

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE OPERATING CAPACITY OF)
MARTIN COUNTY WATER DISTRICT PURSUANT TO) CASE NO. 2016-00142
KRS 278.280)

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on October 17, 2017 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on October 17, 2017 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on October 17, 2017.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice.

Parties desiring to view the digital video recording of the hearing may do so at

https://psc.ky.gov/av_broadcast/2016-00142/2016-00142_17Oct17_Inter.aspx.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 20th day of October 2017.



Gwen R. Pinson
Executive Director
Public Service Commission of Kentucky

Brian Cumbo
Attorney at Law
P.O. Box 1844
Inez, KENTUCKY 41224

Martin County Water District
387 East Main Street, Suite 140
Inez, KY 41224

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Inez, KY 41224

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BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

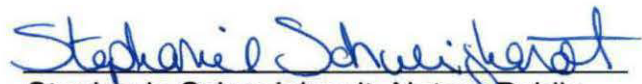
INVESTIGATION OF THE OPERATING CAPACITY OF)
MARTIN COUNTY WATER DISTRICT PURSUANT TO) CASE NO.
KRS 278.280) 2016-00142

CERTIFICATION

I, Stephanie Schweighardt, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on October 17, 2017. Hearing Log, Exhibit List and Witness List are included with the recording on October 17, 2017.
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Hearing of October 17, 2017.
4. The Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Hearing of October 17, 2017 and the time at which each occurred.

Signed this 19th day of October 2017.



Stephanie Schweighardt, Notary Public
State at Large
Commission Expires: January 14, 2019
ID#: 525987



Judge: Bob Cicero; Talina Mathews

Witness: Tim Blanton; Joe Burns; Kelly Callaham; Joe Hammond; Bill Harvey; Greg Heitzman; Roger R; Roger Recktenwald; Linda Sumpter

Clerk: Stephanie Schweighardt

Date:	Type:	Location:	Department:
10/17/2017	Other	Hearing Room 1	Hearing Room 1 (HR 1)

Event Time	Log Event
8:26:19 AM	Session Started
8:26:21 AM	Session Paused
9:29:50 AM	Session Resumed
9:29:52 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie
	Preliminary Remarks
9:30:20 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie
	Introduces Commissioner Mathews and states Chairman Schmitt recuses himself from the hearing
9:30:58 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie
	States reason for Hearing
9:31:10 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie
	Introductions of Counsel
	Brian Cumbo for Martin County Water District
	JEB Pinney and Angela Goad for PSC Staff
9:31:54 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie
	Reviews Motions
9:32:32 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie
	Ask for Public Comments
	No one present for public comments
9:32:48 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie
	Ask Atty Cumbo to call first witness
9:32:52 AM	Atty Cumbo Note: Schweighardt, Stephanie
	Calls Greg Heitzman to the stand
9:33:05 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie
	Ask Witness to state name and address
	Swears in Witness Greg Heitzman
9:33:32 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie
	Ask Witness to state background and experience with Martin County Water District

9:36:32 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie	Ask Witness of any improvements or goals that have been met at the Water District
9:47:02 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie	Distributes documents to Witness
9:47:17 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie	Witness reviews documents
9:47:53 AM	Atty Cumbo Note: Schweighardt, Stephanie	Request to enter documents as Exhibits #1 and #2
9:48:20 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie	Accepts Documents as Martin County Water District Exhibit #1 and Exhibit #2
9:48:47 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie	Ask Witness to continue
10:01:26 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie	Distributes copies of the draft lease agreement with Prestonburg
10:02:13 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie	Accepts document as MCWD Exhibit #3
10:02:33 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie	Ask Witness to elaborate on the draft lease with Prestonburg
10:04:23 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie	Asking Witness if Prestonburg will be able to supply water to Martin County
10:04:51 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie	Asking Witness if he has anything else to add
10:28:40 AM	Atty Cumbo Direct Exam of Witness Heitzman Note: Schweighardt, Stephanie	Ask Witness about meeting with the public and getting their comments
10:30:37 AM	Atty Pinney Cross Exam of Witness Heitzman Note: Schweighardt, Stephanie	Regarding plan submitted plan to PSC
10:32:13 AM	Atty Pinney Cross Exam of Witness Heitzman Note: Schweighardt, Stephanie	Regarding the grant and who advised him that the window was closing
10:33:53 AM	Atty Pinney Cross Exam of Witness Heitzman Note: Schweighardt, Stephanie	What role did you or company play in drawing the grant
10:35:02 AM	Atty Pinney Cross Exam of Witness Heitzman Note: Schweighardt, Stephanie	Has the grant been authorized for approval
10:35:51 AM	Atty Pinney Cross Exam of Witness Heitzman Note: Schweighardt, Stephanie	Asking if they are still at the upper level of review
10:36:25 AM	Atty Pinney Cross Exam of Witness Heitzman Note: Schweighardt, Stephanie	Asking if ever participated with a utility that received a grant

10:37:01 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Referring to Witness testifying a 50% of water loss
Stephanie

10:37:27 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Asking if this is due to service line and water main replacement
Stephanie

10:40:02 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding rejuvenate for service line replacment
Stephanie

10:42:42 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding project Rejuvenate
Stephanie

10:42:52 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Asking if the 5 to 6 million dollars of capital investment were to the
Stephanie plant or system wide

10:44:28 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding addressing this with rate increases, grants and loans
Stephanie

10:45:15 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the airport tank, when will the lease be submitted
Stephanie

10:46:34 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the airport tank lease and the amount of the monthly
Stephanie payment

10:47:10 AM Commissioner Mathews Cross Exam of Witness Heitzman
Note: Schweighardt, Asking what percentage of 1.2 millin dollars are for the meters vs
Stephanie the service line

10:47:59 AM Commissioner Mathews Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the oversite of the 1.2 million and the grant
Stephanie

10:49:49 AM Commissioner Mathews Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the DLG and KIA oversite process of the funds
Stephanie

10:50:37 AM Commissioner Mathews Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the decision to choose service lines and meters, is this
Stephanie where the largest percentage of water loss is

10:52:04 AM Commissioner Mathews Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the 1000 meters is about a third of the expected, or most
Stephanie critical

10:53:43 AM Commissioner Mathews Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding MCWD water quality violations
Stephanie

10:56:01 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the Witness' consulting fee
Stephanie

10:57:05 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, How many meetings Witness has had wtih MCWD Board
Stephanie

10:58:28 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding providing any drafts or recommendations to the Board
Stephanie

10:59:26 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Confirming the Witness realizes that anything provided to the board,
Stephanie copies should be submitted to PSC

10:59:53 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the 1.2 million dollar grant for service lines
Stephanie

11:01:10 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the 5 to 6 million dollars
Stephanie

11:02:34 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Asking if the 5 to 6 million dollars not being the total capital budget
Stephanie

11:03:03 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding AP, what is the amount that is 90 - 100 days past due
Stephanie

11:03:27 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Monthly cash flow coming into MCWD
Stephanie

11:04:29 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding MCWD getting in the hole more, every month
Stephanie

