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FEB 27 2018

PUBLIC SERVICE
COMMISSION



BRIAN CUMBO
ATTORNEY AT LAW

86 W. Main St., Suite 100
P.O. Box 1844
Inez, KY 41224
(606) 298-0428
FAX: (606) 298-0316
cumbolaw@cumbolaw.com

ADMITTED IN KY AND WV

February 22, 2018

Public Service Commission
ATTN: Jeb Pinney
P.O. Box 615
Frankfort, KY 40602

RE: Martin County Water District
PSC Case No. 2016-00142

Dear Mr. Pinney:

Enclosed please find original and six (6) copies of Martin Water District's Third Amended Witness & Exhibit List regarding the above matter.

Thank you for your attention to this matter.

Very truly yours,

BRIAN CUMBO

BC/ld

Enclosure

cc: Martin County Water District

RECEIVED

FEB 27 2018

**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

THIRD AMENDED WITNESS & EXHIBIT LIST

Comes the Martin County Water District (District), by counsel, and hereby state that they will call the following witnesses and introduce the following exhibits at the hearing in this matter.

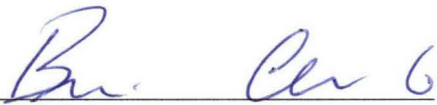
WITNESS LIST

1. John Horn.
2. Greg C. Heitzman of BlueWater Kentucky (CV previously provided).
3. Kelly E. Callaham, Martin County Judge Executive.
4. Larry James, Superintendent, Martin County Schools.
5. The District reserves the right to amend this Witness List as necessary.

EXHIBIT LIST

1. Final draft of proposed Lease and Emergency Water Supply Agreement with PCUC (previously provided).
2. Draft of report prepared by Blue Water Kentucky (previously provided).

3. Notice of Breach of Joint Operation Agreement letter from Prestonsburg City's Utilities Commission dated February 15, 2018 (previously provided).
4. Martin Water District's Response dated February 16, 2018 to PCUC Notice of Breach letter (previously provided).
5. Minutes of Fiscal Court meeting of July 28, 2016 (attached).
6. Contract between Martin County and Kentucky Engineering Group, LLC (attached).
7. The District reserves the right to amend this Exhibit List as necessary.


BRIAN CUMBO
COUNSEL FOR MARTIN COUNTY
WATER DISTRICT
P.O. BOX 1844
INEZ, KY 41224
TELEPHONE: (606) 298-0428
TELECOPIER: (606) 298-0316
EMAIL: cumbolaw@cumbolaw.com

CERTIFICATE OF SERVICE


This will certify that a true and correct copy of the foregoing was mailed & emailed, postage paid, on this the 22 day of February, 2018, to the following:

Public Service Commission (**mailed & emailed**)
ATTN: Jeb Pinney
P.O. Box 615
Frankfort, KY 40602
Jeb.pinney@ky.gov

Hon. Mary Varson Cromer (**email only**)
Appalachian Citizens' Law Center, Inc.
317 Main Street
Whitesburg, KY 41858
mary@appalachianlawcenter.org

M. Todd Osterloh (**email only**)
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street, Ste. 1400
Lexington, KY 40507
tosterloh@sturgillturner.com

James Wilson Gardner (**email only**)
jameswilsongardner@gmail.com


BRIAN CUMBO

MINUTES OF
FISCAL COURT
MEETING OF
JULY 28, 2016

Martin County Fiscal Court

July 28, 2016

CALLED TO ORDER

The meeting was called to order at 6:00 p.m. by Judge Executive, Kelly Callaham, Josh Muncy was present for District #1, Kenny McCoy Jr. for District #2, Darrell Mills for District #3, John Harmon for District #4 and Victor Slone for District #5. Assistant County Attorney Lynette Muncy led prayer.

ACCEPTING MINUTES OF LAST COURT MEETING

The minutes for June 23, 2016 were approved upon motion made by Magistrate John Harmon. The motion was seconded by Magistrate Victor Slone and was an unanimous vote.

SHERIFF'S QUARTERLY REPORT

Judge Executive, Kelly Callaham made motion that the sheriff's quarterly report was turned in a timely fashion. No motions were made.

WATER BOARD APPOINTMENT

Magistrate Josh Muncy made motion to appoint John Horn to the Martin County Water Board. Seconded by Magistrate Victor Slone and was an unanimous vote.

