS: But it's the

1 same pool, right?

2 MR. HAMILTON: Same pool.

3 Yes, it's upstream of Ford. The Ford plant is right  
4 upstream of 10. So, you've got maybe a 60-mile run  
5 or so.

6 MR. STEPHENS: Okay. I notice  
7 on the chart, you identify a fishing area and a  
8 launch area or two launch areas. Is that public  
9 access?

10 MR. BLYSTRA: Yes.

11 MR. STEPHENS: And the launch  
12 area, is that for motorized stuff, kayaks? Can you  
13 explain that?

14 MR. BLYSTRA: I think what's  
15 on the slide is actually what was in the recreation  
16 plan and that's really a portage facility. So, it's  
17 primarily for canoeists and kayakers.

18 MR. STEPHENS: Thank you.

19 MR. BLYSTRA: There are a  
20 couple of access points for the public. They may be  
21 privately-owned but they're open for the public to  
22 use, and that also is part of the recreation plan  
23 that was approved prior.

24 The amendment doesn't affect  
25 any of that. It really is just right at the site,

1 right at the lock site to keep everything within the  
2 lock chamber and significantly reduce the cost.

3 One of the other things that  
4 we're trying to do is work something out so that we  
5 don't have to actually have a four-and-a-half-mile  
6 long transmission line.

7 The voltage that comes off  
8 from the Flygt generators is fairly low, and David  
9 is a lot more familiar with that than I am, but if  
10 there's a possibility of tying this in with a  
11 distribution system, it makes the whole project a  
12 lot more feasible.

13 MR. WELLS: In your projected  
14 comparison, you have two pumps, two turbines. You  
15 change it to five; but with five, you have half the  
16 amount of kilowatts than you originally planned with  
17 two. Are these five turbines that much smaller?

18 MR. BLYSTRA: These are  
19 turbines that are about 500 kilowatts apiece,  
20 slightly over 500 kilowatts apiece. The two Kaplan  
21 turbines, each one was 2,500 kilowatts apiece.  
22 They're simply bigger units, the ones that were  
23 originally proposed.

24 MR. WELLS: So, the two of  
25 those bigger units would not fit in instead of the

1 five to produce more kilowatts? I mean, is that the  
2 objective?

3 MR. BLYSTRA: The two would  
4 have required removal of that landward lock.

5 MR. WELLS: Okay, because  
6 they're so much larger.

7 MR. BLYSTRA: Yes, because  
8 they're so much larger. And it would have required  
9 removal of a lot of the upward--on the upstream  
10 side, the approach walls coming in and the exit  
11 walls coming out. It all would had to have been  
12 replaced and changed.

13 I know in some of the early  
14 discussions that Rye Development had with KRA once  
15 the plan was filed with FERC, that was one of the  
16 main concerns that KRA had. It took us a while to  
17 get to this point but the economics were working  
18 themselves through this whole process as well.

19 MR. WELLS: What happens if  
20 one of these five or two of the five become damaged  
21 and inoperable? How do you change those out?

22 MR. BLYSTRA: Remove them,  
23 lift them out, change them. You change them out.

24 MR. WELLS: You don't have to  
25 block the water off or anything like that to do

1 that?

2 MR. BLYSTRA: Well, you would  
3 have a provision so that you could stop the flow on  
4 the upstream side. Here with the upstream miter  
5 gate still in place, there's that concrete bulkhead  
6 there, but there would be the possibility of using  
7 those and close them to shut off all the flow to the  
8 powerhouse.

9 The other aspect of this,  
10 though, is that you like to have each unit isolated  
11 so you can shut off the flow of the water----

12 MR. WELLS: So you can work in  
13 one.

14 MR. BLYSTRA: Yes, so, you can  
15 still be generating with four, four of the five.  
16 And there's times that you have to do maintenance.  
17 You have to do inspections periodically.

18 So, ideally, you would do  
19 those during low-flow times which we haven't had  
20 much of this year, but you would ideally do that  
21 during low-flow times, but, again, so you wouldn't  
22 have to shut the plant completely off and you would  
23 isolation for each of the units.

24 MR. SCOTT: Who is your power  
25 being sold to?

1 MR. BLYSTRA: I'm not sure. I  
2 haven't been involved in that discussion.

3 MR. SCOTT: Is there a power  
4 purchaser agreement that has already been----

5 MR. BLYSTRA: There's not a  
6 power purchase agreement that Rye has at present. I  
7 know Paul Jacob, the CEO, is working on that and I  
8 know he has talked to David about that, but I've  
9 only been involved in some of the engineering and a  
10 lot of the regulatory. They asked me to draft this  
11 amendment. So, I have not been involved in that.

12 MR. SCOTT: Did you get any  
13 feedback from the Corps of Engineers on the project?

14 MR. BLYSTRA: The Corps of  
15 Engineers, everything was positive.

16 So, we would like to have  
17 comments, positive, negative, things you would like  
18 changed or whatever in the license amendment. We  
19 would like to have that provided so that we can get  
20 this wrapped up and filed with FERC.

21 Any other questions?

22 MR. SANDERS: You mentioned  
23 that the upper gates would possibly be able to be  
24 closed. So, are they going to make them functional,  
25 then? Is that part of the project?

1 MR. BLYSTRA: That would be  
2 the idea, yes. And I know we have some things  
3 structurally to deal with, the lock walls and their  
4 existing condition.

5 Once the powerhouse is in  
6 place in there, the walls would be completely  
7 stabilized. It's just getting to that point during  
8 construction. So, there's probably some bracing and  
9 so forth and maybe some tiebacks and so forth that  
10 would have to be done but that would be part of the  
11 project.

12 MR. SCOTT: Is there a total  
13 project cost?

14 MR. BLYSTRA: There is. I  
15 don't have that offhand. I think in the handout, I  
16 think there is an estimate of the annual generation  
17 from this in terms of megawatt hours.

18 MR. SCOTT: 2.64 megawatts.

19 MR. BLYSTRA: Yes, 2.64, but,  
20 then, it gives you an annual generation cost. And I  
21 think in terms of megawatt hours, if you take the  
22 capacity and multiply it by the number of hours that  
23 it runs. And if you multiply that by 600 or so is a  
24 ballpark number of what the full project would cost.

25 CHAIRMAN FLYNN: Any

1 additional questions of Mr. Blystra?

2 So, what you're asking this  
3 Board to do is to get together any comments or any  
4 items that we might take exception with or anything  
5 that might be there and provide those comments to  
6 you by the end of this month? Is that correct?