11:06:28 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding MCWD being able to meet the 50% of total water
Stephanie requirement

11:08:40 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the system being able to service the number needed
Stephanie

11:09:42 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the lease being a 10yr lease
Stephanie

11:10:20 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the Witness' recommendations
Stephanie

11:11:30 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding revenue generated for normal operations
Stephanie

11:16:27 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding MCWD short term and long term debts
Stephanie

11:16:46 AM Vice Chairman Cicero Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding rate base requirement and using grants
Stephanie

11:21:06 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the way the plant was constructed
Stephanie

11:23:18 AM Atty Pinney Cross Exam of Witness Heitzman
Note: Schweighardt, Regarding the SCADA system needing to be upgraded
Stephanie

11:25:30 AM Vice Chairman Schmitt
Note: Schweighardt, Excuses Witness
Stephanie

11:25:42 AM Vice Chairman Cicero
Note: Schweighardt, Break
Stephanie

11:25:55 AM Session Paused

11:39:23 AM Session Resumed

11:39:27 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie	Ask Atty Cumbo to call next witness
11:39:29 AM	Atty Cumbo Note: Schweighardt, Stephanie	Calls Witness Joe Burns to the stand
11:39:38 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie	Swears in Witness Joe Burns
	Note: Schweighardt, Stephanie	Ask Witness to state name and address
11:39:52 AM	Atty Cumbo Direct Exam of Witness Burns Note: Schweighardt, Stephanie	Ask Witness to state qualifications and education
11:40:38 AM	Atty Cumbo Direct Exam of Witness Burns Note: Schweighardt, Stephanie	Ask Witness how he came to assist MCWD with daily operations
11:40:48 AM	Atty Cumbo Direct Exam of Witness Burns Note: Schweighardt, Stephanie	Ask Witness to give an update of work completed at MCWD
11:45:38 AM	Atty Cumbo Direct Exam of Witness Burns Note: Schweighardt, Stephanie	Regarding changes to be made for the upcoming winter
11:47:50 AM	Atty Pinney Cross Exam of Witness Burns Note: Schweighardt, Stephanie	Regarding water quality completed at the plant and what will be done at the system
11:51:31 AM	Atty Pinney Cross Exam of Witness Burns Note: Schweighardt, Stephanie	Regarding areas in system and until able to flush system, being just the way things are
11:52:15 AM	Vice Cicero Cross Exam of Witness Burns Note: Schweighardt, Stephanie	Regarding how long will you be able to spend your time at MCWD
11:53:21 AM	Vice Cicero Cross Exam of Witness Burns Note: Schweighardt, Stephanie	Regarding KRWA continuing to participate
11:54:38 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie	Ask Atty Cumbo to call next Witness
11:54:38 AM	Atty Cumbo Note: Schweighardt, Stephanie	Call Witness Tim Blanton to the stand
11:54:54 AM	Vice Chairman Cicero Note: Schweighardt, Stephanie	Ask Witness to state name and address
	Note: Schweighardt, Stephanie	Swears in Witness Tim Blanton
11:55:15 AM	Atty Cumbo Direct Exam of Witness Blanton Note: Schweighardt, Stephanie	Ask Witness how long employed with KRWA
11:55:25 AM	Atty Cumbo Direct Exam of Witness Blanton Note: Schweighardt, Stephanie	Ask Witness what he did before this job
11:55:39 AM	Atty Cumbo Direct Exam of Witness Blanton Note: Schweighardt, Stephanie	Ask Witness what he does at MCWD

11:55:55 AM	Atty Cumbo Direct Exam of Witness Blanton Note: Schweighardt, Stephanie	Ask Witness how long he has been assisting MCWD
11:56:24 AM	Atty Cumbo Direct Exam of Witness Blanton Note: Schweighardt, Stephanie	Ask Witness about assisting with locating leaks and repairing leaks
11:59:40 AM	Atty Cumbo Direct Exam of Witness Blanton Note: Schweighardt, Stephanie	Anticipate a decreasing need for his services
12:00:30 PM	Atty Cumbo Direct Exam of Witness Blanton Note: Schweighardt, Stephanie	Regarding the service line issue
12:00:52 PM	Atty Cumbo Direct Exam of Witness Blanton Note: Schweighardt, Stephanie	Regarding need to repair all service lines in the area
12:02:15 PM	Atty Pinney Cross Exam of Witness Blanton Note: Schweighardt, Stephanie	Regarding number of clamps on the line
12:03:09 PM	Atty Pinney Cross Exam of Witness Blanton Note: Schweighardt, Stephanie	Regarding the service line replacements and leakage in the mains
12:04:45 PM	Vice Chairman Cicero Cross Exam of Witness Blanton Note: Schweighardt, Stephanie	Regarding replacing or repairing a line
12:05:53 PM	Vice Chairman Cicero Cross Exam of Witness Blanton Note: Schweighardt, Stephanie	Regarding how many feet of pipe to be replaced
12:06:22 PM	Vice Chairman Cicero Cross Exam of Witness Blanton Note: Schweighardt, Stephanie	Regarding resources at MCWD being too restricted
12:06:58 PM	Atty Cumbo Note: Schweighardt, Stephanie	Atty Pinney states he has questions for all of the Witnesses
	Note: Schweighardt, Stephanie	States he has no other witness to call to the stand, but are available if the Commission may want to hear from them
12:07:32 PM	Atty Cumbo Note: Schweighardt, Stephanie	Calls Witness Bill Harvey to the stand
12:07:44 PM	Vice Chairman Cicero Note: Schweighardt, Stephanie	Ask Witness to state name and address
	Note: Schweighardt, Stephanie	Swears in Witness Bill Harvey
12:08:04 PM	Atty Cumbo Direct Exam of Witness Harvey Note: Schweighardt, Stephanie	Regarding how long Witness has been a board member at MCWD
12:08:20 PM	Atty Cumbo Direct Exam of Witness Harvey Note: Schweighardt, Stephanie	Asking Witness when did he move to Martin County
12:08:28 PM	Atty Cumbo Direct Exam of Witness Harvey Note: Schweighardt, Stephanie	Ask Witness to tell the Commission what he did for a living
12:08:54 PM	Atty Cumbo Direct Exam of Witness Harvey Note: Schweighardt, Stephanie	Regarding education and qualifications

12:09:29 PM Atty Cumbo Direct Exam of Witness Harvey
Note: Schweighardt, Regarding efforts made to improve operation system
Stephanie

12:10:10 PM Atty Cumbo Direct Exam of Witness Harvey
Note: Schweighardt, Regarding moral of employees improving with the changes
Stephanie

12:10:46 PM Atty Pinney Cross Exam of Witness Harvey
Note: Schweighardt, Regarding coal severance funds
Stephanie

12:11:19 PM Atty Pinney Cross Exam of Witness Harvey
Note: Schweighardt, Regarding amendment to the operations agreement
Stephanie

12:11:46 PM Atty Pinney Cross Exam of Witness Harvey
Note: Schweighardt, Regarding what the agreement deals with
Stephanie