RESOLUTION - ARMY CORP (WATER & SEWER)

Discussion was made about Resolution Martin County Fiscal Court Hollybush Ky. 645 water and sewer extension project. Kelly Callaham read the resolution and explained to the court that the Martin County Board agreed to give the court the money to get project started. The court would pay the invoices and then send them into the state and they would reimburse the county within 30 days or would pay interest. Superintendent Larry James addressed the court and said the Martin County Board of Education would gladly do this to see the project move forward. Project should be in place by mid September 2016. Assistant County Attorney, Lynette Muncy informed the court this was pending an agreement being made between the court and Martin Co. Board of Education which should be ready by Tuesday August 02, 2016. Motion made by Magistrate Victor Slone and seconded by Magistrate John Harmon and was an unanimous vote. (Copy of resolution attached).

Court also agreed for Kelly Callaham Judge Executive to sign the agreement once prepared. Motion made by Magistrate John Harmon and seconded by Magistrate Darrell Mills and was an unanimous vote.

OPENING BID SURPLUS PROPERTY

Only one bid was presented to the court and was opened by Judge Executive, Kelly Callaham. Minimum bid for property was \$1,650.00 The bid was from Hyllis Moore for \$1,650.00 on tract #329 Lovely, Ky. Motion made by Magistrate John Harmon and seconded by Magistrate Victor Slone and was an unanimous vote. (Copy of bid attached).

FEE POOLING ORDINANCE

Judge Executive, Kelly Callaham read the first reading to repeal the Fee Pooling Ordinance. Motion made by Magistrate Josh Muncy and seconded by Magistrate Victor Slone and was an unanimous vote. Second reading of ordinance repeal was set for August 18, 2016. (Copy of Fee Pooling Ordinance repeal attached)

HIRING PART-TIME (PARKS)

Court agreed to hire Charles Green and Travis Johnson as part-time workers. Motion made by Magistrate John Harmon and seconded by Magistrate Darrell Mills and was an unanimous vote.

FINANCIALS

Approval of WVFD expense packet minus post office fee motion made by Magistrate John Harmon and seconded by Magistrate Victor Slone and was an unanimous vote.

Approval of Government Center Expense and Claims List motion made by Magistrate John Harmon seconded by Magistrate Victor Slone and was an unanimous vote.

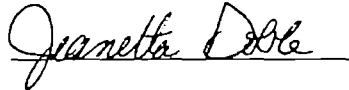
Approval of Cash Transfer List and Appropriation Transfer List motion made by Magistrate Victor Slone and seconded by Magistrate Darrell Mills and was an unanimous vote.

Magistrate Darrell Mills addressed the court concerning the time frame to opt out on fire fees. He felt taxpayers did not have enough time to opt out of said fees and the deadline should be extended. Mike Crum addressed the court and stated that Bobby Hale, PVA was working on if you have vacant land it will automatically take off fees. Mike also stated they were trying to fix it where you would only have to opt out one time.

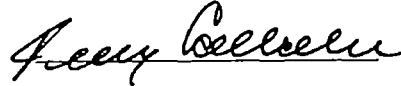
Regina Triplett addressed the court about Rand Paul and the possibility of having a town hall meeting in the future.

ADJOURN

The motion to adjourn was made by Magistrate Victor Slone and seconded by Magistrate John Harmon and was an unanimous vote.



Jeanetta Goble, Court Recorder



Kelly Callaham, Judge/Executive

AGENDA

MARTIN COUNTY "REGULAR" FISCAL COURT MEETING

THURSDAY JULY 28TH, 2016

6:00 P.M

SECOND FLOOR GOVERNMENT CENTER

1. OPENING OF THE COURT
2. ACCEPTING MINUTES OF LAST COURT MEETING FROM
3. SHERIFF'S QUARTERLY REPORT
4. WATER BOARD APPOINTMENT
5. RESOLUTION – ARMY CORP (WATER & SEWER)
6. OPENING BID SURPLUS PROPERTY
7. FEE POOLING ORDINANCE
8. HIRING PART-TIME (PARKS)
9. CAMERA SYSTEM
10. EXECUTIVE SESSION
11. FINANCIALS
12. ADJOURN

