

## AGREEMENT

The BUTLER COUNTY WATER SYSTEM, INC., hereinafter called the System, and the WARREN RURAL ELECTRIC COOPERATIVE CORPORATION, hereinafter called the Cooperative, hereby cancel and supersede their agreement dated March 22, 1977, and now agree as follows:

1. The Cooperative shall furnish to the System an adequately equipped office, or offices, of the Cooperative's selection for use as headquarters of the System.
2. The Cooperative shall furnish management and supervision of the operation of the affairs of the System in conformity with policies, rules, and regulations adopted by the Board of Directors of the System. These services shall include, but not be limited to, the following:
  - a. Coordination and supervision of construction, maintenance, and emergency repair work as performed by the System contractor(s).
  - b. Maintenance of proper operating and accounting records including a monthly report to be submitted to the System Board of Directors outlining operations for the preceding month. The Cooperative shall maintain records of operation and plant accounts in accordance with requirements of the governmental agencies financing the System. In addition, the Cooperative shall maintain records to meet Kentucky Public Service Commission requirements.
  - c. Maintenance of all necessary and proper services required in connection with billing and collection of monthly water bills.
  - d. Receiving of applications for new water services.
  - e. Staking of new services, filing necessary permits, and originating work orders.
  - f. Monthly reading of meters.
  - g. Reading in and out water customers that change locations.
  - h. Performing of such other duties as may be considered necessary.

The System shall compensate the Cooperative for the above services at the Cooperative's actual cost beginning January, 1978. In addition, the System shall compensate the Cooperative for all labor, and equipment used in performing actual maintenance and construction work of the System at the Cooperative's actual cost.

The System shall compensate the Cooperative each month for all the Cooperative's disbursements for office supplies reasonably required of the Cooperative in carrying out its obligation under this agreement including, but not exclusively, billing cards, forms, postage, etc.

The System shall allow the Cooperative to make arrangements through the Warren County Water District to use their equipment and personnel for making repairs to the System.

The System shall maintain in full force and effect insurance coverage in the amounts that may be reasonably required by the Cooperative for its own protection in carrying out the Cooperative's obligations under this contract. The System shall specifically carry the following insurance coverage:

- Workmen's Compensation - If applicable
- Public Liability -
- Automobile Liability - If applicable

The Cooperative shall be held harmless by the System from any damage or liability caused by any employee or contractor of the System, or on account of any other liability or claim arising out of, or connected with, the within referred to relationship between the Cooperative and the System.

The Cooperative shall maintain a record of actual cost of the above mentioned services. The actual cost to the Cooperative for these services may be used as a basis for arriving at a mutually agreeable amount for future compensation. Should the Cooperative request the System to revise the compensation to the Cooperative, and in the event the System does not wish to revise the rates, the Cooperative shall be obligated to furnish services at contracted rates for an additional period of sixty (60) days in order that the System shall have sufficient time to make other arrangements for providing service furnished by the Cooperative.

The following guidelines and relationships shall be maintained by the System and the Cooperative:

1. It is recognized that good management is the most important factor in the success of any organization. In exercising such management, the System reserves its responsibility to establish policy, approve plans and programs, and delegate authority to its contractor of operations, the Cooperative.
2. All policies of the System shall be promulgated at regular and special meetings acting collectively as a System, and said policies shall be the direction for the operation of the system by the Cooperative. The Board of Directors, in contracting its operation to the Cooperative, recognizes that its authority is as a Board acting collectively, and not as individual Directors.
3. The System shall require full and complete information to be furnished by the Cooperative concerning all matters in connection with the management of the System, which in its judgment is needed by the System to make decisions in connection with policy and any other appropriate Directors' decision.
4. All contractors and employees of the System shall work under the direction of the Cooperative personnel assigned to the System.
5. The System shall maintain, or cause to be maintained, accurate minutes of all meetings of the System.
6. A yearly audit shall be performed by a certified public accountant. All audits shall be at the expense of the System.

Notwithstanding any provisions above set forth, this contract may be canceled by either party upon sixty (60) days' written notice.

WITNESS the signature of the Parties hereto this 17 day of Feb, 1977.

BUTLER COUNTY WATER SYSTEM, INC.

ATTEST:

McCook

Dallas Embury

ATTEST:

Joe W. Wess

WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

Flayd Ellis