12:12:08 PM Atty Pinney Cross Exam of Witness Harvey
Note: Schweighardt, Why settle on \$7.75 instead of \$10
Stephanie

12:12:34 PM Atty Pinney Cross Exam of Witness Harvey
Note: Schweighardt, Why was the rate contingent upon finding out what Prestonburg
Stephanie was charging the prison

12:13:29 PM Atty Pinney Cross Exam of Witness Harvey
Note: Schweighardt, Regarding the MCWD response to the 2nd PHDR, June 5
Stephanie Prestonburg meeting

12:15:07 PM Atty Pinney Cross Exam of Witness Harvey
Note: Schweighardt, Regarding one of MCWD commissioners not able to attend meeting
Stephanie and if he is still serving as a commissioner

12:15:30 PM Atty Pinney Cross Exam of Witness Harvey
Note: Schweighardt, Regarding Public Meeting
Stephanie

12:16:01 PM Atty Pinney Cross Exam of Witness Harvey
Note: Schweighardt, Ask if Witness is up to date on his Water Commissioner Training
Stephanie

12:16:19 PM Vice Chairman Cicero Cross Exam of Witness Harvey
Note: Schweighardt, Regarding change in number of received complaints
Stephanie

12:17:02 PM Vice Chairman Cicero Cross Exam of Witness Harvey
Note: Schweighardt, Regarding if Witness is satisfied with the progress made so far
Stephanie

12:17:30 PM Vice Chairman Cicero Cross Exam of Witness Harvey
Note: Schweighardt, Regarding target date for a satisfactory level of service and water
Stephanie quality

12:18:31 PM Vice Chairman Cicero Cross Exam of Witness Harvey
Note: Schweighardt, Regarding water leaks and other types of contaminants
Stephanie

12:19:14 PM Vice Chairman Cicero Cross Exam of Witness Harvey
Note: Schweighardt, Regarding points of testing
Stephanie

12:19:42 PM Atty Cumbo
Note: Schweighardt, Calls Witness Joe Hammond to the stand
Stephanie

12:20:02 PM Vice Chairman Cicero
Note: Schweighardt, Swears in Witness Joe Hammond
Stephanie

Note: Schweighardt, Ask Witness to state name and address
Stephanie

12:20:20 PM Atty Cumbo Direct Exam of Witness Hammond
Note: Schweighardt, Ask Witness to state place of employment
Stephanie

12:20:33 PM Atty Cumbo Direct Exam of Witness Hammond
Note: Schweighardt, Ask Witness if he has anything additional to add
Stephanie

12:21:01 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding joint supply of efforts
Stephanie

12:22:08 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding the prision requiring two sources of water
Stephanie

12:22:21 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding June 5 meeting with Prestonburg Utility
Stephanie

12:24:02 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding the discussion involving the airport tank
Stephanie

12:24:16 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, MCWD receiving any other monthly fees from Prestonburg
Stephanie

12:24:38 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding 2nd PHDR and lines being turned off
Stephanie

12:25:10 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding how frequently bars are found
Stephanie

12:26:13 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding cheater bars being found and action county attorney
Stephanie takes

12:26:47 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding a success rate
Stephanie

12:26:53 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding repeat offenders
Stephanie

12:27:21 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding Public Meeting comment, plant capacity increased
Stephanie

12:28:16 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding project rejuvenate
Stephanie

12:29:14 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding MCWD receiving an other type of funding
Stephanie

12:29:43 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding participating in preparing the application and who
Stephanie submitted the application

12:30:08 PM Atty Pinnedy Cross Exam of Witness Hammond
Note: Schweighardt, Regarding how long Witness has been with MCWD
Stephanie

12:30:38 PM	Atty Pinnedy Cross Exam of Witness Hammond Note: Schweighardt, Stephanie Has MCWD receivnd any other grants
12:31:10 PM	Atty Cumbo ReDirect of Witness Hammond Note: Schweighardt, Stephanie Regarding Honey Branch Industrial Park
12:32:11 PM	Atty Cumbo Note: Schweighardt, Stephanie States one of the architects of the operations, Roger Recktenwald, is present and will call to the stand, if necessary
12:32:45 PM	Atty Pinney Note: Schweighardt, Stephanie States he has a few questions
12:32:59 PM	Vice Chairman Cicero Note: Schweighardt, Stephanie Swears in Witness Roger Recktenwald Note: Schweighardt, Stephanie Ask Witness to state name and address
12:33:23 PM	Atty Cumbo Direct Exam of Witness Recktenwald Note: Schweighardt, Stephanie Regarding the joint operations agreement with Prestonburg and the Witness' role in the agreement
12:36:49 PM	Atty Pinney Cross Exam of Witness Recktenwald Note: Schweighardt, Stephanie Regarding 50/ 50 language
12:42:33 PM	Vice Chairman Cicero Cross Exam of Witness Recktenwald Note: Schweighardt, Stephanie Regarding Tank and how MCWD came to fund it
12:43:45 PM	Vice Chairman Cicero Cross Exam of Witness Recktenwald Note: Schweighardt, Stephanie Regarding tank built prior to the prison being built
12:44:42 PM	Vice Chairman Cicero Cross Exam of Witness Recktenwald Note: Schweighardt, Stephanie Regarding grant that funded the tank
12:46:12 PM	Atty Cumbo Note: Schweighardt, Stephanie Calls Witness Kelly Callaham to the stand
12:46:26 PM	Vice Chairman Cicero Note: Schweighardt, Stephanie Ask Witness to state name and address Note: Schweighardt, Stephanie Swears in Witness Callaham
12:46:38 PM	Atty Cumbo Direct Exam of Witness Callaham Note: Schweighardt, Stephanie Ask Witness how he is employed and for how long
12:46:53 PM	Atty Cumbo Direct Exam of Witness Callaham Note: Schweighardt, Stephanie Regarding tank issue and lease agreement
12:50:24 PM	Atty Cumbo Direct Exam of Witness Callaham Note: Schweighardt, Stephanie Regarding the terms of the lease agreement
12:51:07 PM	Atty Cumbo Direct Exam of Witness Callaham Note: Schweighardt, Stephanie Regarding from a financial stand point, sounds like a win/win
12:53:23 PM	Atty Cumbo Direct Exam of Witness Callaham Note: Schweighardt, Stephanie Ask Witness if he has anything else to add

12:56:19 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Regarding lease agreement and MCWD unable to pump water to
Stephanie prison

12:57:24 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Prestonburg wanted to keep revenue for the prison to themselves
Stephanie

12:57:45 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Regarding Prestonburg providing service to customers in Martin
Stephanie County area

12:58:16 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Asking if industrial or commercial customers
Stephanie

12:59:19 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Regarding price on revenue if MCWD could sell water to the prison
Stephanie

1:00:02 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Regarding the ARC grant
Stephanie

1:00:20 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Asking Witness what he means by a pass through
Stephanie

1:00:44 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Regarding how the ARC Grant is administered
Stephanie

1:01:00 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Regarding the Fical Court's role
Stephanie

1:02:19 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Overview of the general financial status of Martin County (not water
Stephanie district)