RESOLUTION
MARTIN COUNTY FISCAL COURT
HOLLYBUSH KY 645 WATER
AND SEWER EXTENSION PROJECT
MARTIN COUNTY, KENTUCKY

A RESOLUTION AUTHORIZING PARTICIPATION AND RATIFYING PRIOR PARTICIPATION OF THE MARTIN COUNTY FISCAL COURT, MARTIN COUNTY, KENTUCKY, WITH THE DEPARTMENT OF THE ARMY, CORPS OF ENGINEERS, FOR THE DESIGN AND CONSTRUCTION OF THE HOLLYBUSH KY 645 WATER AND SEWER EXTENSION PROJECT, AND AUTHORIZING THE MARTIN COUNTY JUDGE EXECUTIVE AND OTHER COUNTY OFFICIALS, TO ACT FOR AND ON BEHALF OF MARTIN COUNTY, IN EXECUTING, ACCEPTING OR OTHERWISE APPROVING ALL DOCUMENTS, AGREEMENTS, INSTRUMENTS, OR OTHER NECESSARY PAPERS REQUIRED BY THE DEPARTMENT OF THE ARMY TO IMPLEMENT SAID PARTICIPATION IN THE PROJECT.

BE IT RESOLVED by the Martin County Fiscal Court, Martin County, Kentucky, that:

Section 1: The Martin County Fiscal Court authorizes its County Judge Executive, by and through its authorized officers and officials, to participate with the Department of the Army, Corps of Engineers, in the design and construction of the Hollybush KY 645 Water and Sewer Extension Project, Eastern Kentucky Environmental Restoration Infrastructure and Resource Protection and Development Program authorized by Section 531 of the Water Resources Development Act of 1996, which project is located in Martin County, Kentucky.

Section 2: The Martin County Judge Executive and other appropriate County officials, including the County's Attorney, are authorized to execute on behalf of Martin County, Martin County, Kentucky, all documents necessary to implement participation by the Martin County Fiscal Court in the design and construction of an Environmental Restoration Infrastructure and Resource Protection Project, being design and installation of water and sanitary sewer service to the unserved area of the Hollybush Industrial Development area located to the west of KY 645 and to the north of KY 40 in the Hollybush area of Martin County, Kentucky, in conjunction with the Department of the Army, Corps of Engineers, including but not limited to the Project Partnership Agreement between the Department of the Army

and the Martin County Fiscal Court, for the design and construction of the Hollybush KY 645 Water and Sewer Extension Project, that provides, among other things, that the County shall:

- a. Provide without cost to the United States Government all lands, easements, and rights-of-way including suitable borrow and dredge material disposal areas, all modifications, relocations and alterations of structures including but not limited to buildings, utilities, including relocations of on-site underground utilities, roads, bridges, sewers and water supply facilities and repair or replacement of all intakes, drains, and appurtenant facilities necessary for the construction, operation and maintenance of the Project;
- b. Hold and save the United States Government free from damages due to the construction, operation and maintenance of the Project, exclusive of damages due to the fault or negligence of the United States Government or its contractors;
- c. Operate, maintain, replace and rehabilitate the Project upon completion, and as constructed, in accordance with the regulations or directions by the Secretary of the Army and all without cost to the United States Government;
- d. Pay its percentage share of total project costs as required by The Water Resources Development Act of 1986, (Public Law 99-662), and by the Project Partnership Agreement;
- e. Prevent obstruction of or encroachment on the Project that would reduce the level of protection it affords or that would hinder operation and maintenance thereof; AND
- f. Comply with the provisions of the Uniform Relocations Assistance and Real Property Acquisitions Policies Act of 1970, Public Law 91-646, approved 2 January 1971; and Section 221, Public Law 91-611, approved 31 December 1970, as amended.

Section 3: The Martin County Fiscal Court hereby approves and ratifies all prior participation and acts of the County, by and through its officials, with the Department of the Army, Corps of Engineers, in relationship to said Project.

Section 4: The Martin County Judge Executive of the Martin County Fiscal Court and other appropriate County officials are

hereby authorized to purchase, or otherwise acquire from private property owners, in the name of the Martin County Fiscal Court, and in accordance with said Agreement, any and all interests in real property necessary for the construction, operation and maintenance of the property.

Duly passed in accordance with the laws of the Commonwealth of Kentucky, this _____ day of _____, 2016.

MARTIN COUNTY FISCAL COURT

Passed: _____

ATTEST:

APPROVED AS TO LEGAL FORM:

KENNIS MAYNARD, County Attorney
For Martin County

ATTESTED AND CERTIFIED AS TRUE AND CORRECT:

Notary Public

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement made and entered into by and between the Martin County Fiscal Court, hereinafter referred to as "County" and the Board of Education of Martin County, Kentucky, hereinafter referred to as the "Board".

