



BRIAN CUMBO

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ADMITTED IN KY AND WV

May 22, 2019

Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Martin County Water District
PSC Case No. 2018-00017

To Whom It May Concern:

Enclosed please find a redacted Motion for Confidential Treatment of Certain Information Contained in Proposal, along with an unredacted version, regarding the above referenced matter.

The filing receipt is also enclosed.

Thank you for your attention to this matter.

Very truly yours,

BRIAN CUMBO

BC/ld

Enclosure

cc: Martin County Water District
Hon. Mary Varson Cromer
Hon. M. Todd Osterloh
Hon. James Wilson Garner

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF THE)
MARTIN COUNTY WATER DISTRICT)
FOR ALTERNATIVE RATE ADJUSTMENT)
)

CASE NO. 2018-00017

**MOTION FOR CONFIDENTIAL TREATMENT OF
CERTAIN INFORMATION CONTAINED IN PROPOSAL**

Comes the Martin County Water District (hereinafter District), by counsel, and moves the Public Service Commission for confidential treatment of certain information contained in the District's one (1) proposal received from Alliance Water Resources in response to the District's Requests for Proposals pursuant to the Public Service Commission Order entered February 21, 2019 in case number 2016-00142.

As grounds therefore, it could be harmful if the numbers contained in the cost proposals for water and sewer were to become public knowledge.

Attached hereto as Exhibit #1 is Alliance Water Resources Statement of Qualifications. Attached hereto as Exhibit #2 is Alliance Water Resources Water Cost Proposal, which has been redacted. Attached hereto as Exhibit #3 is Alliance Water Resources Sewer Cost Proposal, which has been redacted. Attached hereto as Exhibit #4 is Alliance Water Resources draft Contract, which has been redacted at page 8.

An unredacted version of this document will be submitted to the Public Service Commission via the U.S. Postal Service.



BRIAN CUMBO
COUNSEL FOR MARTIN COUNTY
WATER DISTRICT
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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 emailed & mailed, postage pre-paid, on this the 22 day of May, 2019, to the following:

Public Service Commission
P.O. Box 615
Frankfort, KY 40602

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

Hon. M. Todd Osterloh
Hon. James Wilson Gardner
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street, Ste. 1400
Lexington, KY 40507
tosterloh@sturgillturner.com
jameswilsongardner@gmail.com



BRIAN CUMBO

EXHIBIT #1

STATEMENT OF QUALIFICATIONS

Statement of Qualifications



206 South Keene St.
Columbia, Mo
65201

Office: (573)874-8080
Fax: (573)443-0833
www.alliancewater.com

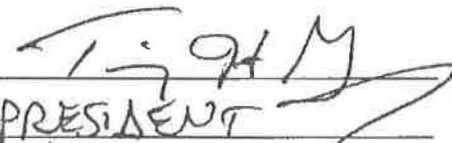
CONTRACTOR CERTIFICATIONS

MARTIN COUNTY WATER AND WASTEWATER PROPOSAL

Contractor Name: ALLIANCE WATER RESOURCES, INC.
Address: 206 S. KEENE ST.
City/State/Zip: COLUMBIA, MO 65201

On behalf of ALLIANCE WATER RESOURCES, I hereby certify the following statements are true. If any conflict arises from this certification, I realize that our proposal may be rejected.

1. I certify that our Statement of Qualification and Cost Proposal is made without collusion or fraud and that my firm has not offered or received any kickbacks or inducements, monetary or otherwise, from any other contractor, supplier, manufacturer or subcontractor in connection with its proposal, and that we have not granted, offered, or otherwise conferred on any public employee having any official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.
2. I certify that our firm has control of sufficient equipment, personnel, and fiscal resources to perform the actions necessary for management, operation and maintenance of the water and wastewater systems, and will fully commit same to the MCUB as proposed in this Statement of Qualification and Cost Proposal, subject to a negotiated contract.
3. I certify that no county or municipal official in Martin County, Kentucky, including the Commissioners of the MCUB, MCWD or MCSD or any employee, or any person who is paid in whole or in part by the MCUB, MCWD, or MCSD has any direct or indirect personal fiduciary interest in the Contractor's firm. Where such a relationship exists, I have attached the persons name and relations to this Affidavit.

Signed: 
Title: PRESIDENT
Date: 4/19/2019

May 17, 2019

Mr. Jimmy D. Kerr, Chairman
Martin County Water District
387 E Main St, Suite 140
Inez, KY 41224

RE: Letter of Transmittal, MCUB

Alliance Water Resources, Inc. is a highly qualified provider of water and wastewater management, operations and maintenance services, currently partnering with communities in Kentucky, Missouri, Tennessee and Iowa.

Alliance should be selected for the proposed scope of work in Martin County, Kentucky because:

1. Our demonstrated performance includes expert water treatment, water distribution, wastewater treatment, wastewater collection, pumping systems, meter reading, billing, customer service, financial reporting, capital improvement planning and project management.
2. Our clients' utilities have access to Alliance's full staff of licensed and highly qualified water and wastewater operators, experienced managers, and other professionals such as engineers and accountants, all with the common goal of providing our clients with successfully operated and managed utilities. Our team shares success stories in major water loss reduction and energy efficiency improvements, along with short- and long-range planning.
3. We respond promptly to critical needs with success and accuracy:
 - responding quickly to emergency events,
 - protecting the investment in your utility,
 - adding utility operations management expertise and the right staffing required for optimum system performance and regulatory compliance,
 - developing and implementing programs, policies and procedures for consistency and excellence such as financial and accounting procedures, emergency response plans, personnel policies, and standard operating procedures,
 - assisting with long-term planning in response to "big picture" issues related to economic growth and down turns, regulatory requirements, staffing needs, and capital improvements.

4. Alliance Water Resources cares about its clients, customers, and the communities we serve. Alliance becomes a connected part of each client community, striving to understand the needs and the struggles of its people in order to provide outstanding everyday service. We consider our communities not just clients, but true partners.

Our full response to the Request for Proposal is attached. We welcome the opportunity to meet with you to share our vision for the Martin County water and wastewater utilities.

Sincerely,

Tim Geraghty, P.E.
President

Section I

Background Info and Contractor History

- Section I
- Background Info and Contractor History



- Corporate Address: 206 S. Keene St., Columbia, MO 65201
- Phone Number: 573-874-8080
- Website: www.alliancewater.com
- Federal Identification Number: 43-1082819
- Stockholders and Board Members: Dale Wagner and Mary Ann J. Perkins.
- Company Officers: Timothy Geraghty, President and Mary Ann J. Perkins, Vice President, Treasurer, and Secretary.

Industry Leader

Incorporated on July 19, 1976 in the state of Missouri, Alliance was one of the early providers of water and wastewater contract services and now boasts over 35 years of successful experience. Alliance is a management owned company that is not affiliated with any consulting, equipment or construction companies that might create a conflict of interest. Alliance is and has been the largest provider of such services within the state of Missouri throughout this period. We have expanded services into the surrounding states of Iowa, Tennessee, and Kentucky.

Experience with Water and Wastewater Systems

Over the past 35 years Alliance Water Resources has operated more than 100 different water or wastewater treatment facilities for public utilities. These include treatment, collection, and distribution facilities, ranging in size from individual wells to a 22.0 million gallon per day water treatment plant; from 20,000 gallons per day package plants to a 11.25 million gallon

per day regional wastewater facility; to booster and pumping stations of over 30.0 million gallons per day. The combined managed assets total over \$300 million dollars and serve a composite population of more than 300,000 people. Specific contractor experience applicable to your location is included in the proposal section to follow.

Talented and Qualified Professionals

Alliance has a diverse and substantial pool of talent within our over 250 employees involved in the operation, maintenance, and management of water and wastewater systems. Specialists in areas ranging from billing systems to human resources to computers keep our company running smoothly on a day-to-day basis. Professional staff provide a strong technical capability on behalf of our clients. And, of course, our large group of licensed water and wastewater operators has direct experience with any conceivable process or problem.

Excellent Performance

Alliance Water Resources, Inc. has been recognized by numerous organizations for excellent performance. We have received awards for Plant of the Year, biosolids management, safety, and operator excellence. Alliance was one of only two companies to receive the prestigious Paragon Award from the Human Resources Management Association, and also received the Missouri Governors Award for Environmental Excellence and Pollution Prevention.

Alliance Water Resources is prepared to partner with your community. Having Alliance experts on board for day-to-day management, plus development and implementation of specific big-picture programs, is an effective and efficient solution.

■ Section I

Background Info and
Contractor History

The whole of Alliance Water Resources technical, managerial, and other expertise is available when needed, but the overall cost is much lower than having the same experts on staff.

Alliance Provides Experience and Support

The challenges to successful management, operation, and maintenance of water and sewer utilities are growing every day. Alliance's solution to this challenge is to assemble a small but extremely competent group of utility experts and then share these key management and specialized resources with its clients.

A combination of savvy corporate management, hundreds of years of combined technical and management experience, and exclusive programs and services make Alliance's corporate resources a real value for our client partners.

Alliance's key players work for each of our clients to provide programs and services that can't be found outside of our company. Our client partners enjoy corporate support that includes:

- A dedicated system to ensure **regular and objective reviews for environmental compliance reporting**.
- **Frequent and effective communications**; both formal (such as monthly reporting to regulatory agencies and your board) and informal communications help form a high-quality working relationship that benefits everyone involved.
- A comprehensive yet **practical safety program** for all of our employees, and a program in place to keep employees engaged in safety measures.
- **Vulnerability assessments and contingency planning** for client systems that can minimize the impact of emergency situations and allow response personnel to act in a way that is effective, fast, and smart.

■ Section I

Background Info and
Contractor History

Alliance Water
Resources is
prepared to
partner with your
community

Section II

Contractor and Key Personnel Experience

The best way to understand how Alliance Water Resources will work with you is to examine similar work performed. To that end, selected profiles of services provided for clients served including contact information for decision makers we report to within each community is provided.

Our client utilities have access to a staff of experienced utility operations and management professionals with years of varied experience. Resumes for employees involved with initial services are also included.

Section II

Contractor and Key Personnel Experience



Profiles of Services:

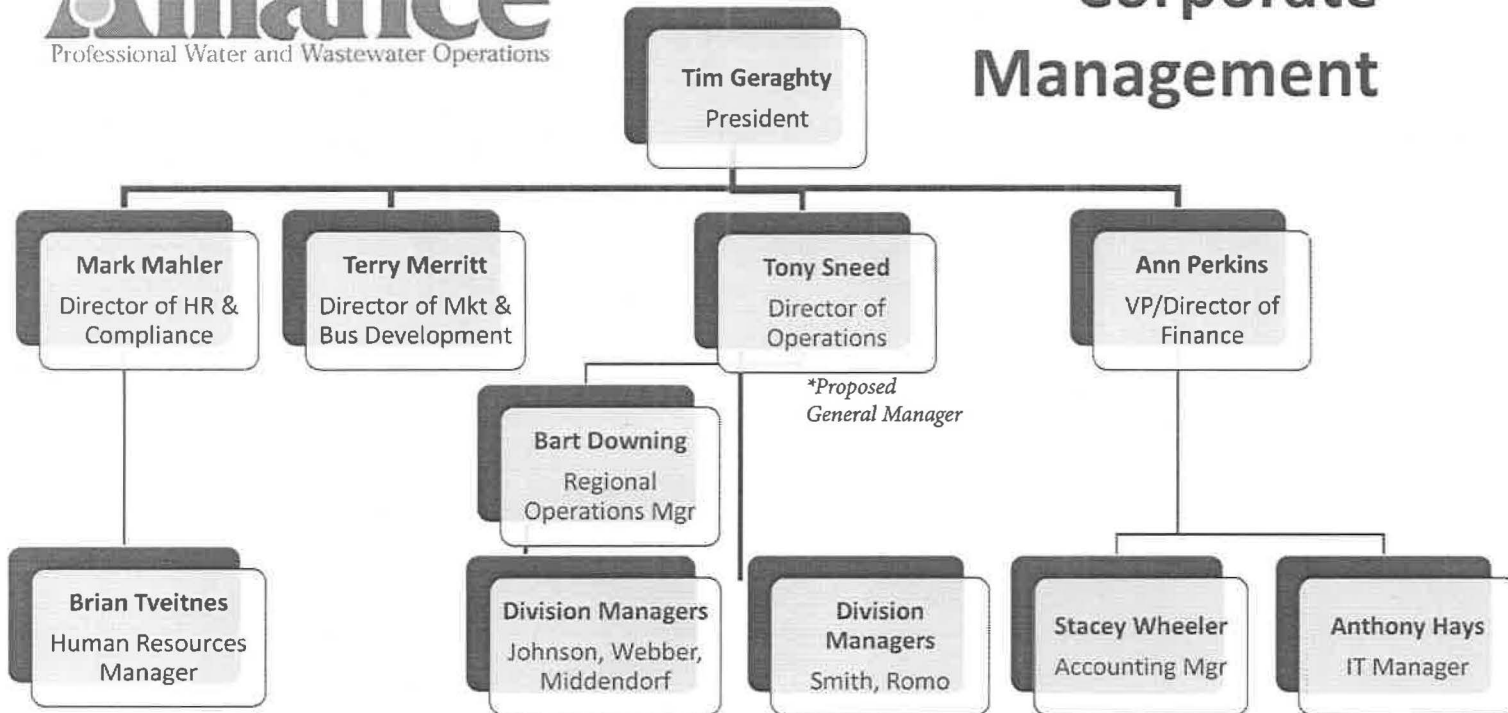
PWSD #1 of Lincoln County, Missouri	-	page 10
PWSD #3 of Franklin County, Missouri	-	page 12
PWSD #1 of Ralls County, Missouri	-	page 14
PWSD #1 of Franklin County, Missouri	-	page 16
Henry County Water Company	-	page 18
PWSD #3 of Henry County, Missouri	-	page 20