7 MR. BLYSTRA: If possible. If  
8 that's not possible, we would have to go to FERC to  
9 get an extension of time on submitting it.

10 CHAIRMAN FLYNN: What I think  
11 we can do as a Board or what I will suggest as a  
12 Board that we can look at the information that  
13 you've provided us. We can provide our comments to  
14 David. David can take those comments and put them  
15 together and submit those comments to you and, then,  
16 he can provide us the information as a Board at the  
17 next meeting that he provided to you.

18 That's what I would suggest.  
19 Now, if the Board wants to do something different,  
20 I'm totally fine with that, but I'll let David  
21 coordinate all of that and we can submit our  
22 comments to him. Does that meet the needs that you  
23 have?

24 MR. BLYSTRA: That would work.

25 CHAIRMAN FLYNN: Is that okay

1 with you, David?

2 MR. HAMILTON: Yes.

3 CHAIRMAN FLYNN: Is that okay  
4 with the Board? All right. That sounds good. I  
5 appreciate your presentation.

6 MR. BLYSTRA: I appreciate the  
7 opportunity to present this to you. Thank you very  
8 much.

9 CHAIRMAN FLYNN: Mr. Brown,  
10 you're next on the agenda here.

11 MR. BROWN KINLOCH: If you  
12 would pass these down. This is my card. If any of  
13 you ever have any question at all, just give me a  
14 call directly. I'm available anytime to answer any  
15 of your questions.

16 While they're getting that set  
17 up, I might let you all know that one of the reasons  
18 you saw that at Lock 11 is we just turned over not  
19 our construction plans but our general plans to Rye  
20 Development so they could make that amendment.

21 We had told Rye from the  
22 beginning that--well, first of all, I need to say  
23 that this is the fifth presentation I'm making to  
24 the KRA Board on this.

25 But one of the things that we

1 went in with ten years ago to our engineers and said  
2 was here is what you're working with. This is the  
3 existing lock chamber. We're making zero changes to  
4 it. We're not making any changes at all and that  
5 was the starting point and we worked from there  
6 which is a little bit different approach than Rye  
7 initially took.

8 What I tried to do, Sue told  
9 me five to six minutes, so, I'm trying to keep it  
10 brief, but I wanted to give you a quick review for  
11 folks that may not have seen the previous six  
12 presentations of where we are but also give you an  
13 update of where we are because we are in  
14 construction right now up at Lock 12.

15 We're Appalachian Hydro  
16 Associates, and you had seen us here previously as  
17 Shaker Landing Hydro. That company has spun off our  
18 company now. This company right now is doing just  
19 new developments. Shaker Landing Hydro is operating  
20 the Lock 7 plant which we've rehabilitated that's on  
21 the river.

22 So, you may have seen me here  
23 under a different name before but this is our  
24 development arm.

25 The actual project is being

1 done by Lock 12 Hydro Partners, LLC, and this is a  
2 partnership between my company that is doing the  
3 construction, and once it's completed, we will be  
4 doing the operations of the plant.

5 Our financial and management  
6 partner is Berea College. Berea College, we've  
7 worked with them now for about four years getting  
8 everything together. And when we're all done, they  
9 will own 55% of this project, the college will.

10 My company will own 40% of the  
11 project and 5% will be owned by our tax equity  
12 partner which is Hardscuffle.

13 Hardscuffle is the parent -  
14 they're based in Louisville - that owns American  
15 Life Insurance. Anybody who grew up in Kentucky  
16 probably remembers Dinwiddie Lampton saying be wise,  
17 be insured. Well, this is that company. They are  
18 coming in.

19 They're getting the investment  
20 tax credits, federal tax credits. In exchange,  
21 they're putting up money for construction of the  
22 project. They'll end up owning 5% of the project on  
23 a going-forward basis after we're through the tax  
24 credit period.

25 Just to give you a summary, it

1 took us seven and a half years to get the federal  
2 license for this project. Rye got theirs on a  
3 little bit faster schedule, but that number looks  
4 familiar, again, because that's what Rye is using  
5 but it's 2.64 megawatts.

6 We'll be producing about 10  
7 gigawatt hours of electricity per year. That's  
8 10,000 megawatt hours or 10 million kilowatt hours  
9 of electricity a year.

10 To put it in perspective,  
11 we'll probably be making enough electricity for  
12 about 1,200 average Kentucky homes for that, and the  
13 project is going to cost about \$8 million to built.  
14 And I should say that our investors have all the  
15 money in place. We're now in the building stage of  
16 that.

17 To give you a quick timeline  
18 here, we started looking at this project back in  
19 2004. We started doing the detailed investigations  
20 on it in 2006.

21 We submitted an application  
22 for a preliminary permit which is the first step in  
23 licensing back in 2008. We actually made our  
24 application with FERC in 2012. And at the end of  
25 2015, we finally got the license for this project.

1 And just to let you know, it was done with a sister  
2 project which is Lock 14 which we did fall in  
3 parallel. And as you'll see in just a minute, we'll  
4 be doing that one next year.

5 On May 10th of this year, we  
6 had our financial closing on the project with Berea  
7 and Hardscuffle, and in July, we began construction.

8 One of the things to note that  
9 we had done is we and Berea have made a commitment  
10 to Eastern Kentucky.

11 So, normally, the way you  
12 would do a project like this is you would put it out  
13 for bid. We did not do that. We went through  
14 Eastern Kentucky and found what we thought was one  
15 of the very best concrete contractors, Wright  
16 Concrete out of Pikeville, and we said you've got  
17 the job and, so, that's who we are using.

18 They're using labor from  
19 Eastern Kentucky. We're trying to keep as much as  
20 the money going to Eastern Kentucky as possible with  
21 this project.

22 We still have a target date of  
23 finishing the project by the end of the year. We  
24 had initially talked about having a twelve-month  
25 construction period. And I don't mean to offend

1 anybody in here, but the lawyers chewed up about  
2 five months of that. So, we had the closing in May  
3 and, then, the lawyers chewed up another month  
4 getting us to the contract with Wright. So, they've  
5 put us on a tight time schedule but we are still on  
6 schedule. It is compressed.

7 Not only are we doing  
8 hydropower, and as Andrew said, very little of it is  
9 being built right now, but we're also doing some  
10 innovative things which we'll make Kentucky as far  
11 as small hydro - this is the place that people will  
12 be coming to to see this.