WHEREAS, The Martin County Fiscal Court has previously authorized its County Judge Executive, by and through its authorized officers and officials, to participate with the Department of the Army, Corps of Engineers, in the design and construction of the Hollybush KY 645 Water and Sewer Extension Project, Eastern Kentucky Environmental Restoration Infrastructure and Resource Protection and Development Program authorized by Section 531 of the Water Resources Development Act of 1996, which project is located in Martin County, Kentucky; and

WHEREAS, the Board is constructing new school and district facilities that require water and sewer service through the Hollybush KY 645 Water and Sewer Extension Project; and

WHEREAS, County and Board have agreed that the Board will pay up to \$375,713.00 (*representing 25% of the sponsorship (non-federal funds) to acquire the 75% reimbursement of \$1,052,138 for the project*) of the tap fee to the County for this project and service to Board property.

IN WITNESS WHEREOF, Martin County Fiscal Court and the Board of Education of Martin County, Kentucky have executed this Agreement as of August 12, 2016.

MARTIN COUNTY FISCAL COURT

BY: Kelly Callahan
Kelly Callahan, Martin County Judge Executive

Date: 8-12-16

MARTIN COUNTY SCHOOL DISTRICT

By: Larry James
Larry James, Superintendent

Date: 8-1-16

MARTIN COUNTY "SPECIAL" FISCAL COURT MEETING

THURSDAY AUGUST 18TH, 2016

6:00 P.M.

2ND FLOOR GOVERNMENT CENTER

- 1. OPENING OF THE COURT**
- 2. ACCEPTING MINUTES FROM PREVIOUS MEETING**
- 3. SELF CERTIFICATE (HOLLY BUSH)**
- 4. STANDING ORDERS WITH WVFD**
- 5. HIRING JANITOR AND 911 CORDINATOR**
- 6. COAL SEVERANCE RESOLUTION**
- 7. CHESAPEAKE GAS**
- 8. 911 MAPPING ORDINANCE**
- 9. 2ND READING OF FEE POOL ORDINANCE**
- 10. FIRE ORDINANCE AMENDMENT**
- 11. FINANCIALS**
- 12. ADJOURN**

**Martin County Fiscal Court Special Meeting
August 18, 2016**

CALLED TO ORDER

The meeting was called to order at 6:00 p.m. by Judge Executive Kelly Callaham. All Magistrates were present. Josh Muncy was present for District #1, Kenny McCoy, Jr., for District #2, Darrell Mills for District #3, John Harmon for District #4 and Victor Slone for District #5. Attorney Lynette Muncy was also present.

PREVIOUS MINUTES

Upon a motion made by Magistrate Harmon, seconded by Magistrate Muncy, it was a unanimous vote to approve the minutes of the prior Fiscal Court meeting, July 28, 2016.

SELF-CERTIFICATION – HOLLY BUSH

Judge Callaham noted that this is a letter from the Corps of Engineers to certify that the Fiscal Court does have the match for 375. A letter has to be signed by the Treasurer stating the Fiscal Court can meet its financial obligations. No motion is needed. It just needs to be made a part of the record.

STANDING ORDERS WITH WVFD

Judge Callaham confirmed that the Warfield Volunteer Fire Department had voted to do standing orders. Motion was made by Magistrate Slone and seconded by Magistrate Harmon. It was a unanimous vote.

HIRING JANITOR & 911 COORDINATOR

Judge Callaham recommended Marletta McGinnis be hired as janitor for the Court House Annex. Motion was made by Magistrate Slone and seconded by Magistrate Harmon. It was a unanimous vote.

Judge Callaham recommended that Eric Jude be hired as the 911 Coordinator. Mr. Jude has been working under a training program with no pay. Judge Callaham recommended that, if hired, Mr. Jude's wages be retroactive to the time Mr. Jude began working. Upon motion by Magistrate Harmon, which was seconded by Magistrate Mills, Eric Jude was hired as the 911 Coordinator. It was a unanimous vote.

COAL SEVERANCE RESOLUTION

Judge Callaham read the Authorizing Resolution for grant application for up to \$1,241,332.97, which basically states the County will pay for the Government Center. Judge Callaham stated that House Bill 303 was changed so that our representative, our senator and the Fiscal Court must be in agreement. Once the Resolution is passed, both the representative and the senator will sign. Motion to approve the resolution was made by Magistrate Muncy and seconded by Magistrate Mills. It was a unanimous vote.

CHESAPEAKE GAS

Judge Callaham asked a representative with Chesapeake to explain their request for permission to perform a road cut on Route 3 of Davella, located approximately four miles from Zip Zone, or one mile from the old Pocahontas site. The Chesapeake representative stated Chesapeake would pave 25 feet from the center line. It was also

noted that traffic would not be blocked, that there would be one lane of travel open during the work.