1:04:12 PM Atty Pinney Cross Exam of Witness Callaham
Note: Schweighardt, Regarding the ARC Grant to build sewer
Stephanie

1:04:56 PM Vice Chairman Cicero Cross Exam of Witness Callaham
Note: Schweighardt, Regarding ARC Grant and programs being monitored
Stephanie

1:06:05 PM Vice Chairman Cicero Cross Exam of Witness Callaham
Note: Schweighardt, Regarding grants and money coming out of the fiscal court
Stephanie

1:07:19 PM Vice Chairman Cicero
Note: Schweighardt, Break
Stephanie

1:07:29 PM Session Paused

1:18:43 PM Session Resumed

1:18:48 PM Vice Chairman Cicero
Note: Schweighardt, Ask Atty Cumbo to call next Witnes
Stephanie

1:18:48 PM Atty Cumbo
Note: Schweighardt, Call Linda Stumpter to the stand
Stephanie

1:18:59 PM Vice Chairman Cicero
Note: Schweighardt, Ask Witness to state name and address
Stephanie
Note: Schweighardt, Swerars in Witness Linda Stumpter
Stephanie

1:19:15 PM Atty Cumbo Direct Exam of Witness Stumpter
Note: Schweighardt, Ask Witness how she is associated with the MCWD
Stephanie

1:19:54 PM Atty Pinney Cross Exam of Witness Stumpter
Note: Schweighardt, Regarding finances of MCWD
Stephanie

1:20:43 PM Atty Pinney Cross Exam of Witness Stumpter
Note: Schweighardt, Ask what is the largest outstanding bill
Stephanie

1:21:01 PM Atty Pinney Cross Exam of Witness Stumpter
Note: Schweighardt, Regarding public meeting comment and debt service MCWD is
Stephanie paying annually

1:22:13 PM Atty Pinney Cross Exam of Witness Stumpter
Note: Schweighardt, Asking if the debt service cover its operating service
Stephanie

1:22:27 PM Atty Pinney Cross Exam of Witness Stumpter
Note: Schweighardt, Ask Witness if involved in last rate increased
Stephanie

1:22:54 PM Atty Pinney Cross Exam of Witness Stumpter
Note: Schweighardt, Regarding the non-revenue water loss
Stephanie

1:23:39 PM Vice Chairman Cicero Cross Exam of Witness Stumpter
Note: Schweighardt, Regarding the amount of the largest outstanding account
Stephanie

1:24:05 PM Vice Chairman Cicero Cross Exam of Witness Stumpter
Note: Schweighardt, Regarding being up to date on bills
Stephanie

1:24:35 PM Vice Chairman Cicero Cross Exam of Witness Stumpter
Note: Schweighardt, Regarding percentage of cash needs on a monthly needs
Stephanie

1:24:54 PM Vice Chairman Cicero Cross Exam of Witness Stumpter
Note: Schweighardt, Regarding cash needs and shortfall every month
Stephanie

1:25:41 PM Vice Chairman Cicero Cross Exam of Witness Stumpter
Note: Schweighardt, Regarding grant programs
Stephanie

1:26:48 PM Vice Chairman Cicero Cross Exam of Witness Stumpter
Note: Schweighardt, Ask Witness what she sees as a way to improve MCWD finances
Stephanie

1:28:30 PM Vice Chairman Cicero
Note: Schweighardt, Regarding Post Hearing Data Request
Stephanie
Note: Schweighardt, Atty Pinney to provide to Atty Cumbo by October 24
Stephanie
Note: Schweighardt, MCWD to respond by November 7
Stephanie

1:29:41 PM Vice Chairman Cicero
Note: Schweighardt, Ask for any other outstanding issues
Stephanie

1:29:55 PM Vice Chairman Cicero
Note: Schweighardt, States that the next hearing will be January 17, 2018
Stephanie

1:30:25 PM Vice Chairman Cicero
Note: Schweighardt, Adjourns Hearing
Stephanie

1:30:27 PM
1:33:20 PM

Session Paused
Session Ended

Judge: Bob Cicero; Talina Mathews

Witness: Tim Blanton; Joe Burns; Kelly Callaham; Joe Hammond; Bill Harvey; Greg Heitzman; Roger R; Roger Recktenwald; Linda Sumpter

Clerk: Stephanie Schweighardt

Name: **Description:**

MCWD Exhibit #1 Project Announcement

MCWD Exhibit #2 Grant Agreement

MCWD Exhibit #3 Lease



Senator Mitch McConnell
Kentucky

MCWD Ex #1

Donna Baker McClure
Field Representative

(606) 864-2026
Fax (606) 864-2035
Donna_McClure@mccconnell.senate.gov
300 South Main St., Ste. 310
London, Kentucky 40741

PROJECT ANNOUNCEMENT

Subject: Martin County Water System Improvements
KY-19063-302-17
Grantee: Martin County Water District
Inez, KY
Local Contact: William Harvey Congressional 5
606-298-3885 District(s):
Funding: ARC \$1,200,000
Total \$1,200,000

*Congratulations!
Let me know
when we can
be helpful.*
[Signature]

WASHINGTON, D.C.-

The Appalachian Regional Commission announced today approval of a grant in the amount of \$1,200,000 to the Martin County Water District for the Martin County Water System Improvements project. As a result of the project 983 households and 17 businesses will benefit from continued access to water services.

The Martin County Water District seeks Central Appalachia Distressed County Infrastructure funding to replace failing service lines in two areas with extreme water loss. The project will replace 1,000 service lines and meters in the Beauty and Warfield areas. Current meters are over 20 years old and provide inaccurate readings of water use in the project area, underestimating the amount of water passing through the system. Service lines connecting homes to the water main in the project area are also past their useful life, with lines dating from the 1970s. Leaks in the service lines account for the greatest share of water loss in the Martin County water system.

This project is eligible to be funded through discretionary authority due to its urgency and the project's location in a distressed county. ARC will contribute the total project funding of \$1,200,000.

About the Appalachian Regional Commission

The Appalachian Regional Commission (ARC) is an economic development agency of the federal government and 13 state governments focusing on 420 counties across the Appalachian region.

1666 CONNECTICUT AVENUE, NW, SUITE 700 WASHINGTON, DC 20009-1068 (202) 884-7700 FAX (202) 884-7691 www.arc.gov

Alabama Kentucky Mississippi North Carolina Pennsylvania Tennessee West Virginia
Georgia Maryland New York Ohio South Carolina Virginia

ARC's mission is to innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia and help the region achieve socioeconomic parity with the nation. More information is available at www.arc.gov.