13 We're using the submersible  
14 turbine generators. Flygt that we're getting them  
15 from was in the market years ago. They got out of  
16 the market. This is their first project back in  
17 North America, and one of the reasons we like their  
18 equipment is that they make a similar pump to this.

19 This is a large pump like you  
20 would pump out the City of New Orleans and that kind  
21 of thing. They make about 200,000 of those a year  
22 sold worldwide. Xylem, which is their parent, it's  
23 the largest pump and water company in the world -  
24 Goulds pumps, Flygt, a lot of them.

25 So, we are using a known

1 product but we believe that - and we'll get to it in  
2 a second - but we believe that the future is with  
3 submersible, and the reason is is when you design a  
4 hydroelectric plant, you design it for a 100-year  
5 flood. And we started saying which 100 years are we  
6 talking about, the last 100 years or the next 100  
7 years?

8 And if you've seen the climate  
9 models, they're all talking about us getting a lot  
10 more rain instead of less rain in this part of the  
11 country. So, we started saying we need to go  
12 submersible just to protect equipment.

13 We installed, my company  
14 installed the first variable-speed generator at a  
15 hydroelectric plant in the United States at the  
16 Weisenberger Mill as part of a federal Department of  
17 Energy grant a few years back. We have scaled that  
18 technology up and this will be the first new  
19 hydroelectric plant built in the United States that  
20 uses variable-speed technology.

21 The significance of that is  
22 all wind turbines are variable speed. All  
23 hydroplants are not and hydro has been slowed to  
24 adopt this new technology, but what it allows us to  
25 do is to get 10 to 15% more power out of an existing

1 site, again, making it more economical to do small  
2 hydro.

3 We're also using - we won't  
4 get into the details - but a special coating  
5 developed by NASA on all our steel called polyset.  
6 Most epoxies go on the surface. This actually bonds  
7 with the steel. It was developed by NASA. This is  
8 innovative. It's been used at some hydroplants as  
9 retrofits. This will be the first new plant where  
10 we're doing it.

11 And the other important thing  
12 is we have a strong partnership with a college.  
13 We've done that also at Lock 7 with Centre College.  
14 We believe - you see I'm not a spring chicken, okay.  
15 I'm not going to be bringing this technology. This  
16 is the next generation that's going to be doing  
17 this. So, an educational component is very  
18 important to us as well as actually doing green  
19 energy.

20 This is looking at it from a  
21 side view. Here you see the lock chamber and we  
22 have the five like units down there and you see we  
23 have a mobile crane up here, and that's brought  
24 down, assembled. We can use it to raise and lower  
25 and it is taken apart and taken away. So, it's out

1 of the way of floodwaters.

2 But what you see is, then, the  
3 cables run up the hill to our control building which  
4 is on the right and you see the two lines there that  
5 are going across? The lower one is the 100-year  
6 flood level. The top one is the 500-year flood  
7 level.

8 We are five feet above the  
9 500-year flood level because if you remember the  
10 flood of 2010, May of 2010, we got seven inches of  
11 rain in the headwaters, okay? Nashville got  
12 fourteen inches. So, the question is, what would it  
13 have been like if we had gotten the fourteen inches  
14 instead of Nashville?

15 So, we're putting all of our  
16 electrical equipment five feet above the 500-year  
17 flood, and, then, on top of that, we've got flood  
18 insurance with Lloyds of London. So, I think we've  
19 got our bases covered. When you're working with  
20 Berea College, they want to make sure everything is  
21 covered.

22 So, we go to the next slide.  
23 This is looking down from above. Again, here is  
24 your lock chamber. Everything fits in there, the  
25 five turbine generators. And, then, up on the hill,

1 up where the lockhouses used to sit, that's where  
2 the control building is. And this line goes out  
3 here and, then, a line goes across the river.

4 We are interconnecting with  
5 Jackson Energy Cooperative. As Andrew said, it's  
6 very difficult to get power purchase agreements  
7 these days. We have a power purchase agreement for  
8 Lock 12 and Lock 14. We are actually going to be  
9 selling to Jackson Energy at 6% below their  
10 wholesale rate. So, their members will be getting a  
11 savings on every kilowatt hour that we sell to them.  
12 So, they will be benefitting from it.

13 MR. SCOTT: How long is your  
14 PPA for, David?

15 MR. BROWN KINLOCH: Our PPA is  
16 for ten years and it's automatically renewing as  
17 long as we keep our FERC license. Just the way that  
18 the lease and operating agreement we have with the  
19 KRA and the Commonwealth is, it automatically renews  
20 as long as we can keep our FERC license.

21 There's all kinds of  
22 conditions in the FERC license. If we mess up,  
23 they're coming after us.

24 If we can go to the next  
25 slide.

1 MR. WELLS: The electricity  
2 that you're generating, will that operate your  
3 building?  
4 MR. BROWN KINLOCH: It will  
5 operate our building----  
6 MR. WELLS: Just turn around  
7 and operate the pumps and everything else, too?  
8 MR. BROWN KINLOCH: Yes. We  
9 use our own electricity----  
10 MR. WELLS: You use your own  
11 electricity.  
12 MR. BROWN KINLOCH: If we  
13 don't have anything online, we're taking energy in  
14 from Jackson Energy. But, yes, we run our own stuff  
15 and, then, whatever the surplus is which is 99.8% of  
16 it gets sold to Jackson Energy.  
17 For anybody in the area around  
18 Irvine, the Rice Station substations where we're  
19 feeding in, we will supply the majority of  
20 electricity for that area, and there will be 3% of  
21 the time that we're making too much power and we're  
22 actually selling that to East Kentucky Power when  
23 we're completely satisfying the customers in that  
24 substation.  
25 Back to some of the questions

1 you had here, if there's a problem with the turbine  
2 generators, believe it or not, these turbine  
3 generators just sit in there. They're not nailed  
4 down. They're not bolted down. They sit with their  
5 own weight and, then, we can just lift them out.

6 So, when they're delivered to  
7 us and their technician comes from Cincinnati and  
8 makes the final connections to there, we'll be able  
9 to lower that in. And assuming everything else is  
10 ready to go, we'll open up the gates and bingo -  
11 we're making electricity just that quickly and  
12 that's another advantage.

13 A traditional hydro turbine  
14 has what are called wicket gates that open and close  
15 to control the water going in. These do not. And I  
16 can tell you at Lock 7, 95% of our trouble with the  
17 turbines is the wicket gates.