Motion was made by Magistrate McCoy to allow Chesapeake to complete the work; Magistrate Harmon seconded the motion. It was a unanimous vote.

911 MAPPING ORDINANCE

Magistrate Muncy read the 911 Mapping Ordinance. After the reading, Eric Jude stated that no addresses were being changed, only numbering so that addresses would be visible for ambulances to see.

Motion was made by Magistrate Muncy and seconded by Magistrate Harmon. It was a unanimous vote.

Attorney Muncy noted the Ordinance would need to be advertised and that the second reading of the Ordinance is scheduled for September 22, 2016.

2ND READING OF FEE POOL ORDINANCE

Judge Callaham stated Magistrate Harmon had requested a meeting with himself, Treasurer Linda Sumpter and the Finance Department but that meeting had not yet taken place. Therefore, the second reading of the Fee Pool Ordinance was tabled.

FIRE ORDINANCE AMENDMENT

Attorney Muncy stated that at the last meeting the Magistrates had made motion to amend the Fire Fee Ordinance. Attorney Muncy stated the suggested amendments include that the fire fee not apply to vacant properties and that the opt-out provision would be a one-time process, not having to be repeated every year. Attorney Muncy stated the County Clerk Susie Skyles has a list of those individuals who opted out last year, and those individuals would continue to be opted out in the future. The deadline to opt out is before the tax bills are issued. Once a fire fee had been paid, no refund would be issued.

Magistrate Harmon made a motion to amend the Fire Ordinance; Magistrate Mills seconded the motion. The vote was unanimous.

Judge Callaham stated that in regards to the Warfield Volunteer Fire Department's fees, the County is held to high standards regarding payment of bills; yet, there are problems every month. The Warfield Volunteer Fire Department has made multiple requests for their money to be released to it. Judge Callaham made a motion to release the funds being held to the Warfield Volunteer Fire Department. Magistrate Slone seconded the motion.

After more discussion, Judge Callaham stated he would amend his motion to include amending the Fire Ordinance to give the Warfield Volunteer Fire Department all held monies. Magistrate Slone seconded the motion. The vote was unanimous.

Donna Callaham, Finance Officer, was directed to pay everything that was presented in the Warfield Volunteer Fire Department Packet.

FINANCIALS

Motion to pay bills made by was made by Magistrate Slone and seconded by Magistrate Harmon. The vote was unanimous.

Motion to approve the Warfield Volunteer Fire Department Packet was made by Magistrate Slone and seconded by Magistrate Harmon. The vote was unanimous.

Motion to approve the Government Center Approval Packet was made by Magistrate Mills and seconded by Magistrate Slone. The vote was unanimous.

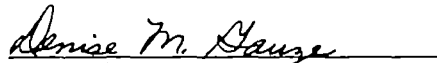
Motion to approve the Cash and Appropriations Transfer Lists was made by Magistrate Harmon and seconded by Magistrate Slone. The vote was unanimous.

Judge Callaham then provided an update that over the prior weekend, Elliott Contracting attempted to make repairs to air conditioning units and, while doing so, a two-inch water pipe slipped out and flooded several offices including the finance office, the coroner's office upstairs and the county attorney's office, the clerk's office downstairs. Elliott Contracting told their insurance adjuster that they were not contesting liability. Their adjuster contacted the Fiscal Court's adjuster. However, KACO has assured him that they will pay for repairs in the event Elliott Contracting does not.

Linda Sumpter then requested a motion to approve the Statement of Revenues and Expenditures and the Settlement for year 2016. Motion was made by Magistrate Slone and approved by Magistrate Mills. The vote was unanimous.

ADJOURNMENT

Upon a motion made by Magistrate Slone, seconded by Magistrate McCoy, it was a unanimous vote to adjourn the meeting at 6:40 p.m.


Denise M. Gauze, Court Recorder


Kelly Callaham, Judge Executive

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement made and entered into by and between the Martin County Fiscal Court, hereinafter referred to as "County" and the Board of Education of Martin County, Kentucky, hereinafter referred to as the "Board".