Employee Resumes

Tim Geraghty, President	-	page 22
Tony Sneed, Director of Operations	-	page 23
Terry Merritt, Director of Marketing and Business Development	-	page 24
Mark Mahler, Director of Human Resources and Regulatory Compliance	-	page 25
Ann Perkins, Vice President and Director of Finance	-	page 26
Evan Romo, Division Manager	-	page 27
Bob Hathcock, Local Manager	-	page 28



Corporate Management



January 2019

Public Water Supply
 District No. 1
 Lincoln County, Missouri
 Water and Wastewater System
 Operation and Administration

AN ALLIANCE PERFORMANCE PROFILE

System Description

Water

- 7 deep wells (combined capacity of 1,800 GPM) with disinfection
- 4 elevated water storage towers (totaling 1.65-MG)
- 1 booster pump station
- Distribution main and pressure reducing valves

Wastewater

- Pressurized sewer system with over 600 individual pressure grinder pumps
- 21 submersible pumping stations
- 0.75-MGD MBR wastewater treatment plant
- 2 sand filters
- 1 three-cell lagoon

Population Served
 14,500

Period of Alliance Service
 November 1995 to present

Contact
 Dale McDonald,
 District President
 (636) 262-7782

Alliance Services

- Water Treatment
- Wastewater Treatment
- Collection/Distribution
- Utility Billing
- Management/Administration



Initial Operations Challenges

- Despite the passage of a \$2.9-million bond issue, an additional \$450,000 was needed to fund the District's new pressurized sewer collection and treatment system.
- As part of the new pressurized wastewater treatment system, more than 300 separate easements and property acquisitions needed to be coordinated. On-site system startup assistance would also be required at a majority of customer locations to ensure that pressure grinding pumps worked correctly.
- Originally on-line in 1969, the District's water system lacked the capacity to accommodate growth. Customers often complained of low water pressure and low volume.
- Both the water and the wastewater systems suffered from a lack of formal general and preventive maintenance plans, advance planning, and customer service.

Project Background

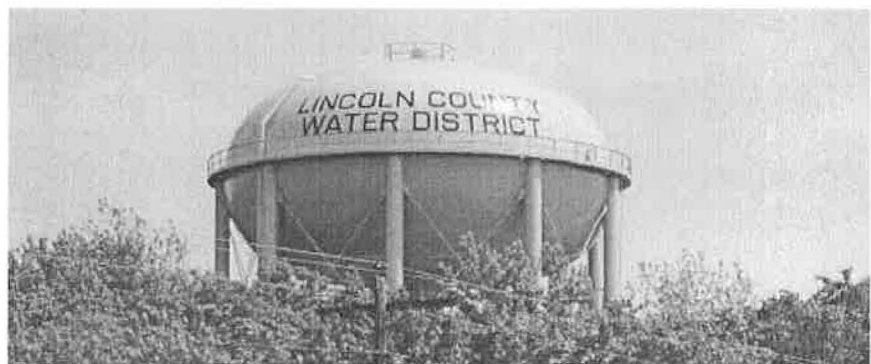
Since Alliance came on board in 1995, numerous water and wastewater system improvements have been made. Water supply and storage capacity have been substantially increased, and customers now benefit from improved services, such as emergency maintenance assistance available around the clock. In 1998, Alliance's original scope was broadened to include wastewater collections, treatment and billing.

Alliance Achievements

Under Alliance's management, the District was transformed from a family-run effort into a sophisticated business operation. Alliance has implemented numerous operational and maintenance procedures to effectively guide day-to-day operations and accommodate future growth and system improvements in one of the fastest-growing counties in Missouri.

Alliance played an important role in helping PWSD No. 1 of Lincoln County develop a strategic plan, completed in 2010, by planning workshops and helping the Board set future direction. With the help of Alliance's vision and planning processes, the District is planning and designing upgrades to several miles of undersized water distribution mains, sewer force mains, and lift stations.

Alliance also developed financial reporting spreadsheets so the District is provided with an early warning system and knows at a glance its current financial situation and stability. The District is now stronger than ever before.



Water supply and storage capacity have been improved greatly by adding a new deep well and an elevated storage tank.

Public Water Supply District No. 1 Lincoln County, Missouri

Water and Wastewater System Operation and Administration

■ **Operations:** Low-pressure areas were scattered throughout the District. Alliance operators were able to implement a short-term fix to raise pressure in needed areas, and then recommended that the Board upgrade from an older booster station design for a long-term solution. The Board agreed, and output was further increased by more than 20 percent. □ Alliance facilitated a meter replacement program using radio read meters. Now 2,000 meters can be read in less than 9.5 hours—a job that previously took three or four days.

■ **Growth:** Alliance was instrumental in securing for the District a \$450,000 grant from the Environmental Improvement and Energy Resource Authority (EIERA) to help start one of the few truly rural wastewater systems in Missouri. □ In 2003, Alliance worked with the District to establish a wholesale agreement to provide water to the City of Winfield. □ The Alliance team supported the District in the design and construction of a 1.5-MGD membrane bioreactor (MBR) wastewater treatment plant and in securing project financing with the issuance of a \$9.5-million bond issue. The District installed half of the treatment plant in 2008, and will add the rest as needed with future growth. The District Board and the mayors of Elsberry, Foley, Old Monroe and Winfield formed a regional sewer entity in mid-2008 to meet the increasingly complex needs of these rural communities. In 2009, the Eastern Lincoln County Regional Sewer Committee designated the District to become the regional sewer provider to the areas represented by the committee. Treatment for the District's 2,000 customers is now performed at the newly constructed MBR wastewater treatment plant. In 2009, the District purchased the failing Lincoln County Utilities wastewater system and about 200 customers. □ In 2010, the District negotiated a wholesale sewer contract with the community of Chain of Rocks for wastewater treatment and billing of 55 connections. □ Alliance provided planning and construction oversight of a new 100,000-gallon, elevated water storage tank near the City of Winfield in 2010. □ In 2011, Alliance will provide oversight for several wastewater and water projects, including a 5-mile water main upgrade to replace 3-inch pipe with 12-inch in Lincoln County, and a 3,000-foot sewer main extension that will connect Cuivre River State Park to Lincoln County's system. □ Under Alliance's management, a disinfection plan for the Green Acres wastewater lagoon was completed.

■ **Cost Savings:** Fees are now restructured so that the burden of expanding services is assumed by new customers, rather than by the District itself or existing customers. □ Alliance negotiated an improved contract for radio read meters which has saved the District more than \$113,000 to date. □ A newly installed float system resulted in major problems with existing grinder pumps. Alliance determined that the issues were the fault of the manufacturer and worked closely with the supplier to negotiate a settlement. In the end, the manufacturer paid project completion costs for both parts and labor, a cost savings of \$27,000. □ The District began making plans for improvements based on expected growth. When the economy took a turn in 2009 and growth slowed significantly, Alliance was able to identify a creative approach that allowed the District to restructure its debt and continue with improvements. □ Challenged with high utility costs at Bobs Creek in 2010, the District switched from a commercial gas customer with Ameren to a wholesale customer through Alliance, saving \$4,000 to \$6,000 during the winter months on plant dehumidification and heating. □ By tweaking the treatment process at Bobs Creek and turning off a couple of unneeded blowers, Alliance is saving the District \$15,000 a year in electric usage. □ At the request of customers and in the interest of efficient office operation, Alliance developed a website, set up online and credit card payments, and implemented e-billing and e-late notices in 2010, all of which significantly reduced costs for the District.



In 2010, the District switched from a commercial gas customer with Ameren to a wholesale customer through Alliance, saving \$4,000 to \$6,000 during the winter months on plant dehumidification and heating.



Under Alliance's direction, Lincoln County PWSD No. 1 is now the regional water and sewer service provider in eastern Lincoln County.

Public Water Supply District
No. 3
Franklin County, Missouri
Water and Wastewater System

AN ALLIANCE PERFORMANCE PROFILE

System Description

Water

- 9 deep wells
- 5 storage tanks
- 180 miles of distribution main

Wastewater

- 20 wastewater treatment facilities
- 26 miles of collection lines

Population Served
11,000

Period of Alliance Service
January 1994 to present

Contact

Gail Bader,
District Board President
(636) 742-5200

Alliance Services

- Water Treatment
- Wastewater Treatment
- Collection and Distribution
- Utility Billing
- Management and Administration



Initial Operations Challenges

- The District was in poor financial condition and in danger of defaulting on its bond payments.
- The District lacked formal policies, procedures and regulations to govern the provision of its utility services, and was experiencing difficulties managing its rapidly growing customer base in Franklin County, Mo.
- District staff had not developed routine facility operating procedures and preventive maintenance was seriously lacking.

Project Background

Alliance Water Resources began providing comprehensive management, operations, and maintenance services to Public Water Supply District No. 3 of Franklin County in January 1994, reporting directly to the elected board of directors. Alliance also provides office management, meter reading and customer service.

Franklin County is a high-growth participant in the expansion of the St. Louis metropolitan area, with many of its developing communities appealing to upscale demographic groups. Alliance responsibilities include long-term planning and full coordination of the capital improvement programs necessary to meet the needs of the growing customer base in the District's 200-square-mile service area.

Alliance Achievements

Through its financial management support, Alliance helped the Board reverse the District's fiscal outlook, placing it on a firm financial footing. Alliance then developed professional utility rules and regulations for consideration and adoption by the Board, and developed and implemented standardized procedures pertaining to all areas of utility operation, including bookkeeping, utility billing, facility operations, and preventive maintenance.

Based on Alliance's many years of excellent operations management for the District, the Board renewed its operations contract with Alliance for 10 years in 2010 – four years earlier than previously planned.



Franklin County is a high-growth participant in the expansion of the St. Louis metropolitan area, with many of its developing communities appealing to upscale demographic groups. Alliance responsibilities include long-term planning and full coordination of the capital improvement programs necessary to meet the needs of the growing customer base in the District's 200-square-mile service area.

Public Water Supply District No. 3 Franklin County, Missouri

Water and Wastewater System

■ **Operations:** Alliance implemented a state-of-the-art utility billing software package in the early 2000's to replace the District's aging system. □ When the existing sewer treatment plant could no longer meet regulatory limits, Alliance worked with the District to develop a long-range plan. □ Pressure zones have been reworked to increase system pressure while reducing required maintenance. □ A supervisory control and data acquisition (SCADA) system has been installed to monitor 10 well and tower sites throughout the District. □ At no extra or hidden cost to the District, Alliance developed five-year plans for the water and sewer systems, as well as a five-year financial plan. □ Alliance worked with the Board to begin a meter change-out program in 2004 to reduce unaccounted-for water. To date, about 50 percent of its meters have been replaced, allowing for better accuracy in measuring water usage.

■ **Growth:** Alliance assisted the District with the acquisition and consolidation of the Meramec Basin Water and Sewer Authority and the Lake Serene water system, as well as the St. Albans Water and Sewer Authority. □ Rules for operation and development needed to be revised to keep pace with rapid growth. Alliance worked with the District to implement the current rules that allow for standardization and uniformity when dealing with developers. □ Alliance was instrumental in helping the District secure bond funds to construct a new 500,000-gallon elevated water tank, a new large deep well and a booster pump station. During construction, Alliance provided oversight and served as a liaison between the Board, engineer, contractors and inspectors. The project was completed on time and under budget estimates. □ A second, 500,000-gallon water tower was erected and put online in 2007. This project cost \$600,000 and was paid for through the refinancing of a bond issue by the District. This new water tower not only provides more storage capacity for the growing District, but also raised system pressure by 15 psi. Alliance supplied project analysis, recommendations, planning, assistance with financing options, construction oversight and facilities startup. □ The District has grown through mutual agreements with neighboring districts. PWS No. 3 borders four small cities in Franklin County. Alliance worked with the Board to define boundaries and establish cooperation agreements with three of those cities. Negotiations have resulted in added sewer operations and additional revenue for the District. □ In 2010, Alliance helped the District secure funds to construct an additional deep well and another 100,000-gallon elevated water storage tank, renovate the District service center and expand the District's field service building. The well and storage tank is in service and plans are being finished for the service building expansion.