18 So, this doesn't have wicket  
19 gates. Instead, it has a slide gate that opens and  
20 closes and that slide gate is weighted with a one-  
21 and-three-quarter-inch steel plate on the front of  
22 it. So, if anything goes wrong, this thing closes  
23 by its own weight. It's like a big guillotine  
24 coming down. So, it's a failsafe system if anything  
25 goes wrong.

1                   If we need to do maintenance,  
2 this is down and the water comes out of here and we  
3 simply lift it up, do whatever maintenance. These  
4 units need annual maintenance which is sort of  
5 minimal once a year; and every ten years, you take  
6 them out and do a major overhaul on them, replacing  
7 bearings and other things like that.

8                   Here's what we have done to  
9 date as far as construction. The site preparation  
10 is complete. The crane is onsite. Wright Concrete  
11 has mobilized.

12                   The control building is  
13 underway. The structural steel is onsite and  
14 there's a metal building that goes over the top of  
15 everything. That was delivered this morning.

16                   The cofferdam has been  
17 installed. The conduit trench that goes between the  
18 control building and the lock chamber where the  
19 powerhouse is, that has begun. We have a canoe  
20 portage also. Work on the canoe portage has begun.

21                   One of the big unknowns with  
22 this project was the stability of the landside  
23 lockwall during construction. Kleinschmidt, our  
24 engineers, have done all the stability analysis and  
25 everything and they had identified a particular

1 level of water behind that lockwall that could cause  
2 a problem, and they've told us based on their  
3 experience where they expected that water to be.

4 Well, when we got out there,  
5 we put in a monitoring well to make sure that their  
6 assumption of where the water was was correct and it  
7 was wrong.

8 The water was higher than we  
9 thought. So, we are now in the middle of putting in  
10 rock anchors that will stabilize that wall to make  
11 sure that it does not become unstable during  
12 construction. It's a system of thirty-four rock  
13 anchors in the five monoliths that could be a  
14 problem and it has been approved by FERC.

15 It just turns out that Wright  
16 Concrete that does most of their work for the coal  
17 industry is one of the top companies in the United  
18 States in installing rock anchors because of the  
19 coal industry. So, it's just fortunate that we  
20 happen to have them as our primary contractor.

21 So, last week, we issued the  
22 purchase order for those. They are mobilizing right  
23 now. In fact, I've got a meeting later this week on  
24 it.

25 Jackson Energy

1 interconnection. That work was supposed to start  
2 today. That has been paid for and Jackson Energy is  
3 in the midst of putting that interconnection line  
4 in. We want it to get in soon because right now  
5 we're using generators for construction power but  
6 we'll have temporary power. They say they can get  
7 it in in a week. So, maybe by the end of this week  
8 or early next week, we'll have temporary power out  
9 there.

10 This is to just give you an  
11 idea. A lot of the components are being built. The  
12 control cabinet which my company is building has  
13 been designed, all the parts procured and it's about  
14 75% complete as far as building it and ready to go  
15 in.

16 The turbine generators, the  
17 hydraulic system, the switch gear, the draft tubes,  
18 etcetera, etcetera are all in production.

19 The one thing that we did not  
20 have - it's a long story - but our automatic trash  
21 rack cleaning system, the manufacturer had been held  
22 up on that. We issued the purchase order for that  
23 this morning. I did that this morning. So, that  
24 was the last major component.

25 Here's the boom down at the

1 bottom. I don't know if you all have noticed, but  
2 you do construction in the dry season. We've had  
3 the wettest July on record, the wettest August on  
4 record. We just had Hurricane Gordon come through.  
5 Florence is bearing down on us.

6 So, it's been a challenge.  
7 It's been a challenge and things have not gone in as  
8 quickly as we had hoped because of the weather.

9 Here are some pictures. This  
10 is the control building. This was taken right after  
11 they finished the footers and they had stripped it  
12 off. Right now, they're working on getting all of  
13 the rebar steel, the reinforcing steel in place,  
14 getting ready to pour the walls.

15 Again, all that heavy  
16 equipment, our regen drives and everything sit up on  
17 a concrete floor to get them five feet above the  
18 500-year flood. So, this all has to be pretty darn  
19 heavy duty to hold all that weight up there and the  
20 transformer. Everything that could be affected by  
21 water is sitting up five feet above the 500-year  
22 flood.

23 There's one of the things out  
24 there. We have a 230-ton crawler crane with a 250-  
25 foot boom on it. This was done to keep construction

1 equipment from being down on the lockwall which  
2 could make it more unstable. So, we've had to rent  
3 pretty much a monster crane to be able to do all of  
4 our work out there.

5 This is the beam. This is the  
6 main beam on the cofferdam being installed right  
7 there.

8 This is the cofferdam in  
9 place. This is down at the end, and you'll see  
10 there's a cutout here with a hole there. There's a  
11 plate that goes in there. That's our safety valve.  
12 If anything goes wrong, we simply yank that plate  
13 out and let the area flood.

14 We will be doing daily checks  
15 to make sure that the lockwalls have not moved at  
16 all during construction before we allow any  
17 employees in to the lock chamber to work.

18 As I said, the cofferdam is  
19 in. We're in the process of sealing it now, sealing  
20 it against the old concrete that's in there.

21 And just to finish up, you  
22 heard me talk about other projects. We do have the  
23 hydroelectric plant at Lock 7. It was built in 1927  
24 and retired by Kentucky Utilities in the late  
25 1990's. We purchased it from them in a partnership

1 with Salt River Electric Cooperative in Bardstown.  
2 We've put about \$2½ million in the project so far  
3 renovating it. We're always doing upgrades out  
4 there but got that up and running and David and Sue  
5 can tell you, we pay a fee to the KRA each year for  
6 that. It's been in operation for about twelve years  
7 now, at least one of the units.

8 I'll mention we have a sister  
9 project which is Lock 14. It is licensed. We have  
10 a power purchase agreement with Jackson Energy on  
11 that one also and approved by East Kentucky Power.

12 We have the license in place.  
13 We have the lease and operating agreement in place,  
14 and actually I've now got two colleges fighting over  
15 it. Centre and Berea are both fighting over who is  
16 going to be the college to partner with us. There  
17 are some legal contracts and certain people had to  
18 do some certain things.

19 And sort of the funny thing is  
20 that our tax equity investor, Hardscuffle has said  
21 if the colleges don't want to do it, we'll do it.  
22 So, we've got three investors lined up for those.