Date Approved:

9/7/2017

BUDGET INFORMATION - Construction Programs

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1. Administrative and legal expenses	\$ 50,000 .00	\$.00	\$ 50,000 .00
2. Land, structures, rights-of-way, appraisals, etc.	\$ 0 .00	\$.00	\$ 0 .00
3. Relocation expenses and payments	\$ 0 .00	\$.00	\$ 0 .00
4. Architectural and engineering fees	\$ 70,800 .00	\$.00	\$ 70,800 .00
5. Other architectural and engineering fees	\$ 17,700 .00	\$.00	\$ 17,700 .00
6. Project inspection fees	\$ 58,750 .00	\$.00	\$ 58,750 .00
7. Site work	\$ 0 .00	\$.00	\$ 0 .00
8. Demolition and removal	\$ 0 .00	\$.00	\$ 0 .00
9. Construction	\$ 906,500 .00	\$.00	\$ 906,500 .00
10. Equipment	\$ 0 .00	\$.00	\$ 0 .00
11. Miscellaneous	\$ 5,550 .00	\$.00	\$ 5,550 .00
12. SUBTOTAL (sum of lines 1-11)	\$ 1,109,300 .00	\$ 0.00	\$ 1,109,300 .00
13. Contingencies	\$ 90,700 .00	\$.00	\$ 90,700 .00
14. SUBTOTAL	\$ 1,200,000 .00	\$ 0.00	\$ 1,200,000 .00
15. Project (program) income	\$ 0 .00	\$.00	\$ 0 .00
16. TOTAL PROJECT COSTS (subtract #15 from #14)	\$ 1,200,000 .00	\$ 0.00	\$ 1,200,000 .00
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter the resulting Federal share.	Enter eligible costs from line 16c Multiply X <u>100.00</u> %		\$ 1,200,000.00

**Grant Agreement
Between
Appalachian Regional Commission
and
Martin County Water District**

**(Fiscal Agent for Martin County Water District: Kentucky Department for
Local Government)**

ARC Contract Number: KY-19063-2017	
Project Title: Martin County Water System Improvements	
ADMINISTRATIVE/FISCAL AGENT:	Kentucky Department for Local Government 1024 Capital Center Drive Frankfort, KY 40601
Fiscal Agent's EIN:	61-0600439
Fiscal Agent Contact:	
GRANTEE:	Martin County Water District 387 East Main Street Inez, KY 41224-0309 Project Director: William Harvey 606-298-3885
	ARC Project Coordinator: Catherine Feerick 202-884-7769 State Administration/Liaison Officer: Peggy Satterly 502-573-2382
Part I - Special Provisions	

1. Statement of Purpose - Incorporation of Proposal:

This agreement implements a grant made under the authorities of Section 302 of the Appalachian Regional Development Act of 1965 (ARDA), as amended, (40 USC 14321) to provide funding for the replacement of failing service lines in two areas within Martin County suffering significant water loss. The project will replace 1,000 service lines and meters in the Beauty and Warfield areas.

ARC funds are being made available to the project through the Kentucky Department for Local Government (KDLG) and will be administered in accordance with the Memorandum of Understanding (MOU) between KDLG and the Appalachian Regional Commission, executed on December 16, 2016, which is attached to and hereby incorporated into this agreement.

This project shall be carried out in general accord with Grantee's proposal, received at ARC on August 30, 2017. Grantee's proposal is incorporated by this reference as a supplement to this agreement. To the extent the Articles of this grant agreement conflict with the incorporated proposal, the Articles shall control.

2. Order of Precedence:

This grant agreement is subject to the provisions of the ARDA, the ARC Code and Project Guidelines, these Special Provisions (Part I), the attached Grant Agreement: General Provisions (Part II), the Memorandum of

Understanding, the Registered State Basic Agency Grant Administration Manual, and any other incorporated Supplements. Any conflicts among these provisions shall be resolved giving precedence to these authorities in the order in which they are listed above.

3. Reports:

The Grantee shall submit reports for this project to the Fiscal Agent semi-annually, or at a greater frequency determined by the Fiscal Agent. An annual report for this project shall be submitted by the Fiscal Agent to ARC, as required by the Memorandum of Agreement referenced in Article 1 on a schedule to be agreed to between the Fiscal Agent and the ARC Project Coordinator.

4. Consideration and Method of Payment:

A. Total.

For the complete and satisfactory performance of this grant agreement, as determined by ARC, Grantee shall be paid by ARC a total sum not to exceed \$1,200,000 of actual, reasonable and eligible project costs. Payments under this Agreement shall be made to the Grantee through the Kentucky Department for Local Government, as Fiscal Agent. The Grantee shall not incur any project-related costs nor begin construction without prior approval from the Fiscal Agent.

B. Method.

Progress payments in the full amount of the total ARC-approved funds are authorized under this agreement. Upon Grantee's satisfactory completion of the agreement, Grantee shall receive any balance of funds, which may be due under this agreement. Payments under this agreement shall be made under the Automated Standard Application for Payments (ASAP) process or, if necessary, upon the receipt of the Fiscal Agent's invoice.

5. Budget:

Costs will be determined in general accord with the budget (which is attached to and hereby incorporated into this agreement), subject to the terms of this Grant Agreement, the Registered State Basic Agency Grant Administration Manual, and pertinent ARC Code Provisions.

6. Period of Performance:

The grant period of performance shall be 9/30/2017 through 9/29/2020.

7. Federal Retention of Interest:

Title to equipment and/or real property purchased with grant funds resides with the Grantee and assignees and successors approved by ARC, but the equipment and/or real property must be accounted for during and after the end of the project period. Accountability may be satisfied by continued use in the same or other projects related to objectives of the ARC, as approved by ARC. If the equipment and/or real property is disposed of or transferred to a use outside the scope of the ARC objectives, an amount equal to the value of the ARC share at the time of disposal must be refunded to ARC. It shall be Grantee's responsibility to monitor all use to ascertain that the equipment and/or real property is being used primarily for the purposes of the grant and to notify ARC promptly in the event that the equipment and/or real property is no longer being used for such purposes.

Charles Howard-9/11/2017

9/11/2017

Charles Howard
General Counsel

Date

William Harvey-9/15/2017

9/15/2017

William Harvey
Chairman

Date

Part II
Appalachian Regional Commission
Grant Agreement: General Provisions

Article 1 General Procedures.

ARC grants shall be administered in accord with the Office of Management and Budget guidelines, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards found in Chapter 2 of Title 2 of the Code of Federal Regulations and other Federal regulations as applicable.

Article 2 Restrictions on Use of ARC Funds.

Grantee warrants that it is cognizant of Section 224(b)(1) of the ARDA, which prohibits the use of ARDA funds to assist businesses to relocate from one area to another; and that, further, in keeping with Commission policy, it will not utilize ARDA funds actively to engage in any activity, the purpose of which is to encourage businesses now operating in one state to relocate into another state. No funds provided under this agreement will be used to publish or distribute material which would solicit such relocation.

Article 3 Work Plan/Detailed Budget.

(1) Grantee shall submit, as required by the ARC Project Coordinator, a work plan and/or budget for any and/or all of the tasks specified in Part I.

(2) Prior to submission of any work plan and/or budget so required by the ARC Project Coordinator, no costs shall be eligible for reimbursement, except those costs directly related to the preparation of such work plan and/or budget. Within one week after receipt, ARC shall complete a preliminary review of the work plan and/or budget and shall immediately advise the Grantee either that it is unacceptable or that it is preliminarily approved. After such preliminary approval by ARC, the Grantee may proceed with work on the project immediately with such modifications in the work plan and/or budget as required by ARC.