■ **Cost Savings:** Financial standing for the District has improved so much that between 1999 and 2003, the District completed over \$1 million in capital expansion using cash. □ Improvements in the sludge treatment process at District packaged wastewater treatment plants saves \$16,000 annually in contractor sludge disposal costs. □ Alliance serves as the District's primary professional, technical and administrative interface with consulting engineers and financial advisors, and thus has been instrumental in helping the District plan, design and construct cost-effective infrastructure. □ At the request of customers and in the interest of efficient office operation, Alliance developed a website and began offering online and in-office credit card payments in 2010. These improvements have significantly reduced costs for the District. □ Since 1999, the District has added four wells and 10 miles of main, increased its borders, and been challenged with meeting increased regulations for wastewater permits; under Alliance's prudent management, staffing to handle the additional workload has increased nominally. □ Staff turnover has decreased under Alliance's management, saving the District the cost of recruiting and training new employees. □ Despite an increase in lock-offs for nonpayment and a decrease in development due to a slowing economy, the District is financially stable because of Alliance's management.



At no extra or hidden cost to the District, Alliance developed five-year plans for the water and sewer systems, as well as a five-year financial plan.



The District has grown through mutual agreements with neighboring districts. PWS No. 3 borders four small cities in Franklin County. Alliance worked with the Board to define boundaries and establish cooperation agreements with three of those cities. Negotiations have resulted in added sewer operations and additional revenue for the District.

Public Water Supply District
No. 1 of Ralls County
Ralls County, Missouri

Water and Wastewater System
Operation and Administration

AN ALLIANCE PERFORMANCE PROFILE

System Description

Water

- 4 booster pump stations (East, West, New London Gravel, Centenary Road)
- 4 elevated water storage towers (totaling 750,000 gallons)
- 350 miles of distribution main

Wastewater

- 4 wastewater treatment package plants
- 4 subdivision collection systems

Population Served
7,000

Period of Alliance Service
August 2001 to present

Contact

Frank Burch
District Board President
(573) 248-0638

Alliance Services

- Water Distribution
- Distribution System Maintenance
- Wastewater Treatment
- Collection System Maintenance
- Meter Reading
- Utility Billing
- Management and Administration



Initial Operations Challenges

- A \$500,000 transmission main had never been put into service for various reasons.
- Systems for monitoring tower levels and pressure needed upgrading and improvement.
- Excessive loss of the purchased water supply was a significant drain on the District budget.
- Administrative functions, including billing and collections, needed improvement, and reliable financial reporting was lacking.
- District staff needed to obtain certification for operation of the distribution system.
- Booster stations and wastewater treatment plants had fallen into ill repair and testing was not being performed according to regulations.

Project Background

Public Water Supply District No. 1 of Ralls County purchases its water wholesale from the City of Hannibal, Mo., and distributes it on a retail basis to the residents of eight nearby communities, as well as surrounding rural areas.

In addition to a complete range of operations and maintenance services, Alliance Water Resources provides PWSD No. 1 with a variety of administrative services, including meter reading, computerized billing, collections, financial reporting, and day-to-day management of the utility.

Alliance Achievements

Operations: Within weeks of signing the contract with Alliance, the previously unused transmission main was fully utilized, a change that significantly helped pressures and flows for a sizable portion of the rural district. State-certified distribution and wastewater operators were brought in to meet state requirement standards. A SCADA system was put in place within the first week of Alliance's operations agreement to monitor and control various critical water systems. An aggressive meter change-out and leak detection program was implemented to reduce unaccounted-for water. This effort has paid for itself in less than five years.



Alliance has helped the District upgrade its filing and computer systems, improve delinquent collections, and get a professional handle on its business operations and financial status.

Public Water Supply District No. 1 of Ralls County Ralls County, Missouri

Water and Wastewater System
Operation and Administration

□ Alliance has helped the District upgrade its filing and computer systems, improve delinquent collections, and get a professional handle on its business operations and financial status. □ Alliance worked with the District to develop a major infrastructure improvement plan. Phase I of the plan was completed in 2008; this \$3.24-million project replaced 55 miles of water distribution main, dramatically decreasing the District's water loss rate. □ During Alliance's tenure, District operations have improved such that its employees were able to assist sandbagging efforts on the Mississippi River during 2008's floods. □ Phase II infrastructure improvement plans were approved in 2010 for a \$1.7-million project that in 2011 will replace another 20 miles of water distribution main and erect a 250,000-gallon water tower. □ In 2010, Ralls County PWS No. 1 was a runner-up for Missouri Rural Water Association's Water System of the Year award based on the District's excellence in overall operations and water-loss control. □ Under Alliance's management through 2010, PWS No. 1 has doubled the professional certifications of its operators on staff, resulting in a more competent, knowledgeable workforce.

■ **Growth:** In 2005, Alliance assisted the District in funding an Emergency Community Water Assistance Grant for \$240,900 from USDA Rural Development. The grant was specifically earmarked for installation of a new booster pump station that now provides the District with increased water system capacity during peak demand periods. □ In 2010, Alliance assisted the district in applying for ARRA funds for a Lake Hannibal Estates wastewater treatment plant upgrade that resulted in a \$250,000 grant. Alliance provided oversight during construction to ensure the project was completed on time and within budget.

■ **Cost Savings:** Annual self-read meter audits, billing system upgrades and an aggressive meter replacement program have helped Alliance create a positive cash flow for the District. □ Alliance assisted the District in refinancing \$1,655,000 in existing bonds to take advantage of lower interest rates and reduce annual principal and interest payments by approximately \$60,000 a year over the first several years. □ Wastewater plant operations have been optimized for efficiency. This has reduced the amount of sludge that must be hauled, a savings of nearly \$1,500 each year. □ In August 2004, Alliance assisted the District in gaining overwhelming voter approval of \$4 million in new bonding capability. □ From June 2001 through February 2005, Alliance assumed the role of primary District negotiator to arrange the sale of a portion of the District's territory to the City of Hannibal's Board of Public Works for \$1.5 million. The sale of water to future customers via a territorial agreement ultimately received approval of USDA Rural Development and Missouri Public Service Commission. A new 20-year wholesale water purchase agreement was also negotiated. □ In 2007, savings on purchased water from an Alliance-assisted water-loss reduction project topped \$70,000. This does not include added savings from leaks found and repaired throughout the year. □ In 2001, the District struggled to pay its monthly bills; from 2001 through 2010, water loss has been reduced at an amazing savings to the District, resulting in financial stability and allowing the District to build substantial emergency funds. □ Staff turnover has decreased significantly under Alliance's management, allowing the District to retain credentialed operators without having to invest in recruiting and training new employees. Over 90 percent of the staff has been on board for five or more years. □ Though staffing has increased by one half-time employee over the period of Alliance's oversight, the District has been able to net thousands of dollars in savings on water loss, and produce significant upgrades in water quality and valued service for its customers.



With Alliance's assistance, the District has undertaken four system upgrades since 2001, resulting in thousands of dollars in savings on water loss, and producing significant upgrades in water quality and valued service for customers.



Savings from an Alliance-assisted water-loss reduction project was more than \$70,000 in one year.

Public Water Supply District
No. 1
Franklin County, Missouri
Water and Wastewater System

AN ALLIANCE PERFORMANCE PROFILE

System Description

Water

- 4 deep wells
- 2 elevated towers and one standpipe
- 75 miles of distribution main

Wastewater

- 7 wastewater treatment facilities
- 10 wastewater lift stations
- 15 miles of collection lines

Population Served
4,500

Period of Alliance Service
February 2005 to present

Contact

Joe Feldmann,
District Board President
(636) 239-2808

Alliance Services

- Water Treatment
- Wastewater Treatment
- Collection and Distribution
- Meter Reading
- Computerized Utility Billing
- Management and Administration

Alliance WATER RESOURCES®
Professional Water and Wastewater Operations

Initial Operations Challenges

- The District was in need of improved financial and operational reporting.
- It was short staffed and needed emergency backup and management assistance.
- The District needed help keeping pace with the demands of growth.
- The District's rules had not been updated in over 10 years.

Project Background

The Franklin County Public Water Supply District No. 1 serves a rural but developing area south of Washington, Mo. Its management is vested in a board of directors consisting of five members located throughout each of five subdistricts. Alliance Water Resources provides complete contract management services, including operation and maintenance of the water wells and wastewater treatment plants, oversight of maintenance and repair for the distribution and collection system through outside contractors, and billing and collections for 1,400 customer connections serving approximately 4,500 people.

Alliance Achievements

Alliance immediately began providing the Board with detailed monthly financial reports and instituted a system of work orders and operations reporting, giving the Board the information it needed for decision-making.

The District renewed its professional operations agreement with Alliance effective January 2011, signing a 10-year contract – a testament to the positive and profitable working relationship it has with Alliance staff.

Alliance Water Resources has been instrumental in planning for future growth including main replacement and two new water towers.



Krakow Lagoon

**Public Water Supply District No. 1
Franklin County, Missouri**

Water and Wastewater System

■ **Operations:** To maximize efficiency, on-site staff is supplemented with management and supervision from the nearby Alliance division at Franklin County PWS No. 3. Emergency response and laboratory services are also provided out of this division. □ Alliance prepared a comprehensive water system master plan in 2005, including rules, regulations and procedures for developers, and updated it in 2010. □ An “owner-supervised” program was implemented for water main extensions and a set of standard specifications was developed. □ Alliance worked tirelessly to protect the District’s infrastructure when cable companies descended into Franklin County in 2007 and began burying miles of new cable, often next to, over or under existing District water and sewer lines.

■ **Growth:** Alliance is helping the District and its engineer assess growth opportunities and identify solutions for providing the required infrastructure. □ In 2006, the District expanded its border by 25 percent; despite added responsibilities, Alliance staff continues to work diligently to maintain a high level of customer service for the District. □ Alliance represented the District in negotiations for water and sewer extension agreements with two separate developers in 2007. As a result, the District gained a total of 377 lots, as well as close to \$500,000 in infrastructure assets. □ In 2007 Alliance negotiated the purchase of a smaller water and sewer utility for the District, expanding the Districts customer base. □ Alliance worked with the Board to begin a meter change-out program in 2007 to reduce unaccounted-for water.



Alliance management served as the liaison between the District and an influential property owner for more than 18 months so the District could secure additional ground needed to construct a new elevated water tank. The parties reached an agreement in 2011, and engineering is now underway for a structure that will serve the District for decades to come.

Henry County Water Company
Clinton, Missouri

Water Treatment System

System Description

- 2.4-MGD water treatment plant
- 2 elevated storage tanks totaling 1.0 MG
- Distribution system

Population Served
9,600

Period of Alliance Service
November 1983 to present

Contact

Don Turner,
Board President
(660) 885-5570

Alliance Services

- Water Treatment
- Distribution System
- Water Meter Reading
- Utility Billing and Collections
- Management and Administration

Alliance WATER RESOURCES[®]
Professional Water and Wastewater Operators

AN ALLIANCE PERFORMANCE PROFILE

Initial Operations Challenges

- The City of Clinton, Mo., had little or no control over its own water system, which was owned by a large electric utility. City officials did not wish to incur the long-term debt necessary to acquire the water system from the private electric utility.
- The system's raw water source on the Grand River in the upper reaches of the Truman Reservoir was of poor quality. Raw water quality was highly variable, ranging from high turbidity to high algae concentrations with periods of extremely high organic content and odor-causing compounds.
- The surface water treatment plant consisted of an aging, single-stage system with limited capabilities for handling occasional water taste and odor problems stemming from the raw water source.

Project Background

The Henry County Water Company is a not-for-profit corporation formed by the City of Clinton in 1983 with Alliance Water Resources' guidance. Its management is vested in a board of directors, which includes the city administrator and four citizen members. Since its inception in 1983, Alliance has provided complete contract management services, including operations and maintenance of the water treatment plant, maintenance and repair of the water distribution system, meter reading, billing, management and administration for 4,600 customer connections serving some 9,300 people.

In 1999, Henry County Water Company constructed and placed into service a new 2.4-MGD water supply to treat a high quality raw water source from an underground quarry. The new plant is a single pass pulsator flocculator /clarifier with dual-media gravity filtration.



Alliance has provided complete contract management services, including operations and maintenance of the water treatment plant, maintenance and repair of the water distribution system, and billing, management and administration since 1983.

Henry County Water Company Clinton, Missouri

Water Treatment System

Alliance Achievements

Calling upon its expertise with financing and funding structures for water and waste-water systems, Alliance assisted the City of Clinton with the formation of a City-owned, not-for-profit corporation to acquire and operate the water system for the citizens of Clinton. Alliance conducted negotiations on behalf of the City to acquire the system, essentially forming a complete utility. Alliance then recruited and trained staff, acquired all necessary equipment, and set up an automated business office with computerized billing, collections, administration and management services.