23 Lock 13. We're currently  
24 licensing that. Or draft license application should  
25 be issued sometime this month. It will come to the

1 KRA for comments. We've been working with the KRA  
2 on that. It looks an awful lot like the other two.  
3 We have paid probably \$600,000 now for the design  
4 work on the plans for this plant that could be done  
5 in three or four different lock chambers.

6 We also have a preliminary  
7 permit on Lock 9. I don't think it's a secret to  
8 tell any of you all, it would be much more difficult  
9 to develop 9 than any of these upstream.

10 So, we're looking at it. I've  
11 got a guy over in Germany that's looking at doing an  
12 innovative design there but we're concentrating on  
13 12, 13 and 14 right now.

14 MR. STEPHENS: What's the  
15 reason on 9?

16 MR. BROWN KINLOCH: Well, you  
17 have put a new dam in there and it goes all the way  
18 across.

19 So, this guy over in Germany  
20 that's looking at it who is the real expert says,  
21 you know, you're going to have to remove some of  
22 that concrete on the auxiliary dam. I said, well, I  
23 don't know if KRA would like it; but even if we did,  
24 that would cost a lot of money.

25 So, the deal is, why it's

1 tough to get power purchase agreements to make it  
2 work is you've got to come up with innovative ways  
3 to do it. Our innovative way, one of them was  
4 building in the existing lock chamber.

5 If you had to build a huge  
6 cofferdam, that could be 30% of the cost of the  
7 project. And just to put it in perspective, we're  
8 building this project for about \$3,000 a kilowatt,  
9 okay? The new ones just built on the Ohio River  
10 were built for \$11,800 a kilowatt.

11 So, we're at about 30% of it  
12 and we can make it work. We can make it work with a  
13 PPA from Jackson Energy at that cost. If we were  
14 building it at the cost they did on the Ohio River,  
15 there's no way. Nobody would even talk to us.

16 MR. SCOTT: David, what is  
17 your capacity factor typically on these?

18 MR. BROWN KINLOCH: Let me put  
19 it to you two ways, okay?

20 We have the equipment which is  
21 rated at 528 kilowatts but that's oversized. For  
22 example, this one is 2.64 megawatts. We would be  
23 lucky to ever get 2.3 megawatts out of it because  
24 you can run one unit; but once you start putting the  
25 other units on, your tailwater comes up and your

1 headwater comes down and you can't get that.

2 So, if you put it versus the  
3 maximum we can get out of it, we're probably 56%  
4 capacity factor versus our name plate, we're at 47%,  
5 I believe.

6 MR. SCOTT: You're set on 6%  
7 below.

8 MR. BROWN KINLOCH: Six  
9 percent below----

10 MR. SCOTT: So, what is your  
11 ROI on that?

12 MR. BROWN KINLOCH: I don't  
13 know if Berea would let me disclose that.

14 MR. SCOTT: But if they have a  
15 trust fund, they're invested in this for a good  
16 reason.

17 MR. BROWN KINLOCH: Yes, and  
18 that's what we've been struggling with. And I'll  
19 tell you, we had everything worked out with Berea  
20 and, then, they had the federal tax cuts which  
21 sounds great, right, except we're selling our tax  
22 credits to an investor; and all of a sudden, their  
23 tax rate went from 35% to 21%.

24 So, all of a sudden, what  
25 we're giving them isn't worth as much. So,

1 basically it came out of my hide, came out of our  
2 pocket.

3 And, so, once we got that, we  
4 got it signed and we start to work and everything, t  
5 then, immediately we get hit with the steel tariff.  
6 And if you think the steel tariff is 25%, don't  
7 believe it because some of the steel has gone up by  
8 100% because there aren't American suppliers or  
9 enough American suppliers.

10 We had one component jump 87%  
11 in its cost and it's a major component. And just  
12 today, I got another \$15,000 increase because of  
13 tariffs. Because of the tariffs, they were getting  
14 some stuff that was uniquely built in Europe they  
15 can't get because the supplier no longer will sell  
16 in the United States.

17 I'm not trying to get  
18 political or anything. A lot of that stuff is going  
19 to be cleaned up in the future, I'm sure, but the  
20 timing of doing this right now has hit us some but  
21 we're making it work.

22 CHAIRMAN FLYNN: All right.  
23 Thank you, David. We appreciate----

24 MR. BROWN KINLOCH: And if  
25 anybody has got questions, please give me a call.

1 Everybody has got a card.

2 CHAIRMAN FLYNN: We will move  
3 on to Item No. 7 on our agenda - consideration of  
4 approval for a lease agreement between DJ Williams  
5 and Kentucky Department of Parks and KRA. I think  
6 this is more for informational purposes.

7 MR. HAMILTON: We did want to  
8 get everybody's approval, I guess. I think it's got  
9 a spot for your signature, Mr. Chair, and I can  
10 briefly explain what it is.

11 CHAIRMAN FLYNN: Yes, please.

12 MR. HAMILTON: This is in  
13 relation to Dam 10 construction. You may remember  
14 we had a lease agreement with Parks. A lot of that  
15 bottom land, we only own a small sliver of that  
16 footprint down by the dam.

17 And to utilize park property  
18 for construction equipment lay down and also for the  
19 placement of fill to get that excavated from the  
20 river, we had a no-cost agreement with Parks to  
21 utilize that land which potentially saved the KRA a  
22 lot of money on the project, whereas, the contractor  
23 would have had to dispose of all of that material  
24 offsite.

25 But one of the repercussions

1 of that agreement was we displaced--the main use  
2 that Parks has for that area is they have a big car  
3 show in October. It's a three-day event in October.  
4 That bottomland they utilize for parking.

5 So, that event was displaced,  
6 and part of the agreement that we had with Parks was  
7 to utilize the adjacent farm and have an additional  
8 agreement with that landowner and they could utilize  
9 that farm for the three-day car show event.

10 The main things in this  
11 agreement, the lady that owns the property is  
12 actually operated under a land trust. That's why  
13 it's written up that way, but really the very small  
14 provisions there, the usual hold harmless type  
15 stuff. And, again, this is after several iterations  
16 between KRA, Parks, Finance, Office of General  
17 Counsel, the land trust.

18 So, this is kind of the end  
19 result of all parties kind of going back and forth  
20 on what kind of requirements.