Article 4 Reports.

(1) Progress Reports. Grantee shall prepare and submit to the ARC Project Coordinator, progress reports indicating the work accomplished under the agreement to date, any problems encountered and ameliorative actions taken, and a forecast of work for the next report period.

(2) Final Report. Within one (1) month after the period of performance (see Part I), Grantee shall prepare and submit to the ARC Project Coordinator for approval, a final report (2 copies and a reproducible master) of all work accomplished under this Agreement including recommendations and conclusions based on the experience and results obtained.

Article 5 Contracting Procedures

In contracting for services and/or purchasing equipment under this Agreement, Grantee shall assure that (1) all contracting shall be at prices and on terms most advantageous to the Grantee and to the project; and (2) all interested parties shall have a full and fair chance at doing business with the Grantee. Grantee shall arrange for all contracting through competitive bidding, or, if permitted by state law, other negotiating and contracting procedures that will assure compliance with (1) and (2) above.

Article 6 Subcontracting.

The Grantee shall not enter into subcontracts for any of the work contemplated under this Agreement without obtaining the prior written approval of the Project Coordinator, and subject to conditions and provisions as the Project Coordinator may deem necessary, in his/her discretion, to protect the interests of the Commission: Provided, however, that notwithstanding the foregoing unless otherwise provided herein, such prior written approval shall not be required for the purchase by the Grantee of articles, supplies, equipment and services which are both necessary for and merely incidental to the performance of the work required under this Agreement: Provided, further, however, that no provision of this article and no such approval by the Project Coordinator of any subcontract shall be deemed in any event or in any manner to provide for the incurrence of any obligation by the Commission in addition to the total grant amount and the Commission shall not be responsible for fulfillment of Grantee's obligations to subcontractors: Provided, further, that no subcontracting shall be deemed to relieve the Grantee of any obligations under this Agreement.

Article 7 Coordination and Non-Duplication.

In carrying out the project under this Agreement, Grantee shall assure that the planning, design work and implementation of activities are coordinated with activities conducted by Grantee under other related ARC grants, if any, and shall assure that there shall be no duplication of effort or funding under this Agreement of any work or payments under those grants.

Article 8 Project Personnel.

ARC reserves the right to approve or disapprove the selection or continued participation of any personnel supported with funds made available under this Agreement.

Article 9 Compliance with Applicable Laws.

Grantee shall assure that all provisions of applicable federal, state, and local laws shall be complied with in the conduct of activities under this grant agreement. The ARC reserves the right to suspend or terminate this agreement in the event that applicable federal, state, and local laws and regulations are not complied with. Such right shall not be exclusive and does not affect rights and remedies provided elsewhere by law, regulation, or agreement.

Article 10 Retention of Rights.

Title to equipment purchased with grant funds resides with the Grantee and assignees and successors approved by ARC, but the equipment must be accounted for during and after the end of the project period. Accountability may be satisfied by continued use during its useful life in the same or other projects related to objectives of the ARC, as approved by ARC. If the equipment is disposed of or transferred during its useful life to a use outside the scope of the ARC objectives, an amount equal to the resale value or the value of the ARC share at the time of disposal must be deposited in the grant account if still open, or the federal share must be refunded to ARC or an ARC-designated successor. ARC reserves the right to transfer such equipment and title thereto or other interest therein, to ARC, or an agency of the federal government or to another Grantee, in the event equipment, leased or purchased with funds under this agreement, is no longer used primarily for the purposes for which it is dedicated under this agreement, or is not used in substantial accord with the applicable provisions of this agreement.

It shall be Grantee's responsibility to monitor all use to ascertain that all such equipment is being used primarily for the purposes outlined herein. Grantee may propose to ARC that the equipment be transferred to another agency or entity which could utilize it for the purposes outlined in this agreement. Such transfers shall be subject to prior approval by the ARC Project Coordinator and to the reservation of rights in this Article.

Article 11 Method of Payment.

(1) Progress Payments. Grantee may receive progress payments (a) on the basis of the work performed; (b) upon ARC concurrence as to reasonableness of costs and submission of Form SF 270 (Request for Advance or Reimbursement); and; (c) upon submission to ARC of, and with the same frequency as, progress reports; and (d) upon determination by the ARC that the requirements of the agreement are being met. The total of such progress payments shall not exceed ninety (90) percent of the total grant amount unless specifically authorized in Part I of this agreement.

(2) Advance Payments. Grantee may receive advances of funds, in amounts sufficient to meet scheduled payroll costs and other related costs, including payments to subcontractors on the following basis: (a) Grantee's certification that a firm commitment has been obtained from each employee appointed under this agreement, or that firm, formal subcontracts have been executed which will require payments for goods and services to be delivered during the period for which advance is sought; (b) upon submission of form SF 270 (Request for Advance or Reimbursement) and on the basis of cost estimates approved by the ARC Project Coordinator; (c) Grantee's certification that any previous advance has been exhausted (if previous advance has not been exhausted, this remainder must be used to meet scheduled expenses payable during the next period); any additional advance subject to ARC concurrence as to need; and (d) satisfactory progress on tasks specified in Part I and the incorporated proposal.

Total Advance Payments shall not exceed 90 percent of the total grant amount unless specifically authorized in Part I of this agreement.

(3) Final Payment. Upon Grantee's satisfactory completion of the Agreement, Grantee shall receive any balance of funds which may be due under this Agreement.

(4) Disbursements. All disbursements shall be for obligations incurred, after the effective date, in the performance of this Agreement, and shall be supported by contracts, invoices, vouchers and other data, as appropriate, evidencing the disbursements.

NOTE: All payment requests must show the 9-digit taxpayer identifying number (TIN) assigned by the Internal Revenue Service. For individuals, the Social Security Number serves as the TIN; for businesses, the Employer Identification Number serves as the TIN.

Article 12 Grant-Related Income.

Grant-related income means gross income earned by Grantee from grant supported activities and shall include, but not be limited to, income from service fees, sale of commodities, or usage or rental fees. All grant-related income shall be reported to ARC in the progress and final reports required by this Agreement.

Article 13 Rebates and Discharges from Liability.

Grantee agrees that any refunds, rebates or credits, or other amounts (including interest earned thereon) received by the Grantee (or any Assignee) shall be paid to the Commission to the extent that they are properly allocable to costs for which the Grantee has been reimbursed under this Article. Grantee will, when requested, assign such amounts to the Commission and execute such releases as may be appropriate to discharge the Commission, its officers and agents from liabilities arising out of this Agreement.

Article 14 Records /Audit.

(1) Grantee shall establish procedures to ensure that all records pertaining to costs, expenses, and funds related to the Agreement shall be kept in a manner which is consistent with generally accepted accounting procedures. The documentation in support of each action in the accounting records shall be filed in such a manner that it can be readily located. Grantee shall maintain custody of time records, payrolls, and other data, as appropriate, to substantiate all services reported to the Commission as Contributed Services under this Agreement.

(2) All invoices, vouchers, statements of costs, and reports of disbursements of funds are subject to audit.