■ **Operations:** To address existing water quality problems, Alliance tested and selected an alternative chemical treatment regimen, improving operation □ Organic loading from Truman Lake caused higher finished water turbidity and short filter runs. Alliance staff identified potassium permanganate as the chemical that would reduce the organic levels, which in turn increased filter runs from 30 to 40 hours, to 60 to 80 hours, lowering finished water turbidity to 0.1 or less NTUs and reducing water production costs. □ In 1999, with guidance from Alliance, Henry County Water Company completed construction of an innovative, new single-stage water treatment plant that draws on a high-quality underground quarry raw water source. □ Alliance upgraded the system's hand-held meter read units with new Sensus units in 2010, and trained employees on their use. □ Though wet weather in 2009 and 2010 and issues with the plant's control system in 2010 presented staff with operational challenges, under Alliance's management customers continued to enjoy high quality water with no interruption of service, and staff maintained regulatory compliance throughout.

■ **Utility Cooperation:** In late 2009, Henry County Water Company entered into a 33-year wholesale water supply contract with Henry County Public Water Supply District No. 3. Under the contract, Henry County Water Company supplies 100 percent of the District's water supply needs, and in the process saved the District nearly \$1 million in proposed plant improvements. The District purchases approximately 110MG/Year

■ **Cost Savings:** Alliance provided planning and management for the financing, design, and construction of Henry County Water Company's new single-stage water treatment plant, resulting in a capital savings of more than \$1.5 million. The new supply provides increased capacity and a high quality finished water supply for the citizens of Clinton. □ Water-use reduction programs have resulted in reduced water sales, but due to proactive management, Henry County Water Company has avoided adverse financial consequences.



In 1999, Henry County Water Company constructed a new 2.4-MGD single pass pulsator flocculator/clarifier water treatment plant with dual-media gravity filtration.



System Manager Richard Webber inspects the system's pulsator clarifier blowers. Alliance provided planning and management for the financing, design and construction of this new system, resulting in a capital savings of more than \$1.5 million.

Henry County Public
Water Supply District No. 3
Clinton, Missouri

Water Treatment System

System Description

- One 280,000-gallon standpipes/One 250,000 gallon elevated water tower
- Approximately 195 miles of water distribution piping
- Wholesale water supplier to the City of Calhoun, Mo., and Henry County PWSD No. 4, which serves the cities of Ulrich and Blairstown

Population Served
3,200

Period of Alliance Service
November 2002 to present

Contact
Mike Jones,
District Board President
(660) 885-6670

Alliance Services

- Distribution System
- Utility Billing and Collections
- Management and Administration



AN ALLIANCE PERFORMANCE PROFILE

Initial Operations Challenges

- ☒ The District needed assistance working with wholesale rate computations.
- ☒ The board had concerns about meeting new regulations for system disinfection byproducts and enhanced coagulation.
- ☒ The board needed help to resolve emergency backup supply and treated water storage issues.

Project Background

The Henry County, Mo., Public Water Supply District No. 3 is funded by USDA Rural Development and UMB Bank. Its management is vested in a board of directors consisting of five members located throughout each of five sub-districts. Alliance Water Resources provides complete contract management services, including operations, maintenance and repair oversight of the distribution system through outside contractors, and billing and collections for 1050 customer connections serving approximately 3,600 people.

In 1995, the District constructed and placed into service a new 0.575-MGD water treatment plant. The plant was a two-stage upflow clarifier with dual-media, gravity filtration that treated water from the abandoned Knisley limestone quarry.

Alliance began its operation of PWSD No. 3 in November 2002. Alliance worked with the District Board to evaluate long-term options that included upgrading and increasing water plant capacity versus contracting for services through a wholesale water supply. In late 2009, the board entered into a 33-year wholesale water purchase contract with Henry County Water Company. With Alliance's help, the District applied for and received funding assistance from Rural Development in the amounts of \$850,000 in low-interest loans and a \$465,000 grant. The \$1.4-million project to connect the two systems, including a new booster pump station, a 250,000-gallon elevated water tower, and a 12-inch transmission main, was completed in 2012. Following completion of the project the old water treatment plant at Knisley quarry was closed.

Alliance Achievements

Alliance immediately began working with the District to determine and successfully implement appropriate wholesale rate changes. Alliance assisted the District with a long-term needs assessment to ensure a successful distribution system and backup water supply.

Missouri Rural Water Association (MRWA) declared PWSD No. 3's water one of the top five best tasting produced by any Missouri city water department or public district in 2010. The blind taste test conducted by MRWA board members was for the organization's Great American Water Taste Test contest

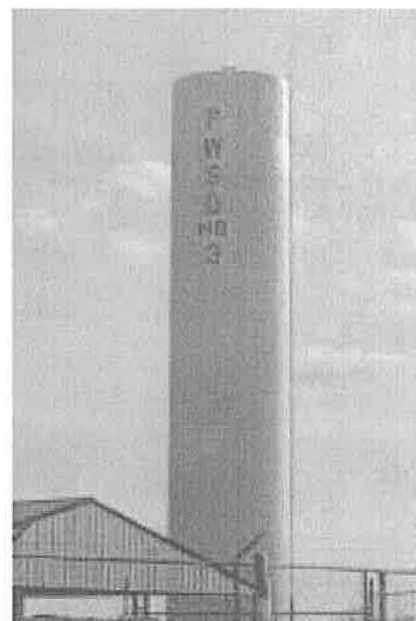
**Henry County Public
Water Supply District No. 3
Clinton, Missouri**

Water Treatment System

■ **Long-Term Planning:** The District's customer base continues to grow steadily by roughly 3% each year. The District, with help from Alliance, will continue to support future water main extensions and growth throughout Henry County and continue providing quality water to its customers. In 2016 the District, with help from Alliance staff, completed GPS data collection of all meters, valves, flush outlets and mains throughout the distribution system, to build a fully functional GIS Mapping System. Alliance staff will continue collecting GPS data on new meters, valves and mains so that the GIS map continues to become even more accurate in the years to come.

■ **Operations:** The purchased water supply comes from Truman Lake and organic loading from the lake can cause disinfection by products (DPB's). The purchased water is disinfected with chloramines which reduce the formation of DBP's. The MO Department of Natural Resources recommends that all systems who use chloramines should temporarily switch to free chlorine every few years to reduce nitrification and improve water quality. In 2016, Alliance assisted the district with its first free chlorine conversion. In 2014 the District added a mixing system in the Tightwad standpipe to get better turnover in the standpipe and improve water quality

■ **Cost Savings:** Since closing the plant and purchasing water from Henry County Water Company the District has seen significant cost savings. Alliance has enhanced bill payment collections, and improved delinquent accounts and bad debts. The District realized immediate cash gains in its revenue accounts.



The District rehabbed the Tightwad standpipe in 2014 and added a mixing system to improve turnover and water quality in the standpipe



A \$1.4-million project to connect Henry County Public Water Supply District No. 3's system to Henry County Water Company's system, including a new booster pump station, a 250,000-gallon elevated water tower, and a 12-inch transmission main, was completed in 2012.



PROFESSIONAL CREDENTIALS

TIM GERAGHTY, PE (Mo., Tenn.)*President***Profile**

President Tim Geraghty is a seasoned operations and maintenance manager with 30 years of experience. His expertise encompasses the planning, design, construction, operations, maintenance and management of water and wastewater treatment, and distribution and collection, facilities.

Current Responsibilities

Mr. Geraghty is responsible for overall management and direction of the company. He oversees the development and implementation of the company's long range plans and provides leadership to the company's managers.

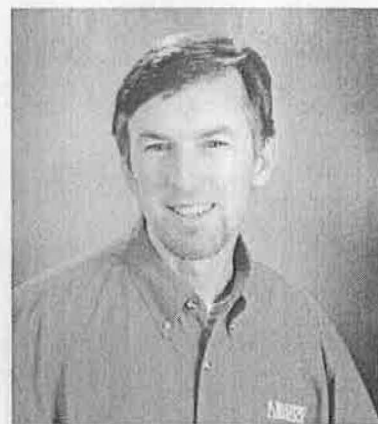
Prior Experience

Prior to his current responsibilities Mr. Geraghty oversaw Alliance Water Resources divisions in numerous Missouri cities and Water Supply Districts. He supervised client service, contract obligations and regulatory compliance for each Division.

In his first 9 years at Alliance he was the local manager for the St. Charles County, Mo., Division. He oversaw office and field staff of 55 full-time employees serving approximately 35,000 water customers and providing sewer service to over 10,000 accounts in the same service area.

Before joining Alliance, Mr. Geraghty was a project manager for an international environmental engineering consulting firm. His project responsibilities included the design of water pump stations, water treatment plant improvements, environmental site assessments and stormwater improvements.

Prior to that, while working at a large water company, Mr. Geraghty gained considerable experience in the design, construction and operation of water treatment plants, pump stations and distribution systems; in the maintenance of water distribution systems and pumping stations; and in management. His responsibilities at the water company included supervision of the operations and maintenance of a 40-MGD water treatment plant.

**Areas of Special Expertise**

- Utility Management
- District Systems
- Project Management
- Plant Evaluations
- Maintenance Management
- Planning

Education

- B.S. in Civil Engineering—University of Missouri-Columbia, Columbia, Mo.
- M.B.A.—University of Missouri-St. Louis, St. Louis, Mo.

Certifications/ Registrations/ Memberships

- Registered Professional Engineer, Mo.
- Registered Professional Engineer, Tenn.
- Class "A" Water Treatment Certification, Mo.
- Class "DS-III" Water Distribution Certification, Mo.
- Class "C" Wastewater Treatment Certification, MO.
- Class "C" Wastewater Collections Certification, Mo.
- American Water Works Association
- Water Environment Federation
- Missouri Water and Wastewater Conference
- Leadership Missouri, 2015

PROFESSIONAL CREDENTIALS

JAMES ANTHONY SNEED, P.E.*Director of Operations***Profile**

James Anthony Sneed is a distinguished professional with advanced experience in the water and wastewater industry. His higher qualifications include the ability to direct complex projects, develop strategies, lead high performance teams, communicate to governmental and political regulatory resources and respond to the needs of water and sewer customers to further enhance key initiatives and operations

Current Responsibilities

As Director of Operations, Mr. Sneed is responsible for overseeing Alliance's field operating divisions, which include municipal and industrial clients, public water supply districts, and not-for-profit corporations. In this role he directs operations activities and addresses planning, environmental compliance, client service and satisfaction, and personnel administration issues. He also handles companywide bids for materials and services, and compliance with risk management planning requirements. He also serves as Division Manager for Alliance clients and coordinates startup for new Alliance contracts.

Prior Experiences

Prior to joining Alliance, Sneed advanced his expertise working with water and sewer authorities in Alabama and Tennessee. He has achieved significant industry recognition as a collection system expert while earning a major award for collections system excellence from the Alabama Water Environment Association. Mr. Sneed also served as the Chair of the Alabama Collection System Committee helping to guide and train collection system operators around the state. Sneed was selected and served as a charter member of the Gulf Coast Trenchless Technology Board. He directly developed and led high performance teams in the majority of his previous positions, which included water and wastewater project leadership, project management for an industry technology manufacturer and military service in both the United States Army Reserve and the Navy.

Sneed became Alliance Water Resources' local system manager in the St. Charles County, Mo., Division in December of 2012. His key role was to oversee the day-to-day operations and maintenance of six departments for the Public Water Supply District No. 2 of St. Charles County (PWSD No. 2) and East Central Missouri Water and Sewer Authority (ECMWSA): administrations, engineering, water treatment, water distribution, sewer collections processing and customer service.

**Areas of Special Expertise**

- Strategic Planning
- Process Improvement
- Program Development
- Team Building Negotiations
- Infrastructure Rehab
- NPDES Reporting
- Wastewater Operations

Education

- Juris Doctorate—Concord Law School, Los Angeles, Ca.
- Master of Science—Troy University, Troy, Al.
- B.S. in Science, Civil Engineering—University of Alabama, Huntsville, Al.

Certifications/Registrations/ Memberships

- Registered Professional Engineer, NCEES # 62937 (AL-MO-IA-KY-TN)
- Class "DS III" Water Distribution Certification, Mo
- Class "A" Wastewater Collections Certification, MWEA
- Class "A" Wastewater Treatment Certification, Mo
- Class "B" Water Treatment Certification, Mo Collection System
- Grade IV Wastewater Treatment, KY
- Grade IV Collection Systems, KY
- Committee Chairman (AWEA - 2008)
- Member, Water Environment Federation
- Member, American Water Works Association
- Chair Missouri Water & Wastewater (East Central Section)

PROFESSIONAL CREDENTIALS

TERRY MERRITT

Director of Marketing and Business Development

Profile

Terry Merritt is multi-faceted in his understanding of public works services and operations and holds the highest certifications in water and wastewater treatment, distribution and collection. He is a 25-year veteran in water and wastewater management and operations and has worked with communities in both Missouri and Tennessee. He utilizes his skills and experience to build relationships with representatives of water and wastewater utilities and municipal public works.

Current Responsibilities

Mr. Merritt focuses his efforts on helping communities understand the benefits and logistics of contract operations for water, wastewater and public works functions. He serves as the primary contact for perspective client-partners and directs the appropriate team of Alliance experts as they examine a potential partner's unique operational and budgetary needs.