WHEREAS, The Martin County Fiscal Court has previously authorized its County Judge Executive, by and through its authorized officers and officials, to participate with the Department of the Army, Corps of Engineers, in the design and construction of the Hollybush KY 645 Water and Sewer Extension Project, Eastern Kentucky Environmental Restoration Infrastructure and Resource Protection and Development Program authorized by Section 531 of the Water Resources Development Act of 1996, which project is located in Martin County, Kentucky; and

WHEREAS, the Board is constructing new school and district facilities that require water and sewer service through the Hollybush KY 645 Water and Sewer Extension Project; and

WHEREAS, County and Board have agreed that the Board will pay up to \$375,713.00 (representing 25% of the sponsorship (non-federal funds) to acquire the 75% reimbursement of \$1,052,138 for the project) of the tap fee to the County for this project and service to Board property.

IN WITNESS WHEREOF, Martin County Fiscal Court and the Board of Education of Martin County, Kentucky have executed this Agreement as of August 12, 2016.

MARTIN COUNTY FISCAL COURT

BY: Kelly Callahan
Kelly Callahan, Martin County Judge Executive

Date: 8-12-16

MARTIN COUNTY SCHOOL DISTRICT

By: Larry James
Larry James, Superintendent

Date: 8-1-16

CONTRACT
BETWEEN MARTIN
COUNTY & KY
ENGINEERING
GROUP, LLC



STANDARD AGREEMENT FOR PROFESSIONAL SERVICES

CLIENT

Martin County Fiscal Court
P.O. Box 309
Inez, Kentucky 41224
ATTN: Kelly E. Callahan, Judge Executive
Phone: 606-298-2800 Email:
kcallahan@suddenlinkmail.com

KENTUCKY ENGINEERING GROUP, PLLC

Kentucky Engineering Group, PLLC
P.O. Box 1034
Versailles, Kentucky 40383
ATTN: Robert E. Taylor, Jr.
Phone: 859-608-8927 Email: rtaylor@kyengr.com

PROJECT NAME: Hollybush Industrial Development Utilities - Phase I

CLIENT requests and authorizes **Kentucky Engineering Group, PLLC (KEG)** to perform the following service: Planning, design, bidding, construction inspection and administration services for the Hollybush Industrial Development Utilities - Phase I.

SCOPE: KEG will provide professional engineering services that include planning design, bidding, construction inspection and administration of water system and sanitary sewer system extensions to serve within the Hollybush Industrial Development area the site of the new Martin County High School. This project includes approximately 5,500 LF of 8" water main, 150,000 gallon water storage tank, water booster pumping station and connections to the school site, also included is approximately 5,400 LF of 6" sanitary sewer force main, a duplex grinder sanitary sewer pump station and connections to the school site.

COMPENSATION by the **CLIENT** to **KEG** shall be on the basis of percentage of construction cost. The fee for this project is based on the attached fee schedule and is based on the estimated construction cost estimate until the project is bid and currently calculates to be \$166,250.00. The breakdown of the engineering fee currently is as follows: Planning and Design: \$92,750.00, Construction Inspection and Contract Administration: \$ 58,500.00 and Additional Engineering Services including geo-technical, surveying and environmental services: \$15,000.00 for a total of \$ 166,250.00. The fee will be adjusted based on the bid construction cost. The fee will be billed to the Martin County Fiscal Court on a monthly basis based on percent of completion once funding is in place and released to the Martin County Fiscal Court.

CLIENT will provide **KEG** access to the project, historic documents and other project related information requested.

OTHER TERMS: Should additional effort be required, the **CLIENT** will be informed of the additional effort in writing and **KEG** will await written authorization from the **CLIENT** prior to performing any additional efforts. Services covered by this Agreement will be performed in accordance with the **TERMS AND CONDITIONS** attached to this form and any attachments or schedules. This Agreement supersedes all prior agreements and understandings and may only be changed by written amendment executed by both parties.

ACCEPTED FOR:

MARTIN COUNTY FISCAL COURT

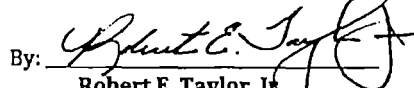
By: 
Kelly E. Callahan

Title: Judge/Executive

Date: 09/20/16

ACCEPTED FOR:

KENTUCKY ENGINEERING GROUP, PLLC

By: 
Robert E. Taylor, Jr.

Title: Managing Member

Date: 09/20/16

1. Authorization to Proceed

Execution of this agreement by the CLIENT will be authorization for KEG to proceed with the work, unless otherwise provided for in this agreement.

2. KEG's Salary Costs

Salary costs, when the basis of compensation, are the amount of wages or salaries paid KEG employees for work directly performed on CLIENT's project. A percentage will be applied to all such wages or salaries to cover all payroll-related taxes, payments, premiums and benefits.