21 Financially, what it requires  
22 of the KRA, it's just \$100 a day to the land trust  
23 which is \$300 a year. It is a one-year term. It  
24 will be renewable at the end of each year. So, we  
25 anticipate renewing it through each year of

1 construction until construction is complete.

2 The spot that we're filling in  
3 on Park property, it is usable land. It will be  
4 graded down. Obviously, it will be a lot higher  
5 than it is today but it will be reusable.

6 So, the plan on this is to  
7 utilize this to provide parking for that car show  
8 that we've displaced, and it is part of the  
9 agreement that we had previously with Parks.

10 So, if we don't have an  
11 agreement with this landowner, we'd have to find  
12 somebody else, but \$100 a day is very gracious. Our  
13 guys agreed to go down there and do some mowing to  
14 try to get it cleaned up.

15 It is operated by a farm  
16 manager and he's already been in talks with Parks to  
17 make sure he--he utilizes it for hay. So, he's  
18 making sure he gets his hay cut and off by the time  
19 the show is here in just a few weeks.

20 So, I just need Board approval  
21 before we got signatures on this.

22 MR. STEPHENS: I'll make a  
23 motion to approve the agreement.

24 MR. LANG: I'll second it.

25 MR. SANDERS: Could I ask just

1 one question about that? There is a Whereas right  
2 there, the KRA has agreed to be responsible and pay  
3 for all costs associated with the Department of  
4 Parks. And, of course, there is a hold harmless  
5 agreement with the property owner over there.

6 What would be KRA's  
7 responsibility, liability actually?

8 MR. HAMILTON: On the----

9 MR. SANDERS: For the use of  
10 the property?

11 MR. HAMILTON: Like if there's  
12 an accident?

13 MR. SANDERS: Accidents,  
14 harmful and that sort of thing.

15 MR. HAMILTON: There is a  
16 disclaimer that people have to sign that are  
17 utilizing it. That is in----

18 CHAIRMAN FLYNN: Item No. 7,  
19 is that it, waiver forms? All participants in the  
20 three-day car show event shall be required to sign a  
21 waiver. Is that what you're referring to?

22 MR. HAMILTON: Yes. That's  
23 what I was referring to. So, there is that.  
24 Obviously, I'm not a lawyer. It has gone through  
25 legal counsel with Finance. So, I assume they have

1 a certain comfort level with it but I couldn't give  
2 you a very good answer without pretending to be a  
3 lawyer.

4 MR. ROGERS: David, one  
5 question I had. Does the KRA have a relationship  
6 with like Clean Harbors or HAZMAT for potentially if  
7 there is an oil and gas spill on the property,  
8 somebody that would be called?

9 MR. HAMILTON: There would be  
10 something. The State, I'm sure, has a master  
11 agreement with companies. We don't specifically  
12 have one.

13 CHAIRMAN FLYNN: All right.  
14 We've got a motion and a second on the floor and  
15 I'll take that as the discussion portion of that.

16 So, is there any further  
17 discussion on the item that's before us for approval  
18 of this lease agreement?

19 All right. Seeing there's no  
20 further discussion, all in favor, say aye. The  
21 motion passes. David, we'll execute that after the  
22 meeting.

23 Item No. 8 is the Executive  
24 Director's report. David.

25 MR. HAMILTON: I kind of

1 jumped in with the Financial Report and the lease  
2 agreement.

3 So, I want to start out before  
4 just thanking everybody for the opportunity to be  
5 here. I really appreciate the opportunity to come  
6 in as Director.

7 I'd like to thank Jerry who is  
8 not here today. We will be having a little get-  
9 together at Bourbon on Main tomorrow at 4:30 if  
10 anybody wants to stop by.

11 Jerry did a lot for the  
12 organization while he was here. I always thought  
13 Jerry and I had a pretty good good cop/bad cop thing  
14 going on. A lot of you know Jerry, so, I'll let you  
15 guess who the good cop and bad cop was, kind of the  
16 tough nose, back-room supervisor thing going on but  
17 appreciate working with Jerry and just wanted to  
18 mention that.

19 A couple of things. Just the  
20 fifth day on the job, so, I didn't have a lot of  
21 opportunity to get stuff ready for the Board; but I  
22 think at the next Board meeting in November, I'd  
23 like to prepare - and we've talked about it in the  
24 past - is prepare some better packets for Board  
25 members just to kind of give everybody - we have a

1 lot of new Board members - and even those people  
2 that have been here a while just an overall synopsis  
3 financially, program-wise what the KRA is and just  
4 kind of a nice single packet to where you can have a  
5 lot of information at your fingertips.

6 So, hopefully we'll have that  
7 put together at the next Board meeting.

8 Some of the items that have  
9 occurred since the last KRA Board meeting. We did  
10 perform the dredging this summer. That came in  
11 pretty good financially. The total on it was  
12 \$124,002.01.

13 So, that's a little bit less  
14 than we had budgeted. It just varies year to year,  
15 depending on what kind of winter we've had, how much  
16 timber and silt we had to clean out, but that did  
17 come in a little under budget which is always a good  
18 thing.

19 There were a couple of items  
20 also that you may have seen where the dredge worked  
21 on getting a sunken boat out. That was not KRA. It  
22 was piggybacked with the same contractor but that  
23 was the county, correct?

24 MR. WELLS: We paid for it.

25 MR. HAMILTON: And, then, the

1 barge that sits down below Lock 4 was cut up, not by  
2 the dredge barge but by another outfit and that was  
3 actually the distillery.

4 MR. WELLS: Buffalo Trace paid  
5 for that.

6 MR. HAMILTON: Buffalo Trace  
7 paid for that. They're really pushing the effort to  
8 beautify that stretch of the river for tourism but  
9 those were separate efforts from ours.

10 Dam 10 is well underway. To  
11 date, they have completed just over \$2½ million or  
12 at least they have billed for just over \$2½ million,  
13 slightly less than that. We do have a 10% retainage  
14 on their billing up to halfway through the project.

15 So, that puts that at about  
16 10% of completion based on their contract amount. A  
17 large part of that so far has been mobilizing to the  
18 site, getting the concrete batch plant built which  
19 so happens to be built on the same property that  
20 we're going to have the land agreement with on  
21 another chunk.

22 So, a lot of that is  
23 mobilization. They have begun driving sheets for  
24 Cell 1. They've got their templates in place or  
25 they're constructing their templates for the cells

1 that will be out in the river. They're starting to  
2 get rid of some of the structures that will be taken  
3 out at the upstream guard pier and the upper  
4 guidewall.