As part of his efforts to perpetuate company growth within Missouri and into surrounding states, Mr. Merritt promotes adoption of and adherence to the company culture, which is built on strong core values and a commitment to their fundamental services.

Prior Experience

Mr. Merritt previously served as a Division Manager for Alliance, overseeing operations and management for multiple cities in East-Central Missouri. He is a recognized wastewater professional in the states of Missouri and Tennessee who has presented at professional conferences on topics such as maximizing efficiencies, reducing energy costs and using technology to analyze data for improvement and refinement of treatment techniques.

Mr. Merritt has implemented collection system maintenance programs for several systems with direct impact on I&I reduction. He has operated wastewater treatment plants of various size and complexity including SBR, MBR, conventional treatment, trickling filter and recirculating sand filter facilities as well as various sludge storage facilities including anaerobic and aerobic sludge digestion, and UV and chlorine disinfection.

In 2005, Mr. Merritt was the recipient of the Missouri Section of American Water Works Association's Operator's Meritorious Service Award, given for "outstanding achievement beyond normal operating responsibilities." He personally commits his time to organizations like the Missouri River Relief, as well as Rotary Club fundraisers within the communities Alliance Water Resources serves. He is a 2016 graduate of the Leadership Columbia program and commissioned to serve on two committees for the City of Columbia - Source Water Protection and Integrated Water Resources Planning.



Areas of Special Expertise

- Relationship Development
- Water & Wastewater Operations
- System Evaluations
- Public Works
- Plan Review
- Water-loss Prevention
- Collection Systems

Education

- Hannibal Area Vocational and Technical Institute—Hannibal, Mo.

Certifications/ Registrations/ Memberships

- Grade "IV" Wastewater and Water Treatment Certification, Tenn.
- Grade "II" Water Distribution and Sewer Collection Certification, Tenn.
- Class "A" Water Treatment Certification, Mo.
- Class "A" Wastewater Treatment Certification, Mo.
- Class "DS-III" Water Distribution Certification, Mo.
- Level "A" Collection Systems Operator Certification, MWEA
- Class "3" Wastewater Operator Certification, Ill.
- Class "IV" Water Certification, Ark.
- Class "IV" Wastewater Certification, Ark.
- Water Environment Association
- American Water Works Association
- Missouri Rural Water Association
- Missouri Water and Wastewater Conference
- Operator's Meritorious Service

PROFESSIONAL CREDENTIALS

MARK MAHLER

Director of Human Resources and Regulatory Compliance

Profile

For more than 20 years, Mr. Mahler has proactively enlisted in workplace safety programs. His status as a regulatory compliance expert is well deserved; the direct result of his consistent due diligence in compliance requirement research and effective follow-through.

Current Responsibilities

Compliance and safety management is a true spotlight role at Alliance Water Resources. Mr. Mahler is responsible for not only the Regulation Compliance Assurance Program (ReCAP) to safeguard integrity in compliance reporting, but also Alliance's Safety Program to keep employees protected on the job.

Diligent regulatory research backed up by verification from officials in the know is a fundamental aspect of the ReCAP program and a major function of Mr. Mahler's role as ReCAP manager. To gain the necessary insight, Mr. Mahler investigates the details of a regulation in order to understand possible interpretations. Next, he makes contact with state and federal officials to clarify any fine points. Finally, he observes personnel in the field and follows through with operator re-training if necessary.

ReCAP was established in 2005, making an official company policy and setting guidelines, checks and balances to carry on established standards of excellence in regulation compliance reporting. As compliance manager, Mr. Mahler conducts an annual audit visit at each of Alliance's client divisions. Each visit consists of a review of compliance procedures and random spot-checks to confirm accurate reporting measures are in place.

As manager of Alliance's Safety Program, Mr. Mahler is responsible for reducing or eliminating harm to employees on the job. All incidents of employee injury are reported to Mr. Mahler to assure they are given the careful consideration they deserve. Mr. Mahler visits each client division annually to make sure safety practices are being followed for employees and the working environment is sound. These visits also provide face-to-face time for employees to speak out with ideas, concerns or training requests.

Prior Experience

An emphasis on safety is evident throughout Mr. Mahler's career. He has been an Alliance employee since 2000 and served as safety coordinator at the St. Charles, Mo., division where he showed incredible initiative. His drive to understand and impart the details of compliance and safety issues was a clear advantage for the 50-plus employee operation. Before his time at Alliance, he worked as a wastewater operator for the City of Pompano Beach, Fla. where he was also the safety committee officer.



Areas of Special Expertise

- State and Federal Regulations for Water and Wastewater System Operations
- OSHA Regulations and Safety Practices
- Safety Program Planning
- Employee Motivation and Training
- Wastewater Plant Operations
- Competent Person Trainer for Confined Space and Trenching & Shoring
- Approved OSHA Safety Trainer

Certifications/ Registrations/ Memberships

- Grade II Distribution System Operator, TN.
- Grade II Wastewater Collection System Operator, TN.
- Grade II Wastewater Treatment Plant Operator, TN.
- Class "A" Wastewater Collections Systems Operator Certification, Mo.
- Class "C" Wastewater Treatment Certification, Mo.
- Class "DS-III" Water Distribution Certification, Mo.
- OSHA Certified Specialist in Safety & Health

PROFESSIONAL CREDENTIALS

ANN PERKINS

Vice President & Director of Finance

Profile

Ann Perkins is an accounting professional with demonstrated leadership and interpersonal skills. Ann oversees Alliance Water Resources financial & computer services operations.

Current Responsibilities

Ms. Perkins is responsible for monitoring company financial performance as well as overseeing all financial activities, including accounts payable, accounts receivable, payroll and benefits administration, taxes, insurance, cash management, budgeting, and preparation of financial statements. In addition, she oversees client billing systems and the preparation of client financial statements, and establishes the direction of company and client computer systems.

Prior Experience

Ms. Perkins has served as Director of Finance and as Accounting Manager for five years. She directed all payroll tax and W-2 reporting functions, and further oversaw accounting and financial statement preparation for Alliance and each of its District clients. Her duties included setting up accounting processes for new divisions, working with various auditors to complete financial statements, and working on-site with local and division managers, as well as assisting clients with utility billing software conversion. She also planned and facilitated annual companywide office manager/certified office professional development.

Additionally, Ms. Perkins serves as the 401(k) plan administrator for Alliance, and oversees the completion of the nondiscrimination testing for Internal Revenue Service compliance and the annual audit of the plan.

Ms. Perkins joined Alliance in 1993 as a part-time clerk. She has been promoted numerous times since, gaining valuable insight into employee and benefit concerns as a human resources assistant before joining the accounting department. She worked her way up from accounting assistant to various associate levels within the accounting department, and later was inspired to earn her degree in order to become an accountant. She is a 2006 graduate of Leadership Alliance, an intensive internal training program that marries technical know-how with the governmental, professional and communications knowledge needed to become a successful system manager.



Areas of Special Expertise

- Accounting
- Microsoft Office Applications
- Microsoft Dynamics GP Accounting Software
- InVision Billing Software
- Sage Abra Suite Software
- SAP Crystal Reports Software

Education

- B.S. in Accounting—Columbia College, Columbia, Mo.
- B.S. in Management—Columbia College, Columbia, Mo.
- Electrical Engineering Courses—San Jose State University, San Jose, Calif.

Certifications/ Registrations/ Memberships

- Certified Office Professional, Missouri Rural Water Association
- Institute of Management Accountants, member
- Leadership Alliance Class of 2006
- Leadership Missouri, 2018

PROFESSIONAL CREDENTIALS

EVAN ROMO*Division Manager***Profile**

An accomplished operator for water, wastewater, distribution and collection systems. Mr. Romo holds substantial knowledge and practical expertise of water and wastewater systems throughout Tennessee and Missouri. He has a compelling sense of community and his leadership abilities are fortified by a small town sensibility and a positive outlook.

Current Responsibilities

As Division Manager, Mr. Romo is responsible for overseeing operations and management of seven Alliance divisions in Kentucky, Missouri, and Tennessee. His responsibilities include full public works services for the city of Hickman, KY; wastewater treatment for the cities of Festus and Crystal City, MO; full water and wastewater services for the East Sevier County Utility District in Sevierville, TN; water and wastewater operations for the West Tennessee State Penitentiary in Henning, TN; water and wastewater operations for the Turney Center Industrial Complex in Only, TN; wastewater operations for the Dyersburg, TN Welcome Center and water treatment operations for the I-40 Solar Farm Information and Welcome Center.

Prior Experience

Mr. Romo began his career studying biology and microbiology, and then put those skills to practical use as a water and wastewater operator. He gained hands-on experience as an operator in the Cities of Dyer and Newbern, Tenn. The Dyer water treatment plant averaged .250 MGD with iron removal filters; the wastewater plant was rated at .675 MGD. In Newbern, Mr. Romo operated two separate wastewater treatment facilities – a 1.0 MGD municipal plant and a 1.2 MGD operation that specifically served a major brand sausage manufacturer.

As a Local Manager in Parkville, MO, Mr. Romo's responsibilities included biosolids management, land application, and odor control. He also met regularly with city officials to keep them informed about the system and to discuss future operational needs such as the new UV disinfection process currently under construction.

As the System Manager of Alliance Water Resources' Lincoln County, Mo., Division, Mr. Romo provided full management, operations, and maintenance services to the residents of Public Water System District No. 1 of southeast Lincoln County. The District served the cities of Old Monroe, Foley and Winfield. Mr. Romo's responsibilities included the supervision of the water system's seven deep wells, a booster station, four elevated storage towers and over 900 grinder pumping stations, as well as a 1.5 MGD, state-of-the-art membrane bioreactor wastewater treatment plant with 25 large duplex lift stations, two sand filters, and a three-cell lagoon. In addition, he oversaw customer relations and billing for the District as well as sewer billing for the cities of Old Monroe and the Village of Fountain N Lakes.

**Areas of Special Expertise**

- Laboratory Procedures for Water and Wastewater
- Collection System Management
- Distribution System Management
- Facility Inspection

Certifications/ Registrations/ Memberships

- Grade "III" Wastewater Treatment License, KY
- Grade "III B" Water Treatment License, KY
- Grade I Wastewater Collections License, KY
- Grade III Distribution, KY
- Class "B" Wastewater Treatment Certification, Mo.
- Class "C" Water Treatment Certification, Mo.
- Class "B" Water Distribution Certification, Mo.

Education

- Associates of Science, Faulkner University
- California State University, Sacramento
- Office of Water Programs
 - Water Treatment Plant Operations
 - Wastewater Treatment Plant Operations
 - Operation and Maintenance of Wastewater Collection Systems
 - Water Distribution System Operation and Maintenance

PROFESSIONAL CREDENTIALS

BOB HATHCOCK

System Manager – Public Water Supply District No. 1 & No. 3 of Franklin County, Mo.

Profile

A veteran of more than 25 years of water and wastewater operations and related public works, Mr. Hathcock has successfully operated systems in communities in both Missouri and Kansas. His experience includes operations for technical, maintenance and business systems, and he holds Class “A” certifications in both water and wastewater operations.

Current Responsibilities

As Alliance Water Resources System Manager at Public Water Supply District No. 3 of Franklin County, Mr. Hathcock is responsible for providing water and wastewater services to approximately 3,600 customers over a 200-square-mile area southwest of St. Louis, Mo. His duties include providing oversight and management of 19 package wastewater treatment plants, over 60 lift stations, approximately 26 miles of sewer main, six deep wells, and 150 miles of distribution main. In addition, he is in charge of billing, customer service, finance and public relations. Mr. Hathcock has served in this position since 1998.

In February 2005, Mr. Hathcock also assumed System Manager responsibilities for Public Water Supply District No. 1 of Franklin County, Mo. With over 1,450 customer connections, this District has five deep wells, two elevated towers and one standpipe, 75 miles of distribution main, seven wastewater treatment facilities, 10 wastewater lift stations and 15 miles of collection lines. He oversees operations and management of this infrastructure, as well as billing, customer service, finance and public relations.

In addition to these missions, Mr. Hathcock serves as the liaison between PWSID No. 1 and No. 3 and the developers who are working to establish water and wastewater service for new communities under construction in Franklin County. His professional expertise is an asset in serving as a member of the steering committee creating Franklin County’s new comprehensive plan, which will help guide the development of the county for the next 10 to 15 years.

Under Mr. Hathcock’s management, employees at both Districts were recognized with Alliance’s Safety Award for their commitment to sustaining zero work-related injuries in 2010, 2011, and 2015.

Prior Experience

Prior to joining Alliance, Mr. Hathcock served as the public works director for the City of DeSoto, Kan. He has operated water plants ranging from 0.3 MGD to 12.0 MGD and wastewater plants up to 4.0 MGD. While with the City of DeSoto, he was in charge of water and wastewater, as well as streets, parks and recreation. His experience also includes planning and directing programs to lay lines to already-operating water and wastewater plants.