3. Per Diem Rates

KEG's per diem rates, when the basis of compensation, are those hourly or daily rates charged for work performed on CLIENT's project by KEG employees of the indicated classifications. These rates are subject to annual calendar year adjustments; include all allowances for salary, overheads and fee; but do not include allowances for direct expenses.

4. Direct Expenses

KEG's direct expenses, when part of the basis of compensation, are those costs incurred on or directly for the CLIENT's project, including, but not limited to, necessary transportation costs, including current rates for KEG vehicles; meals and lodging; laboratory tests and analyses; computer services; word processing services; telephone, printing, binding and reproduction charges; all costs associated with outside consultants, sub-consultants, and other outside services and facilities; and other similar costs. Reimbursement for direct expenses will be on the basis of actual charges when furnished by commercial sources and on the basis of current rates when furnished by KEG.

5. Cost Opinions

Any cost opinions or project economic evaluations provided by KEG will be on a basis of experience and judgement, but, since it has no control over market conditions or bidding procedures, KEG cannot warrant that bids, ultimate construction cost, or project economics will not vary from these opinions.

6. Standard of Care

The standard of care applicable to KEG's services will be the degree of skill and diligence normally employed by professional engineers or consultants performing the same or similar services. KEG will re-perform any services not meeting this standard without additional compensation.

7. Re-Use of Documents

All documents furnished by KEG pursuant to this agreement are instruments of KEG's services. They are not intended or represented to be suitable for reuse by the CLIENT or others on extensions of the project or on any other project. Any re-use without specific written verification or adaptation by KEG will be at the CLIENT's sole risk and without liability or legal exposure to KEG, and the CLIENT shall indemnify and hold harmless KEG from all claims, damage, losses and expenses, including attorneys' fees arising out of or resulting therefrom. Any such verification or adaptation will entitle KEG to further compensation at rates to be agreed upon by the CLIENT and KEG.

8. Termination

This agreement may be terminated for convenience upon thirty (30) days written notice, or for cause, if either party fails substantially to perform through no fault of the other and does not commence correction of such nonperformance within five (5) days of written notice and diligently complete the correction thereafter. On termination, KEG will be paid for all authorized work performed up to the termination date plus termination expenses, such as, but not limited to, reassignment of personnel, subcontract termination costs and related closeout costs. If no notice of termination is given, relationships and obligations created by this agreement, except Articles 10 through 16, will be terminated upon completion of all applicable requirements of this agreement.

9. Payment to KEG

Monthly invoices will be issued by KEG for all work performed under this agreement. Invoices are due and payable within 10 calendar days of receipt. Interest at the rate of 1 1/4% per month, or that permitted by law if lesser, will be charged on all past-due amounts starting thirty (30) days after date of invoice. Payments will first be credited to interest and then to principal.

10. Limitation of Liability

To the maximum extent permitted by law, KEG's liability for CLIENT's damages will not exceed the compensation received by KEG under this agreement.

11. Severability and Survival

If any of the provisions contained in this agreement are held illegal, invalid or unenforceable, the enforceability of the remaining provisions shall not be impaired thereby. Limitations of liability and indemnities shall survive termination of this agreement for any cause.

12. Indemnifications

To the maximum extent permitted by the law, the CLIENT will indemnify and defend KEG and its officers, employees, sub-consultants, and agents from all claims, damages, losses, and expenses, including, but not limited to, direct, indirect, or consequential damages and attorney's fees arising out of or relating to the presence, discharge, release, or escape of hazardous substances, contaminants, or asbestos on or from the project.

13. Loan Monitoring Services

When KEG is providing project review and/or construction monitoring services to lenders, the CLIENT (Lender) will, to the maximum extent permitted by law, indemnify and defend KEG and its officers, employees, subconsultants, and agents from all third party claims, damages, losses, and expenses, including, but not limited to, direct, indirect, or consequential damages and attorneys fees arising out of or relating to KEG's involvement or presence on or near the project. KEG is not responsible for the duties and responsibilities that belong to the borrower(s), developer(s), construction contractor(s), designer(s), testing laboratories, full-time inspector(s), or other parties associated with the project not in the employ of or a subcontractor to KEG.

14. Interpretation

The limitations of liability and indemnities will apply whether KEG's liability arises under breach of contract or warranty; tort, including negligence (but not sole negligence), strict liability; statutory liability; or any other causes of action; and shall apply to KEG's officers, employees, and subcontractors. The law of the Commonwealth of KENTUCKY shall govern the validity of this agreement, its interpretation and performance, and any other claims related to it.