(3) Any payment may be reduced for overpayment(s) or increased for underpayment(s) on preceding invoices or vouchers. In the event of overpayment(s) ARC reserves the option of requiring the Grantee to reimburse the Commission for the amount of the overpayment(s).

(4) If Grantee has not provided either cash or contributed services of a value determined by the Commission to be sufficient to support the payments made by the Commission, or has failed to obligate or disburse any such sums for the purpose of this Agreement, the final payment shall be reduced, or the Grantee shall make an appropriate refund.

(5) The Grantee agrees that the Federal Co-Chairman of the ARC, the Comptroller General of the United States, the ARC, or the duly authorized representatives of any of them shall, until the expiration of three years after final payment under this Agreement, have access to and the right to examine any books, documents, papers, and records of the Grantee involving transactions related to this Agreement.

(6) The Grantee will, in each subcontract, require the subcontractor to agree to the application of the provisions of this article in a similar manner to the subcontractor's records relating to said subcontract.

Article 15 Responsibilities.

Notwithstanding any other provisions of this Agreement, it is expressly agreed that:

(1) Grantee will carry out the program under this Agreement as an independent contractor and not as agent of the Commission;

(2) Grantee assumes sole and complete responsibility for the conduct of the program in such a manner as to assure the safety and welfare of all persons participating in or in any way involved in, or affected by, any activities conducted under this Agreement; and

(3) The Commission, by its provision of funds for this project, undertakes no responsibility in this regard.

Article 16 Grantee's Principal Personnel.

The Project Director shall be responsible for the general guidance and overall supervision of Grantee's efforts. The Project Director shall maintain liaison with the Commission's Project Coordinator. In the event the replacement of the Project Director becomes necessary, the Grantee will advise the Commission, in writing, of the change. The Commission reserves the right to disapprove any proposed substitute or addition.

Article 17 ARC Representative.

The Project Coordinator is responsible for (i) providing liaison between the Commission and the Grantee, and (ii) obtaining approval of work accomplished by Grantee. The Commission may, in its discretion, change the Project Coordinator at any time, in which event it shall notify the Grantee in writing of the change.

Article 18 State Administration and Liaison Officer.

Grantee shall submit copies of all correspondence, reports and requests for payment required to be submitted to ARC simultaneously to the State Administration and Liaison Officer named in this Agreement.

Article 19 Disputes.

(1) Procedure. Except as otherwise provided in this Agreement, in the event of any dispute arising under this Agreement concerning a question of fact which is not disposed of by agreement, a decision regarding the dispute shall be rendered by the Executive Director. The Grantee may, within 20 days from receipt of the Executive Director's written decision, submit to the Commission's Contract Review Committee (ARC-CRC), a written request for a review to which the ARC-CRC shall respond in writing within 60 days. Alternatively, the Grantee and the Executive Director may mutually agree to select any alternative means of dispute resolution to resolve such dispute. The decision of either the ARC-CRC or the arbitrator retained for the purpose of dispute resolution, shall be final and conclusive. Pending final decision under either alternative, the Grantee shall proceed diligently with the performance of the Agreement in accordance with the Executive Director's decision.

(2) Consideration of Questions of Law. This Article does not preclude the consideration of questions of law in connection with decisions provided for in the above paragraph; provided that nothing in this grant shall be construed as making final any decision of any administrative official, representative, or the ARC-CRC on a question of law.

(3) ARC Contract Review Committee. The ARC-CRC shall consist of the Federal Co-Chairman and the States' Co-Chairman or their appointed representatives. In a dispute in which one of the parties is either the State of the States' Co-Chairman or a Grantee from said State, the States' Vice Co-Chairman, or his/her representative, shall replace the States' Co-Chairman on the ARC-CRC for that dispute alone. Nothing herein shall operate in any way as a restriction on the powers of the Federal Co-Chairman or any state member of the Commission under the ARDA.

Article 20 Suspension/Termination for Cause.

The ARC shall have the right, upon written notice to the Grantee, to suspend or terminate this Agreement for cause, whenever the Federal Co-Chairman determines there is reasonable basis to believe there has been malfeasance, embezzlement, misappropriation, unauthorized application of federal funds or material false statement in the conduct of this Agreement or any other ARC grant agreement.

Article 21 Termination for Default.

The ARC may, by written notice to Grantee, terminate this Agreement in whole or in part in accordance with Part 52.249 of the Federal Acquisition Regulations' "Default (Fixed-Price Supply and Service)" clause in effect on the date of this Agreement including, but not limited to provisions regarding failure to perform due to causes beyond the control of Grantee, the status of completed and partially completed work after termination for default, excusable default, ARC's right to reprocure, and other remedies. Such regulations are incorporated by reference as part of this Agreement. The rights and remedies of the ARC provided in this Article shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

Article 22 Termination for Convenience.

The ARC may, by written notice to the Grantee, terminate this Agreement in whole or in part for the convenience of the Commission, whenever the ARC determines that such action is in its best interest. If this Agreement is so terminated, the rights, duties and obligations of the parties, including compensation of the Grantee, shall be in accordance with Part 49 of the Federal Acquisition Regulation in effect on the date of this Agreement and such regulations are incorporated by reference as part of this Agreement.

Article 23 Official Not to Benefit.

No member or delegate to Congress, or resident Commissioner, shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Agreement if made with an incorporated entity for its general benefit.

Article 24 Covenant Against Contingent Fees.

The Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees of bona fide established commercial or selling agencies maintained by the Grantee for the purpose of securing business. For breach or violation of this warranty the Commission shall have the right to annul this Agreement without liability or in its discretion to deduct from the grant amount or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

Article 25 Equal Opportunity.

Grantee shall carry out all programs and activities in compliance with Title VI of the Civil Rights Act of 1964, and other federal laws prohibiting discrimination, and in such a manner that no person shall, on the grounds of race, color, national origin, religion, sex, age or disability be excluded from participation in, be denied the benefits of, or be subject to discrimination with respect to any such programs or activities.

Article 26 Patent Rights.

All research and development grants are subject to the government-wide Patent Policies outlined in Department of Commerce regulations (37 CFR Part 401).

Article 27 Statement of Federal Funding.

When issuing statements, press releases, requests for proposals, bid solicitations, and any and all other public documents or announcements describing the project or program funded by this Agreement, Grantee agrees and warrants that it shall clearly state:(1) the percentage of the total cost of the program or project which will be financed with federal money, and (2) the dollar amount of federal funds for the project or program.

Article 28 Lobbying.

No funds made available under this Agreement may be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress; however, this Article does not bar communications with Members of Congress as described in Title 18, section 1913, of the U.S. Code.

Article 29 Copyrights.

The Federal Government, through the Appalachian Regional Commission (ARC), reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for federal government purposes, any work developed under a contract, grant, subgrant, or contract under a grant or subgrant, and to use, and authorize others to use, for federal government purposes, any rights of copyright to which a grantee, a subgrantee or a contractor purchases ownership with grant support or contact funds. Such license to use includes, but is not limited to, the publication of such work on an ARC Web site. Use of such works for purposes related to Appalachia

and the development of the Region is generally authorized by ARC to State and local governments in the ARC Region and to other public and private not-for-profit organizations serving the Region, including the Appalachian Local Development Districts.