Areas of Special Expertise

- Distribution Systems
- Wastewater Plant Operations
- Public Works

Certifications/ Registrations/ Memberships

- Class “A” Water Treatment Certification, Mo.
- Class “A” Wastewater Treatment Certification, Mo.
- Class “DS-III” Water Distribution Certification, Mo.
- Class “A” Collection Systems Operator Certification, MWEA
- Grade II Distribution License, KY
- Grade II Wastewater License, KY
- Qualified Trainer
- OSHA General Industry Safety and Health – 10 hour
- OSHA Construction Safety and Health – 10 hour
- Certified Office Professional, MRWA
- Missouri Rural Water Association



Section III Professional References

■ Section III Professional References

Gail Bader
District Board President
Franklin County PWSD#3, MO
(636)742-5200
gail.bader@aol.com
111 Red Oak Drive, Labadie, MO 63055

Dale McDonald
District President
Lincoln County PWSD #1, MO
(636)262-7782
dmcdonald@bankofoldmonroe.com
16 Bluff Haven Drive, Troy, MO 63379

Lyle Thomas
Public Works Director
City of St. James, MO
(573)265-7013 x200
lthomas@stjamesmo.org
100 S. Jefferson, St. James, MO 65559

Section IV

Approach to Operations

Effective and efficient management of the public works facilities, programs, and resources is our goal. We'll work with the district's board members to achieve that shared goal in two phases: first developing plans and procedures with a real-world view of what will work best, and then putting the plans to work with the use of dedicated teams and practical actions.

Transition Procedure

Once Alliance is given the go ahead to start the transition period, we will ensure all current staff are given the opportunity to apply for positions. Alliance always tries to retain our client's current staff, and we have a great deal of success in this area. Each employee will have the chance to meet current Alliance staff and receive our benefits information while the HR department begins the onboarding process. Alliance offers an outstanding benefits package that includes health insurance, dental insurance, 401K plan, life insurance, short-term and long-term disability insurance and a cafeteria plan.

A transition team of Alliance's top employees will be on site to ensure the transition period goes smoothly as current utility staff learn Alliance policy and procedures and receive first hand training in many areas. Alliance will also offer outstanding technical training opportunities, certifications, and long-term career opportunities for everyone on the team. Alliance's progressive employment practices not only make its operations teams attractive to existing system personnel, but also facilitates effective recruiting, training and retention both statewide and within the community.

Daily Operations Management

Alliance is committed to serving the needs of Martin County; therefore, during the startup and for a period of time to be determined we have chosen our Director of Operations Tony Sneed to serve as the onsite General Manager until further evaluation and fact finding has taken place. Alliance is committed to filling this role with the perfect candidate. While we select the best full time individual possible, Tony Sneed, our highest ranking operations staff member will personally handle the interim.

Section IV

Approach to Operations



Alliance's approach to operations is very simple: Do what's right, what's needed, and do more than expected.

Having a sound individual on board to manage daily operations and maintenance for the department will establish a level of consistency for both community leaders and department employees. Alliance Water Resources takes pride in placing managers who are not only knowledgeable in the technical sense but also capable of putting a plan into action and relating to employees.

Alliance will establish priorities for the successful operation and performance of a public works department. Alliance will address the need for establishing performance standards for the employees and providing resources intended to improve communication, knowledge, and motivation. Employee performance standards will be directly related to the operational priorities. Individual coaching and targeted individual development plans will give employees an opportunity to be successful on the job

Approach to Operations

Alliance utilizes a base plan for all aspects of the business; however, during the days leading up to the transition period, Alliance will fine tune the operating plans for each section or department in order to tailor our services to each client. We pride ourselves on the ability to maintain our client's daily business strategies while we improve upon daily operations. Current established procedures such as when to read water meters, when bills are sent, and shut offs and reconnects will be adhered to, but Alliance will also meet with the elected board to see if any of the current procedures are not working as they would like.

Our team of experts will further review the current needs of the treatment plants and develop the plans and procedures that may be missing. For instance, a different schedule may be formulated in order to meet demands and save on energy consumption. We will also work closely with you to help improve the efficiency of current operating procedures. The Alliance team is ready, willing, and able to ensure the continued successful operations of your facilities and to ensure an efficient and consistent workplace.

Alliance Water Resources will develop and implement two important directives for your facilities: a standard preventative maintenance schedule and a manual of standard operating procedures.

Section IV

Operations Plan

Alliance's team will develop the plans and procedures that may be missing.

Preventative Maintenance Program Development and Implementation

Suitable preventative maintenance measures will help protect your investment in its infrastructure and minimize emergencies due to mechanical failure. Alliance will develop a standard preventative maintenance schedule based on a combination of manufacturers' recommendations and the real-life experiences of operations personnel.

When it comes to upkeep, Alliance maintains the highest standards. We will develop procedures for routine inspections and provide daily attention toward district pumping stations and storage tanks as well as wastewater collection stations. Alliance will have a team of experts review the district's current rules and regulations to make sure our company standards are in line as we continue to develop procedure plans such as biosolids management, collection system maintenance, and cleaning schedules, all while reviewing water loss and production on the water side.

Alliance uses and operates client equipment, but our clients retain ownership of their assets. We also propose to use the District's current fleet and will add to it with purchases of our own. Vehicles would be replaced by the current vehicle owned under a prioritized replacement schedule. Alliance plans to provide managers a vehicle in order to travel to job sites and perform the daily business of the district.

Standard Operating Procedures

Having standard procedures in place and easily accessible is a recommended best practice that allows staff (other than those currently assigned and familiar) to be able to run the plant(s) in times of employee turnover, sickness, or emergency. Standard operating procedures also help to make work flow more predictable, as employee duties are more consistent.

Alliance's team will develop the plans and procedures that may be missing. We will also work closely with you to help improve the efficiency of current operating procedures.

Section IV

Operations Plan

Alliance is a customer service company. We do what it takes to serve our client and see to it that the customers are taken care of.



Customer Service

Computer Systems, Billing, and Housing of Office Personnel

Alliance will continue to use the current computer systems and software for issuing bills and collection of payments. Our Director of Finance, along with the General Manager on site, will routinely ensure that best accounting practices are utilized. Staffing plans and work schedules will change from time to time based on the workload of projects and weather-related issues. However, the treatment plant work requirements will first and foremost be set by the current demand for service. Alliance is a customer service company and we do what it takes to serve our client and see to it that the customers are satisfied. **At this time, Alliance plans to continue to use the space provided by the district as the general office for the collection of payment, housing of the office personnel, and the general running of the district**

Communications

Alliance recognizes the need for frequent and effective, and formal and informal communications with our clients, with the various regulatory agencies, and with the public. Our more formal communication takes the form of detailed monthly reports and attendance at meetings as requested. Alliance keeps a count of all service orders performed and all customer complaints, and will report these to the board on a monthly basis. If issues arise that require immediate communication, Alliance will follow the procedures agreed upon by the board. More informally, we are always available to answer other questions as they arise by phone, email, or personal visit.

Our communication with regulatory agencies works much the same way. We formally submit monthly compliance information, testing, and performance data on a regular basis as required. We also maintain frequent informal contacts. Alliance leaders and system managers have developed excellent, long-term working relationships with the agencies.

It is very important that the public understands the role that the water and sewer department plays in serving their needs and in protecting the environment. Alliance can help convey that message through educational tours, national education and industry events, formal presentations to interested groups, and informal conversations with the general public.

Section IV Operations Plan



Alliance's corporate office in Columbia, Missouri holds key management and specialized resources.

Section IV
Operations Plan**Required Equipment, Software, and Training**

Alliance will utilize their communication strategy to inform the board as to when and what kind of equipment might be needed to purchase. Along the same vein, the Alliance IT department will monitor software and computer deficiencies which may require updates. Meanwhile, supervisory staff will monitor training needs and direct individuals towards the company training program *Alliance Academy*.

Industry-specific training is important for keeping up with technological advances, maintaining licensing requirements, and bringing new employees up to speed. The *Alliance Academy* is a comprehensive training program built around the training needs of our own employees. Classes are taught by experienced industry personnel (both internal and external) and most sessions are approved for continuing education credits. Training topics include supervisory training, such as Performance Management and Ethical Decision Making; industry basics such as Water and Wastewater Math; and technical and hands-on skills, such as Advanced Electrical. In addition, Alliance has four OSHA certified instructors on staff who train employees on safety topics including Flagger Training, Competent Person for Confined Space and Trenching & Shoring, Respiratory Protection, and other OSHA Construction and General Industry topics.

Key Performance Metrics

Alliance maintains standard reporting forms that will be utilized unless the board requires modification. Our standard reports include all regulatory issues, water quality issues, operations issues, safety, water loss and general operations and functions of the district. The board will receive a monthly written report that tracks finances and all aspects of district operations. Prior to start-up and the transition period, Alliance will also create bench sheets used to track any needed data. During the startup, an Alliance compliance personnel will be on site gathering the needed data to create the check sheets for the monthly board reports.

Reducing Water Loss

Alliance's approach to developing the needed programs as required in section 4 of the RFP uses communication with regulatory agencies and elected officials. Many of Alliance's clients have seen water loss drop from 40% to less than 10%. Alliance has been recognized by municipal water and sewer magazines for our success in reducing water loss. The people behind our prior success

will be the ones developing a real capital improvement plan for both the water and the wastewater departments. Once these plans are created and approved, Alliance will work to achieve the district's goals.

■ Section IV
Operations Plan

Future Planning: Budget Development and Capital Improvement Program

You will benefit from partnering with Alliance Water Resources for budget and CIP planning because the combination of our direct system knowledge and collective company experience can help avoid unexpected expenditures. We'll review data gathered from program management records against the goals, wants, and future needs in order to form a plan that works. Additional savings are also possible through bulk purchasing agreements and management of capital improvement projects.

Alliance's team will assist in the development of the annual public works department budget and five and ten-year Capital Improvement Program (CIP) as we do for all of our clients: we develop the draft budget and CIP and submit them to the board for review. Then the budget and CIP can be modified to include comments and suggested actions from the review. Alliance will also work with the board and others to make sure a rate study is prepared. **These proven methods will help reduce water loss in your community just as it has in all other water districts we have served.**

Alliance managers and corporate leaders will be available to help present the plans to the community leaders as requested.

Rate Studies

Alliance uses the same approach for rate studies. Using a collaboration of resources, Alliance performs the studies and does the leg work to understand the findings. We then report the findings to our clients so they can agree on whether or not to approve. Alliance does not approve the rates; we only make recommendations to the board on the findings of the needs for the best operations of the utility. If the board approves the findings and wants to proceed with submitting to the PSC, then by all means Alliance will do this.

Section V Innovation

■ Section V Innovation

Our Innovative Approach

Alliance proposes an innovative approach to its operating contract to maximize the use of District funds. Instead of adding costs to an operating contract, we look for ways to reduce costs and maximize value.

As an example, the District has asked bidders to include wholesale water purchasing costs in their proposals. Our understanding is the District wants to give the chosen contractor incentive to optimize purchasing water vs. treating water. Alliance, however, sees the negative consequence for the District's customers: contractors adding overhead costs and profit to the price of purchased water.

How and why we propose an alternate agreement:

Before agreeing on a final contract, Alliance meets with its new client to look for ways to develop a contract that benefits both parties as much as possible – looking for ways to maximize contract value for water and sewer customers. A sample draft contract between the District and Alliance is attached in Section VII of this SOQ. The draft excludes wholesale water purchases thereby avoiding Alliance's overhead and profit for those expenses. Alliance, in order to create and establish a long-term, mutually beneficial relationship, would optimize purchased vs. treated water, providing regular reports to show the costs of each on an ongoing basis. Always looking for ways to reduce expenses while maintaining full regulatory compliance, our monthly operations reports detail lost (nonrevenue) water, water quality, customer service performance, power consumption and service reliability.

Another example of reducing contract costs is our proposal to operate the District's current fleet and equipment. By utilizing the current fleet and large equipment, and supplementing it with a few, smaller Alliance-owned vehicles, the District can avoid costly additions that may not be necessary. Regardless of ownership, Alliance's contract includes the costs of vehicle maintenance and fuel.

Similarly, Alliance optimizes costs for its clients in many other ways such as with project value engineering, a service included at no additional cost in

our draft agreement that saves you money by not overpaying for consulting engineers or building facilities that don't maximize benefit for the least cost. Our on-staff licensed, professional engineers have decades of experience representing utility owners and reducing project size & scale so that our clients pay for only the services and facilities they need, not the ones a consultant says they need.