5 So, it's well underway,  
6 obviously dealing with the same problems that Dave  
7 Brown Kinloch has been dealing with with all the wet  
8 weather that we've had, and they plan to work for as  
9 long as the river will allow which could be a week.  
10 It could be a couple of months. Who knows.

11 Another item, the new Tier II  
12 fee is in effect. That went into effect July 1. We  
13 will not see collections on that since we invoice  
14 quarterly. We will see that for this quarter that  
15 ends at the end of this month. In late October or  
16 early November is when those invoices will go out.

17 And, then, the final thing  
18 that I wanted to mention was we were contacted by  
19 one of the golf course owners. As you are aware,  
20 the Tier I fee applies to any water withdrawals out  
21 of the basin at this time and that includes golf  
22 courses.

23 The only exemption currently  
24 in our regs is for agriculture; but they had  
25 contacted us about the possibility of looking into

1 exempting golf courses.

2 We have been contacted by  
3 Senator John Schickel's office with some interest on  
4 the issue. He hasn't really weighed in saying do  
5 this, do that, just showing interest in the issue.

6 So, I wanted to bring it  
7 before the Board. Is that something that you would  
8 want to direct us to look into and bring back to the  
9 KRA Board in November with information such as how  
10 many golf courses are there, what kind of impacts  
11 would it have, or do you want to just table that for  
12 right now?

13 We've got a lot of that  
14 information that we can get pretty quickly.  
15 Probably ten, eleven years ago was really the last  
16 time we took a hard look at our tier fee system.

17 That's back when Don Morse was  
18 here. He made a proposal to the Board at that time  
19 of actually pretty wide-sweeping changes to the Tier  
20 I fee payors and who was exempt.

21 At that time, the KRA Board  
22 voted to not make any changes and it really has not  
23 been re-looked at since then. There hasn't been any  
24 discussions since.

25 So, we would be willing to at

1 least pull together some data to bring before the  
2 Board if they would want to consider that. It also  
3 coincides with we've been asked by the Department of  
4 Revenue - I think statewide, they're kind of looking  
5 at everybody's regulations and updating those. So,  
6 if we did make any changes, it would jive with that  
7 a little bit.

8 MR. WELLS: I think it would  
9 be helpful looking at it. It's just information at  
10 this point in time.

11 MR. HAMILTON: And that would  
12 be part of the packet that I was talking about  
13 earlier is kind of give the KRA Board a better  
14 synopsis of who are our fee payors, what are these  
15 seventy entities that are paying this river fee and  
16 who is paying what and it would give you an idea.

17 I know there is some concern  
18 of, well, if you let this group out, then. So,  
19 there's a lot of things to talk about other than  
20 just them, but I could begin the process of pulling  
21 that information together and take it up a little  
22 more earnestly in November.

23 MR. ROGERS: I would like to  
24 see it more from the perspective not necessarily  
25 from the golf courses but just as a general overview

1 of our income, what are we drawing on, what are we  
2 getting, who is paying what.

3 MR. WELLS: I think that's  
4 what you said you were going to do, wasn't it?

5 MR. HAMILTON: Yes, and I  
6 mentioned mainly golf courses but I can break it  
7 down into "x" amount from rock quarries, "x" amount  
8 from distilleries, not many. It's mostly water  
9 utilities and then there's Fish & Wildlife.

10 So, I will go ahead and I'll  
11 put together some information. As that November  
12 meeting starts getting closer, we can maybe have  
13 some dialogue and take it up then.

14 I think that's all I have.

15 CHAIRMAN FLYNN: Anybody have  
16 any questions for David?

17 MR. HAMILTON: Again, thank  
18 you for the opportunity. I really appreciate it and  
19 the vote of confidence and allowing me to come in as  
20 Director.

21 CHAIRMAN FLYNN: Thank you,  
22 David. We appreciate the report.

23 I've got a few things that I  
24 will mention. Our meeting in November I think is  
25 scheduled on a holiday. Our next regular meeting,

1 if I'm not mistaken is Veteran's Day. That was the  
2 scheduled date. So, I know that all State offices  
3 and others will be down for that day. So, we will  
4 need to look at a rescheduled date for that meeting.  
5 Am I right, David? Was it the 11th?

6 MR. HAMILTON: It was on that  
7 Monday. So, we'll have to look. Is everybody okay  
8 with bumping it a day to that Tuesday? Will that be  
9 okay with the Board?

10 And if that's the pleasure of  
11 the Board, then, that's the way we will move forward  
12 and we'll just schedule it on that date and try to  
13 have a quorum. We'll have Sue to prepare that way.

14 MR. WELLS: Are you saying it  
15 will be on the 11th?

16 MR. HAMILTON: It was  
17 originally scheduled for the holiday that was the  
18 11th.

19 MS. ELLISTON: It was November  
20 12th.

21 MR. HAMILTON: It was  
22 scheduled for that date but the State is closed.  
23 So, we're going to move it to Tuesday.

24 MR. WELLS: Tuesday, the 13th?

25 CHAIRMAN WELL: Yes, sir. I

1 apologize for that. So, that's one item.

2 And, then, I do want to thank  
3 David. He has been working very hard since his hire  
4 date and pushing forward.

5 And I want to thank Sue during  
6 the interim as well. She communicated with me  
7 pretty much on a daily basis about the needs and the  
8 things that we're going on there and helped me out a  
9 lot. It took both of us to do a lot of things,  
10 mainly her and I want to thank her for the  
11 assistance that she provided to me during that time  
12 as well.

13 And Bobby is in the room. I  
14 don't know if you've met Bobby. Bobby is our head  
15 lockmaster for those of you that are new appointees  
16 to the Board and Bobby is a very integral part of  
17 the staff here and he's very valuable and I  
18 appreciate the work that he does and the things that  
19 he does.

20 Every time I've been onsite  
21 somewhere, Bobby has been there and he's doing the  
22 job that I'm sure a lot of us wouldn't like to do at  
23 the times that we don't like to do it and he works  
24 those hours that nobody else wants to work.

25 So, Bobby, I appreciate what

1 you do and the things that you do otherwise.

2 The last thing is I think,  
3 Board Member Stephens, did you send something that  
4 we ought to do as a Board, the oath that this Board  
5 should take?

6 It's something that's in the  
7 statute, and I didn't know how you wanted to handle  
8 it. I want to make sure that your request is  
9 brought before the group and as a Board do the oath.