15. No Third-Party Beneficiaries

This agreement gives no rights or benefits to anyone other than the CLIENT. KEG has no third-party beneficiaries. KEG services are defined solely by this agreement and not by any other contract or agreement that may be associated with the project.

16. Dispute Resolution

Should a dispute occur that cannot be resolved between the CLIENT and KEG, the CLIENT agrees to seek resolution through mediation and/or arbitration prior to litigation.

**FEEES FOR PROFESSIONAL ENGINEERING SERVICES
PERCENTAGE OF CONSTRUCTION COST**

Tables I and II define the fees for Professional Engineering Services and Resident Project Representatives respectively. These tables are calculated as a percentage of project construction cost, as determined by project bids. The table is to be utilized in establishing applicable fees for professional engineering services for all water and wastewater projects in Kentucky which may involve federal and/or State funding. Note: Schedules are identical to those used by the Rural Utilities Service, Rural Development Administration, USDA. Note: Tables I and II do not pertain to fees involved in preparation of preliminary engineering reports or additional engineering services. Fees for preparation of preliminary engineering report(s) and additional professional services are subject to negotiation between the engineer, the owner, subject to approval by the funding agency(ies). Typical additional professional services are included after the tables below.

TABLE I – FEES FOR BASIC DESIGN SERVICES

These fees shall pertain to projects requiring complex or detailed engineering design. This will include sewage treatment plants, sewage collection systems, sewage lift stations, water treatment plants, water distribution mains and appurtenances, water pump stations, water storage facilities and renovations of water and sewer facilities.

<u>NET CONSTRUCTION COST</u>	<u>PERCENTAGE FEE</u>
\$100,000	14.00
200,000	12.20
300,000	11.25
400,000	10.70
500,000	10.30
600,000	9.73
700,000	9.45
800,000	9.20
900,000	9.00
1,000,000	8.85
2,000,000	7.65
3,000,000	7.22
4,000,000	6.90
5,000,000	6.75
6,000,000	6.65
7,000,000	6.55
8,000,000	6.45
9,000,000	6.40

Fees for less complex projects such as light industrial buildings, roads, streets, storm drains 24 inches and larger, and appurtenances related thereto shall be 85% of the above Table I percentages

Surveys for design such as topography, profiles, cross sections and the like, soundings (not to exceed six feet in depth) to estimate the amount of rock excavation, are included in the basic service instead of being classified as additional or special services.

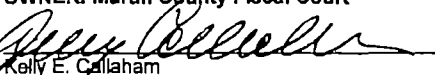
TABLE II – FEES FOR RESIDENT INSPECTION SERVICES

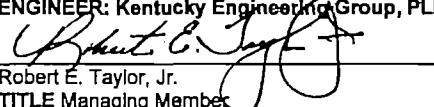
<u>NET CONSTRUCTION COST</u>	<u>PERCENTAGE FEE</u>
\$100,000	13.00
200,000	10.40
300,000	8.80
400,000	8.00
500,000	7.40
600,000	6.80
700,000	6.40
800,000	6.00
900,000	5.80
1,000,000	5.60
2,000,000	4.60
3,000,000	4.00
4,000,000	3.70
5,000,000	3.50
6,000,000	3.32
7,000,000	3.20
8,000,000	3.12
9,000,000	3.05

NOTE: Add two percent to the above Table II percentages for the first \$1,000,000 cost of treatment facilities. Add one percent to the above percentages for all over \$1,000,000 cost of treatment facilities.

GENERAL INFORMATION FOR BASIC AND RESIDENT PROJECT REPRESENTATIVE FEES

The Resident Project Representative will maintain a daily diary meeting USDA Rural Development Utility Program requirements. Compensation for construction costs between the values listed in the schedule should be determined by interpolation. If a project is divided into units and all units are authorized for design at the same time, the compensation will be determined by adding together the costs of the construction of the various units and applying the table to the sum of these costs. The initial construction award amount will set the fee percent for project (change orders will not adjust fee percent). For construction inspection, the initial percent times the revised construction cost will create an up-set figure not to be exceeded. If remaining funds are used and additional construction is re-bid, the project shall be treated as a new project with new fee percentages.

OWNER: Martin County Fiscal Court

 Kelly E. Callahan
 TITLE Judge/Executive
 DATE 09/30/14

ENGINEER: Kentucky Engineering Group, PLLC

 Robert E. Taylor, Jr.
 TITLE Managing Member
 DATE 09/30/14