■ Section V

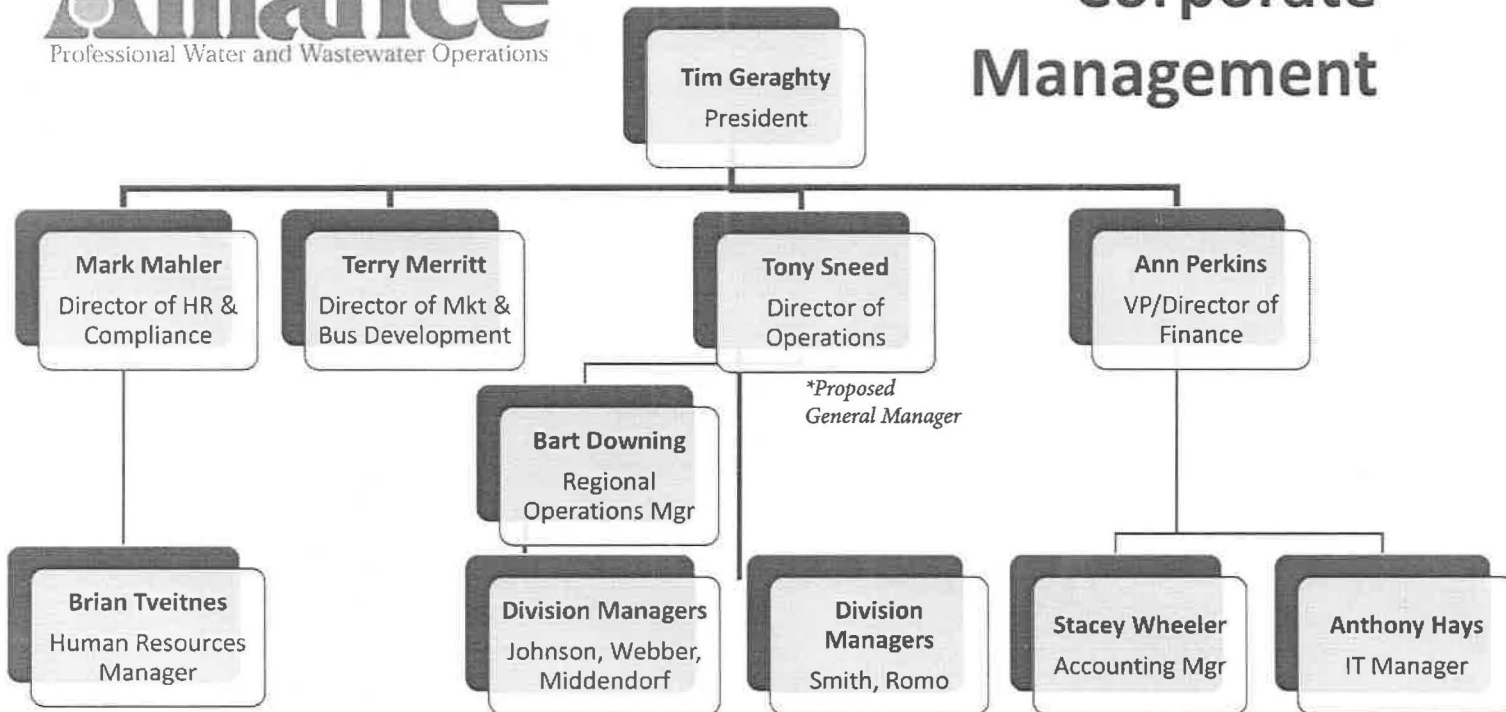
Innovation

Technological Innovations

Technological innovations, such as the implementation of GIS mapping, the introduction of business software and upgrades to SCADA software are all examples of current business innovations that Alliance has implemented in other locations which, with District approval, would be implemented for the District throughout the period of our contract.



Corporate Management



January 2019

PROFESSIONAL CREDENTIALS

TIM GERAGHTY, PE (Mo., Tenn.)

President

Profile

President Tim Geraghty is a seasoned operations and maintenance manager with 30 years of experience. His expertise encompasses the planning, design, construction, operations, maintenance and management of water and wastewater treatment, and distribution and collection, facilities.

Current Responsibilities

Mr. Geraghty is responsible for overall management and direction of the company. He oversees the development and implementation of the company's long range plans and provides leadership to the company's managers.

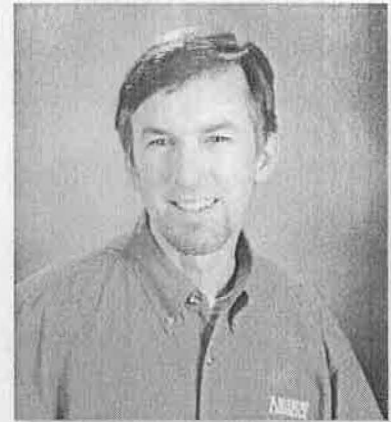
Prior Experience

Prior to his current responsibilities Mr. Geraghty oversaw Alliance Water Resources divisions in numerous Missouri cities and Water Supply Districts. He supervised client service, contract obligations and regulatory compliance for each Division.

In his first 9 years at Alliance he was the local manager for the St. Charles County, Mo., Division. He oversaw office and field staff of 55 full-time employees serving approximately 35,000 water customers and providing sewer service to over 10,000 accounts in the same service area.

Before joining Alliance, Mr. Geraghty was a project manager for an international environmental engineering consulting firm. His project responsibilities included the design of water pump stations, water treatment plant improvements, environmental site assessments and stormwater improvements.

Prior to that, while working at a large water company, Mr. Geraghty gained considerable experience in the design, construction and operation of water treatment plants, pump stations and distribution systems; in the maintenance of water distribution systems and pumping stations; and in management. His responsibilities at the water company included supervision of the operations and maintenance of a 40-MGD water treatment plant.



Areas of Special Expertise

- Utility Management
- District Systems
- Project Management
- Plant Evaluations
- Maintenance Management
- Planning

Education

- B.S. in Civil Engineering—University of Missouri-Columbia, Columbia, Mo.
- M.B.A.—University of Missouri-St. Louis, St. Louis, Mo.

Certifications/ Registrations/ Memberships

- Registered Professional Engineer, Mo.
- Registered Professional Engineer, Tenn.
- Class "A" Water Treatment Certification, Mo.
- Class "DS-III" Water Distribution Certification, Mo.
- Class "C" Wastewater Treatment Certification, MO.
- Class "C" Wastewater Collections Certification, Mo.
- American Water Works Association
- Water Environment Federation
- Missouri Water and Wastewater Conference
- Leadership Missouri, 2015

PROFESSIONAL CREDENTIALS

JAMES ANTHONY SNEED, P.E.

Director of Operations

Profile

James Anthony Sneed is a distinguished professional with advanced experience in the water and wastewater industry. His higher qualifications include the ability to direct complex projects, develop strategies, lead high performance teams, communicate to governmental and political regulatory resources and respond to the needs of water and sewer customers to further enhance key initiatives and operations

Current Responsibilities

As Director of Operations, Mr. Sneed is responsible for overseeing Alliance's field operating divisions, which include municipal and industrial clients, public water supply districts, and not-for-profit corporations. In this role he directs operations activities and addresses planning, environmental compliance, client service and satisfaction, and personnel administration issues. He also handles companywide bids for materials and services, and compliance with risk management planning requirements. He also serves as Division Manager for Alliance clients and coordinates startup for new Alliance contracts.

Prior Experiences

Prior to joining Alliance, Sneed advanced his expertise working with water and sewer authorities in Alabama and Tennessee. He has achieved significant industry recognition as a collection system expert while earning a major award for collections system excellence from the Alabama Water Environment Association. Mr. Sneed also served as the Chair of the Alabama Collection System Committee helping to guide and train collection system operators around the state. Sneed was selected and served as a charter member of the Gulf Coast Trenchless Technology Board. He directly developed and led high performance teams in the majority of his previous positions, which included water and wastewater project leadership, project management for an industry technology manufacturer and military service in both the United States Army Reserve and the Navy.

Sneed became Alliance Water Resources' local system manager in the St. Charles County, Mo., Division in December of 2012. His key role was to oversee the day-to-day operations and maintenance of six departments for the Public Water Supply District No. 2 of St. Charles County (PWSD No. 2) and East Central Missouri Water and Sewer Authority (ECMWSA): administrations, engineering, water treatment, water distribution, sewer collections processing and customer service.



Areas of Special Expertise

- Strategic Planning
- Process Improvement
- Program Development
- Team Building Negotiations
- Infrastructure Rehab
- NPDES Reporting
- Wastewater Operations

Education

- Juris Doctorate—Concord Law School, Los Angeles, Ca.
- Master of Science—Troy University, Troy, Al.
- B.S. in Science, Civil Engineering—University of Alabama, Huntsville, Al.

Certifications/Registrations/ Memberships

- Registered Professional Engineer, NCEES # 62937 (AL-MO-IA-KY-TN)
- Class "DS III" Water Distribution Certification, Mo
- Class "A" Wastewater Collections Certification, MWEA
- Class "A" Wastewater Treatment Certification, Mo
- Class "B" Water Treatment Certification, Mo Collection System
- Grade IV Wastewater Treatment, KY
- Grade IV Collection Systems, KY
- Committee Chairman (AWEA - 2008)
- Member, Water Environment Federation
- Member, American Water Works Association
- Chair Missouri Water & Wastewater (East Central Section)

PROFESSIONAL CREDENTIALS

TERRY MERRITT

Director of Marketing and Business Development

Profile

Terry Merritt is multi-faceted in his understanding of public works services and operations and holds the highest certifications in water and wastewater treatment, distribution and collection. He is a 25-year veteran in water and wastewater management and operations and has worked with communities in both Missouri and Tennessee. He utilizes his skills and experience to build relationships with representatives of water and wastewater utilities and municipal public works.

Current Responsibilities

Mr. Merritt focuses his efforts on helping communities understand the benefits and logistics of contract operations for water, wastewater and public works functions. He serves as the primary contact for perspective client-partners and directs the appropriate team of Alliance experts as they examine a potential partner's unique operational and budgetary needs.

As part of his efforts to perpetuate company growth within Missouri and into surrounding states, Mr. Merritt promotes adoption of and adherence to the company culture, which is built on strong core values and a commitment to their fundamental services.

Prior Experience

Mr. Merritt previously served as a Division Manager for Alliance, overseeing operations and management for multiple cities in East-Central Missouri. He is a recognized wastewater professional in the states of Missouri and Tennessee who has presented at professional conferences on topics such as maximizing efficiencies, reducing energy costs and using technology to analyze data for improvement and refinement of treatment techniques.

Mr. Merritt has implemented collection system maintenance programs for several systems with direct impact on I&I reduction. He has operated wastewater treatment plants of various size and complexity including SBR, MBR, conventional treatment, trickling filter and recirculating sand filter facilities as well as various sludge storage facilities including anaerobic and aerobic sludge digestion, and UV and chlorine disinfection.

In 2005, Mr. Merritt was the recipient of the Missouri Section of American Water Works Association's Operator's Meritorious Service Award, given for "outstanding achievement beyond normal operating responsibilities." He personally commits his time to organizations like the Missouri River Relief, as well as Rotary Club fundraisers within the communities Alliance Water Resources serves. He is a 2016 graduate of the Leadership Columbia program and commissioned to serve on two committees for the City of Columbia - Source Water Protection and Integrated Water Resources Planning.



Areas of Special Expertise

- Relationship Development
- Water & Wastewater Operations
- System Evaluations
- Public Works
- Plan Review
- Water-loss Prevention
- Collection Systems

Education

- Hannibal Area Vocational and Technical Institute—Hannibal, Mo.

Certifications/ Registrations/ Memberships

- Grade "IV" Wastewater and Water Treatment Certification, Tenn.
- Grade "II" Water Distribution and Sewer Collection Certification, Tenn.
- Class "A" Water Treatment Certification, Mo.
- Class "A" Wastewater Treatment Certification, Mo.
- Class "DS-III" Water Distribution Certification, Mo.
- Level "A" Collection Systems Operator Certification, MWEA
- Class "3" Wastewater Operator Certification, Ill.
- Class "IV" Water Certification, Ark.
- Class "IV" Wastewater Certification, Ark.
- Water Environment Association
- American Water Works Association
- Missouri Rural Water Association
- Missouri Water and Wastewater Conference
- Operator's Meritorious Service

Alliance is committed to serving the needs of Martin Co, therefore during the startup and for a period of time to be determined we have chosen our Director of Operations to serve as the onsite General manager until further evaluation and fact finding has taken place. Alliance is committed to placing a right full time General Manager, therefore Tony Sneed our highest ranking operation person will personally handle the interim while we select the best full time person possible.