LEASE

THIS LEASE is made and executed on the ____ day of _____, 2017, by and between the MARTIN COUNTY WATER DISTRICT (hereinafter referred to as "District"), of 387 Main Street, Suite 140, Inez, Martin County, Kentucky 41224, Grantor, and PRESTONSBURG CITY'S UTILITIES COMMISSION (hereinafter referred to as "PCUC"), of 2560 South Lake Drive, Prestonsburg, Floyd County, Kentucky 41653, Grantees. Its' effective date is _____.

**SECTION ONE
DESCRIPTION OF PREMISES**

District leases to PCUC, and PCUC hires from District, for any and all lawful purposes, that water storage tank, appurtenances, and equipment associated therewith, owned by District, and situated at the Honey Branch Industrial Park. District further assigns to PCUC, commensurate with the execution hereof, that certain easement of record in Fiscal Court Book 16, Page 517, in the Office of the Martin County Court Clerk.

**SECTION TWO
RENT**

PCUC agrees to pay, without demand, to District, as rent for the demised premises, \$15,000.00 per month, on the first (1st) of every month, which sum shall be paid to District by placing in the United States mail, payment to the District, at the address designated by District as 387 Main Street, Suite 140, Inez, Kentucky 41224. Said payments are past due if not received by the 5th, and PCUC shall pay a late fee equal to 10% of the rent due.

As additional consideration, PCUC will provide, at no cost to District, up to 625,000 gallons per month of treated water, and water service, to the District's customers, now, or in the future, located at Honey Branch Industrial Park, and on Route 3, Davella. It is clearly understood that all customers situated now, or in the future, at Honey Branch Industrial Park, are District's customers, other than the Big Sandy Federal Prison. Within 60 days of the execution hereof, PCUC shall install meters that comply with AWWA standards for accuracy, to measure usage at the Honey Branch Industrial Park, the Big Sandy Airport, the properties of the Jim Booth mining complex and the Haven of Rest. The District will be responsible for reading the meters of their customers, billing and collection, and shall receive all revenue therefrom. The parties agree that, at any time hereafter, should PCUC be successful at renegotiating the rate charged to the Big Sandy Federal Prison, currently _____, then the District shall also receive an increase in rent equal to the percentage increase paid to PCUC by Big Sandy Federal Prison, and any successive increases.

In the event the District requires a supplementary treated water supply, PCUC will sell to District treated water at the rate of \$4 per thousand gallons. In the event PCUC requires treated water from the District, the District will sell to PCUC at \$4 per thousand.

SECTION THREE TERM

This Lease shall be for a period of ten (10) years from the date of this agreement, and may be extended by mutual agreement for three additional five year periods. The monthly rental fee and water rates for each additional five year period will be established

in writing prior to the date of extension. Any notice of termination must be provided in writing at least 90 days in advance of the termination date.

SECTION FOUR ALTERATIONS & IMPROVEMENTS

PCUC shall not be permitted to make alterations to the structures or equipment on the demised premises or construct any building or make other improvements on the demised premises without prior written consent. All alterations, changes, and improvements built, constructed or placed on the premises by PCUC with the exception of fixtures removable without damage to the premises and moveable personal property, shall, unless otherwise provided by written agreement between District and PCUC, be the property of District and remain on the demised premises at the expiration or sooner termination of this Lease. Further, PCUC shall be responsible for all maintenance, repairs and upkeep relative to the storage tank, appurtenances and associated equipment, in accordance with all Kentucky drinking water regulations.

The District shall be responsible for all repairs and upkeep to its distribution system at Honey Branch Industrial Park, and Rt. 3, Davella.

SECTION FIVE INSURANCE

PCUC shall purchase and maintain a policy of liability insurance providing, at a minimum, One Million Dollars (\$1,000,000.00) coverage, for the duration of the Lease, and otherwise be responsible for, and hold the District harmless from any and all claims of whatever nature.

**SECTION SIX
RIGHT OF INSPECTION**

District and its' agents shall have the right to make inspection of the demised premises and the improvements thereon, as reasonably necessary. The District shall further have the unimpeded right to access, and read, the meters installed by PCUC identified in paragraph #2.

**SECTION SEVEN
SUBLETTING**

PCUC may not sublet the premises or equipment, in whole or in part, without District's written consent.

**SECTION EIGHT
SURRENDER OF PREMISES**

At the expiration of the Lease term, PCUC shall quit and surrender the premises and equipment hereby demised in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear thereof and damages is excepted.

**SECTION NINE
ABANDONMENT**

If any time during the term of this Lease PCUC abandons the demised premises or any part thereof, District may, at its' option, enter the demised premises by any means without being liable for any prosecution therefore, and without becoming liable to PCUC for damages or for any payment of any kind whatever, and may, at its' discretion, as agent for PCUC, re-let the demised premises, or any part thereof, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such re-letting, and, at District's option, hold PCUC liable for any difference between the rent that would have been payable under this Lease during the balance of the unexpired

term, if this Lease had continued in force, and the net rent for such period realized by District by means of such re-letting. If District's right of re-entry is exercised following abandonment of the premises by PCUC, then District may consider any personal property belonging to PCUC and left on the premises to also have been abandoned, in which case District may dispose of all such personal property in any manner District shall deem proper and is hereby relieved of all liability for doing so.

SECTION TEN DEFAULTS

Should any party to this Lease be in default, the other shall notify said party by certified mail of such default at the address recited herein. If said default is capable of cure, it shall be done within ten (10) days after such notice has been provided.

Nothing herein, however, shall preclude the parties claims for damages, should any default occur.

SECTION ELEVEN BINDING EFFECT

The covenants and conditions herein contained shall apply to and bind the heirs, legal representatives, and assigns of the parties hereto, and all covenants are to be construed as conditions of this Lease.

SECTION TWELVE

That Kentucky law governs any dispute, and venue shall exclusively lie in Martin County, Kentucky.

IN WITNESS WHEREOF, the parties have executed this Lease on the day and year first above written.

MARTIN COUNTY WATER DISTRICT

BY: _____
WILLIAM J. HARVEY, CHAIRMAN

STATE OF KENTUCKY)

COUNTY OF MARTIN)

The foregoing Instrument was acknowledged before me this the ____ day of _____, 2017, by William J. Harvey, Chairman, Martin County Water District.

My Commission Expires: _____.

NOTARY PUBLIC, STATE AT LARGE

PRESTONSBURG CITY'S
UTILITIES COMMISSION

BY: _____
TURNER E. CAMPBELL
SUPERINTENDENT/CEO

STATE OF KENTUCKY)

COUNTY OF FLOYD)

The foregoing Instrument was acknowledged before me this the ____ day of _____, 2017 by Turner E. Campbell, Superintendent/CEO of Prestonsburg City's Utilities Commission.

My Commission Expires: _____.

NOTARY PUBLIC, STATE AT LARGE

This Instrument was prepared by:

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