10 MR. STEPHENS: What came up,  
11 when I had come in to the first meeting, I was about  
12 five minutes late. And, so, I didn't know if  
13 anybody had been sworn.

14 And, candidly, it didn't cross  
15 my mind, but all the boards I've sat on, normally we  
16 go through this process of the oath, the swearing  
17 thou has not committed a duel or served as a second,  
18 whatever, but it is a formal requirement under state  
19 law.

20 So, the risk is thus that if  
21 we haven't been doing that, Board action going back  
22 that time is not valid.

23 So, I'm not qualified to give  
24 you an answer on it, but I think maybe Finance legal  
25 needs to take a look at that. And if so, we're

1 going to have to do some corrective action.

2 CHAIRMAN FLYNN: Okay. Well,  
3 I definitely appreciate you bringing that to our  
4 attention. It's something that we need to be doing.

5 MS. HILL: Their response was,  
6 Chair, that we did need to be sworn in.

7 CHAIRMAN FLYNN: Okay.

8 MR. STEPHENS: So, that's part  
9 of a much bigger discussion, like going back in time  
10 and ascertaining how long that--I mean, here, can  
11 you all identify who was sworn? Has anybody taken  
12 an oath?

13 MR. WELLS: Are you saying  
14 sworn to this Board or sworn as---

15 MR. STEPHENS: There's an oath  
16 you have to take under state law and the State  
17 Constitution.

18 MR. WELLS: For this Board.

19 MR. STEPHENS: For this Board,  
20 yes.

21 MS. HILL: And it's similar to  
22 what you took for office.

23 CHAIRMAN FLYNN: It would be  
24 just like office, notary public or anything that you  
25 do. They ask you all those questions and you're

1 certified under that.

2 MR. STEPHENS: I would move  
3 that maybe we get a position from Finance legal or  
4 whoever gives us advice and let them opine on it  
5 because, if so, it might even be something we need  
6 to come in and have a special meeting to ascertain  
7 because, candidly, I don't know that there's any  
8 authority to do anything at this point if nobody has  
9 been sworn on here.

10 In fact, the motion I'm making  
11 has no validity.

12 CHAIRMAN FLYNN: I don't know  
13 where to go from there. So, I don't have any  
14 authority to do anything. Okay. David, if you will  
15 work and try to inquire through the Finance Cabinet  
16 the legality there and see what we need to do as  
17 Board members.

18 And I'd say Ms. Melinda will  
19 work with you on that, too, and try to help get you  
20 in the right direction on what we need to do.

21 Anything that I'm missing?

22 MR. ROGERS: David, there was  
23 one attachment on the email, the Corps of Engineers'  
24 letter.

25 MR. HAMILTON: Yes. That is

1 kind of a culmination of the effort that we started  
2 several years ago to try to get ownership of Locks 1  
3 through 4. I know that was a big push when Jerry  
4 was here.

5 They finally did fund a  
6 disposition study. Anytime the Corps wants to get  
7 rid of property, they study it pretty intensely.

8 So, that was presented to the  
9 Transportation something committee on Friday. If  
10 that gets approved, that will become part of the  
11 Water Resources Development Act which is a big part  
12 of what the Corps of Engineers does for their fiscal  
13 year.

14 The way it's stated in there,  
15 if it becomes part of WRDA, then, they are proposing  
16 to dispose of those properties as federal properties  
17 and turn them over to the Commonwealth of Kentucky  
18 for the benefit of the Kentucky River Authority and  
19 that would be through the use of special legislation  
20 that the federal government would create.

21 Typically, when the federal  
22 government gets rid of property, there's a certain  
23 process they have to go through. They have to offer  
24 it up to other federal agencies.

25 If they don't have any federal

1 agencies to take it over like US Fish and Wildlife  
2 or US Parks, then, they turn it over to the state.  
3 So, with special legislation, it would be a direct  
4 transfer.

5 I did not hear how that went  
6 Friday but that would be the process if that gets  
7 approved.

8 Again, for the new folks, we,  
9 the Commonwealth, owns Locks and Dams 5 through 14.  
10 We operate Locks 1 through 4 under a 25-year lease  
11 agreement which is probably in the year thirteen or  
12 twelve or so.

13 The main gest of taking  
14 ownership, obviously you spend a lot of money on  
15 these properties which we've already done. We've  
16 done complete renovation of Dam 3 and the renovation  
17 of Locks 1 through 4. We'd certainly like to own  
18 the properties when you're expending that much money  
19 to upkeep them.

20 The benefit of having the  
21 Corps own them, the days I believe of the Corps or  
22 the federal government spending funds on the locks  
23 and dams are not coming back anytime soon. So,  
24 there is not any benefit that I see of them  
25 retaining ownership and us just continuing to

1 operate under a lease agreement.

2 So, that's what that was  
3 about.

4 CHAIRMAN FLYNN: One other  
5 thing. In September, at the end of this month, we  
6 have three appointments for the Board that are  
7 coming up.

8 I do want to thank Judge  
9 Wells, Mayor Rainwater and Rodney Simpson. Those  
10 are the three appointments. I have no idea how the  
11 appointment process will go.

12 So, some chance we don't see  
13 you at the next Board meeting, I definitely want to  
14 thank you for your service on this Board.

15 When I was appointed to this  
16 Board. all three of you were already on here and  
17 provided a lot of guidance and help. So, I do want  
18 to thank you for your service and what you have  
19 offered to this Board and the people that utilize  
20 the river.

21 I don't know if any of you  
22 want to make any comments or not.

23 All right. With that, no  
24 executive session to discuss today.

25 I'll take a motion to adjourn

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MR. WELLS: So moved.

MR. SANDERS: Second.

CHAIRMAN FLYNN: Motion and a  
second. All in favor, aye. Thank you.

MEETING ADJOURNED

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STATE OF KENTUCKY  
COUNTY OF FRANKLIN

I, Terri H. Pelosi, a notary public in and for the state and county aforesaid, do hereby certify that the foregoing pages are a true, correct and complete transcript of the proceeding taken down by me in the above-styled matter taken at the time and place set out in the caption hereof; that said proceedings were taken down by me in shorthand and afterwards transcribed by me; and that the appearances were as set out in the caption hereof.

Given under my hand as notary public aforesaid, this the 17th day of September, 2018.

\_\_\_\_\_  
Notary Public  
State of Kentucky at Large

My commission expires February 10, 2021.