Commonwealth of Kentucky
Alison Lundergan Grimes, Secretary of State

P101
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Alison Lundergan Grimes
Secretary of State
Received and Filed
4/2/2019 3:55:40 PM
Fee receipt: \$90.00

Alison Lundergan Grimes
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Authority
Foreign Business Entity

FBE

Pursuant to the provisions of KRS Chapter 14A and KRS Chapter 271B the undersigned hereby applies for authority to transact business in Kentucky on behalf of the entity named below and, for that purpose, submits the following statements:

1. The entity is a **profit** corporation.
2. The name of the entity is **Alliance Water Resources Inc.**
3. The name of the entity to be used in Kentucky is **Alliance Water Resources Inc.**
4. The state or country under whose law the entity is organized is **Missouri.**
5. The date of organization is **7/19/1976.**
6. The mailing address of the entity's principal office is **206 S Keene St, Columbia, MO 65201.**
7. The street address of the entity's registered office in Kentucky is **306 W Main St Ste 512, Frankfort, KY 40601** and the name of the registered agent in that office is **C T Corporation System.**
8. The names and business addresses of the entity's representatives:

Ann J Perkins	206 S Keene St, Columbia, MO 65201
Ann J Perkins	206 S Keene St, Columbia, MO 65201
Tim J Geraghty	206 S Keene St, Columbia, MO 65201
Ann J Perkins	206 S Keene St, Columbia, MO 65201
9. I certify that, as of the date of filing of this application, the above-named entity validly exists under the laws of the jurisdiction of its formation.
10. This application will be effective on filing.

Signature of Authorized Representative:
Ann J Perkins

I, **C T Corporation System**, consent to serve as the Registered Agent on behalf of the business entity.

Signature of Registered Agent or individual signing on behalf of the company serving as Registered Agent:

Please see our Dun & Bradstreet financial summary provided on the next page. Because of their confidential nature, we have not provided our audited financial statements here but will allow for their review during contract negotiations

Alliance Water Resources, Inc.

D&B# 09-299-2916

		Fiscal Year Ended 12-31-2018	Fiscal Year Ended 12-31-2017	Fiscal Year Ended 12-31-2016
ASSETS				
Total Current Assets	Note 1	4,186,859	3,642,559	3,394,808
Property and Equipment, Net		705,230	1,031,473	1,018,479
Noncurrent Assets		304,284	296,950	285,243
Total Assets		5,196,373	4,970,982	4,698,530
LIABILITIES & EQUITY				
Total Current Liabilities	Note 2	1,584,300	1,901,851	1,958,052
L-Term Debt, Net of Current Portion	Note 3	319,496	516,948	490,308
Equity		3,292,577	2,552,183	2,250,170
Total Liabilities & Equity		5,196,373	4,970,982	4,698,530
Income from Operations (Sales)		25,441,828	27,447,474	26,452,453

Note 1: Current Assets consist primarily of cash and accounts receivable.

Note 2: Current Liabilities consist primarily of accounts payable, accruals, deferred revenue and long-term debt due in < 1 year.

Note 3: Long Term Debt is for vehicle loans.

Note 4: This summary financial information was prepared from Audited Financial Statements.
The audit was performed by Williams Keepers LLC and their Independent Auditors' report has been submitted along with this summary of financial information.

Submitted by: Ann Perkins aperkins@alliancewater.com	Title: VP, Director of Finance	May 3, 2019
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J.W.TERRILL

a Marsh & McLennan Agency LLC company

Insurance, Benefits & Risk Management

Suite 200
825 Maryville Centre Drive
Chesterfield, MO 63017

314-594-2700

www.jwterrill.com

May 2, 2019

Martin County Utility Board
387 E. Main Street, Ste. 140
Inez, KY 41224

RE: Alliance Water Resources, Columbia, MO
Insurance Prequalification

To Whom It May Concern:

I am pleased to inform you that J. W. Terrill provides insurance support and services to Alliance Water Resources, 206 South Keene Street, Columbia, MO 65201.

Philadelphia Insurance, One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004 is the carrier for the General Liability, Auto Liability and Umbrella. Philadelphia is currently an A++XV rated carrier by A.M. Best Company. Alliance Water Resources insurance program meets the limits as outlined in the RFP.

We recommend Alliance Water Resources for your favorable consideration. In the event that our client is awarded the contract, we would be happy to provide a certificate of insurance for coverages indicated in the request.

Should you have any questions or concerns, please feel free to contact me directly.

Sincerely,



Jennifer Way, CISR, CRIS, MLIS
Vice President

**PROFESSIONAL OPERATING SERVICES
AND MANAGEMENT AGREEMENT**

THIS AGREEMENT made and entered into as of this ____ day of _____ 20____ by and between Martin County Water District and Martin County Sanitation District (hereinafter referred to as "Utility") and ALLIANCE WATER RESOURCES, INC., a Missouri corporation (hereinafter referred to as "Alliance").

WITNESSETH:

WHEREAS, Alliance is engaged in the business of providing management, operation and maintenance services for public water supply, treatment plant and distribution systems and wastewater collection and treatment systems; and

WHEREAS, Utility owns a public utility system and is engaged in providing water and sewer service in certain areas in Martin County, Kentucky and certain adjacent counties; and

WHEREAS, Utility is desirous of retaining Alliance to perform management, operation and maintenance services in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, for and in consideration of the mutual promises herein contained and for other good and valuable consideration, the receipt of which hereby is acknowledged, Utility and Alliance hereby agree as follows:

1. INTRODUCTION

- 1.1 The foregoing recitals are adopted as part of this Agreement.
- 1.2 This Agreement shall supersede and nullify, as of the effective date hereof, any and all prior agreements, amendments to agreements offers, service fees, quotations, and estimates between the parties with respect to the management, operation and maintenance of Utility's System (as that term is defined herein).
- 1.3 This Agreement, including any and all Appendices, Addenda, and Amendments hereto, constitute the entire Agreement between Utility and Alliance with respect to the management, operation and maintenance of Utility's System.

2. DEFINITIONS

- 2.1 "Benefit Plans" shall mean employee benefit programs such as health insurance, group life insurance, and paid vacation periods normally included as part of Alliance's employees' overall compensation package.
- 2.2 "Duly Authorized Representative" shall mean such person, designated by either party by written notice to the other, as specific representative of the designating party in connection with performance of this Agreement.
- 2.3 "Certified Operators" shall mean water and/or wastewater systems operation personnel who have met the applicable licensing requirements of the Commonwealth of Kentucky.
- 2.4 "Capital Expenditures" shall mean any expenditure for new plant or equipment items, the installation of which materially extends service life, or for replacements, or which are considered capital expenditures in accordance with generally accepted accounting principles, or which are non-routine types of expenditures on an annual basis, or expenditures which the Utility has planned or budgeted as capital expenditures.
- 2.5 "Operating Expenses" shall mean costs of every kind and nature that Alliance shall determine necessary to pay or to become obligated to pay because of, or in connection with, the management, operation and maintenance of the Utility System.
- 2.6 "Maintenance Expenditures" shall mean those Operating Expenditures incurred by Alliance to perform routine or repetitive activities required or recommended by the equipment or plant item manufacturer, or Alliance, to maximize the service life of the equipment or plant item.
- 2.7 "Equipment, Vehicle or Facility Repair Expenditures" shall mean those Operating Expenditures for labor, materials and subcontractors incurred by Alliance to perform those non-routine or non-repetitive activities required for operational continuity, safety and performance and which generally arise upon failure of equipment, a vehicle, or the facility, or some component thereof.

- 2.8 "Base Fee" shall mean direct cost plus administrative overhead expense where direct cost shall include labor, materials, supplies, equipment, subcontractor expense or operating expense of any kind necessary to operate and maintain the Utility System in accordance with the Scope of Services as defined in this Agreement.
- 2.9 "Repair Limit" is defined as the total dollar amount that Alliance will be responsible for in a twelve-month period relating to Maintenance Expenditures and Equipment, Vehicle or Facility Repair Expenditures. Utility is responsible for all such expenditures that exceed the Repair Limit. If repair costs are less than the annual Repair Limit, Alliance will refund to the Utility the difference.
- 2.10 "Chemical Limit" is defined as the total dollar amount that Alliance will be responsible for in a twelve-month period relating to Chemical Expenditures. Utility is responsible for all such expenditures that exceed the Chemical Limit. If repair costs are less than the annual Chemical Limit, Alliance will refund to the Utility the difference.
- 2.11 "Utility System" shall mean the facilities owned by Utility including additions, replacements and improvements to such systems as described in Section 3 Utility System of this Agreement and subject to Section 6.3.
- 2.12 "Customer" is defined as any person, persons, firm, corporation or partnership using or allowing the use of water and/or sewer service(s) provided by Utility.
- 2.13 "Utility Services" means the provision by Utility of water and/or sewer services to its customers.

3. UTILITY SYSTEM

- 3.1 The Utility System to be managed, operated and maintained by Alliance shall consist of the water treatment, water distribution, wastewater treatment, and sewer collection facilities owned by the Utility. It shall include additions, replacements and improvements to such systems subject to Section 6.3. The Utility System shall include the Utility-owned portions of water service lines as well as

customers' sewer laterals and septic tanks, subject to Utility providing property access per Section 3.2.

3.2 The Utility System shall include all physical property, whether real, personal or mixed, comprising such systems, as well as the land thereunder owned or leased by Utility or other city or municipal owned water or wastewater system contracting with Utility for services and easements and rights of way.

3.3 The Utility System also includes the Utility-owned fleet.

4. OWNERSHIP

4.1 Utility System shall remain the property of Utility.

4.2 All additions, replacements and improvements to Utility System, and extensions thereof, shall be and remain the property of Utility as installed.

5. SCOPE OF SERVICES

5.1 Subject to the terms and conditions of this Agreement, Alliance shall provide all management, operation and maintenance services and shall bear the cost of such operating services as necessary to enable Utility to provide adequate Utility Services to its customers, to bill and collect its charges for such service, to provide for general bookkeeping, record maintenance and reporting, to operate the Utility System, and to conduct the general business of Utility.

5.2 Within the design capacity and capability of the Utility System, Alliance shall operate and maintain the Utility System to meet the requirements of the Kentucky Department for Environmental Protection, Division of Water, and any other governmental entity or agency having regulatory control over the Utility System.

5.3 All services hereunder shall be in accordance with sound management, accounting and engineering principles and the law.

5.4 Alliance shall not be responsible for payment of extraordinary utility system and equipment maintenance, repair or replacement expenses. Extraordinary expenses shall be defined as costs in

excess of the maximum annual Repair Limit and Chemical Limit as specified herein. In addition, any unbudgeted individual repair costs in excess of \$2,500 shall be considered extraordinary.

In the event that any extraordinary expenses should occur, Utility shall be promptly notified and shall be provided with an accounting of such expenses. Payment for any extraordinary expenses shall be the responsibility of Utility.

- 5.5 Alliance shall maintain documentation of routine maintenance as to how such maintenance was performed in accordance with Alliance's professional judgment. A duly authorized representative of Utility shall have the right to inspect these records during regular business hours. Maintenance shall not include repair resulting from flood, fire or other extraordinary occurrences customarily not encountered in the operation and maintenance of the Utility System.
- 5.6 Except as stated in Section 5.7, Capital Expenditures are not included in the scope of Alliance's services under this Agreement. All Capital Expenditures shall be the responsibility of Utility, and if to be performed by Alliance, shall be the subject of a separate agreement and paid for by Utility.
- 5.7 Notwithstanding Section 5.6, Alliance shall make emergency Capital Expenditures if such expenditures are necessary to continue operation of the Utility System so as to provide adequate service, and prior approval of Utility reasonably cannot be obtained. Utility shall reimburse Alliance for such emergency Capital Expenditures in accordance with Section 7.
- 5.8 Alliance shall not be responsible for payment of any directors' compensation.
- 5.9 The following expenditures are specifically excluded from Alliance's scope of work and payment obligations:
 - a. Capital Expenditures, except those described in Section 5.7

- b. Changes in scope of work which would have the effect of increasing Alliance's payment obligations, except as otherwise mutually agreed upon by Alliance and Utility.
 - c. Flood and fire damages.
 - d. Property damage, liability and directors' liability insurance.
 - e. Utility expenses including electric, gas, telephone, water and sewer, SCADA, circuit communications and alarm expenses. (Cell phone and internet expenses excluding those related to SCADA are included in Alliance's Base Fee.)
 - f. Hauling and disposal of biosolids.
 - g. Professional services including but not limited to legal, accounting and design engineering services.
 - h. Extraordinary maintenance and repair services necessary to restore newly acquired facilities to reasonable operating condition.
 - i. Personal property or other taxes.
 - j. Extraordinary expense as specified in Section 5.4 or as otherwise provided for in the annual utility budget.
 - k. Wholesale wastewater treatment charges or water purchase expenses.
 - l. All office and field services building expense including but not limited to rent and utilities.
- 5.10 Alliance shall provide all customer meter reading, billing, bookkeeping and collection services required by Utility in the ordinary course of the Utility's business.
- 5.11 Alliance will staff Utility System with sufficient numbers of water and wastewater Certified Operators to meet regulatory requirements.

- 5.12 Alliance has the right to use subcontractors and consultants to satisfy its obligations under this Agreement.
- 5.13 Utility at any time may request Alliance to perform additional services which are outside the Scope of Services under this Agreement. Alliance shall invoice such services to Utility at actual cost plus 10%. Utility shall pay such invoices in accordance with Section 7.
- 5.14 Alliance shall prepare and provide financial and record keeping reports for an annual Utility audit, meet and discuss such reports with the Auditors for the purposes of streamlining and cooperating with the Auditor's work.
- 5.15 Alliance shall prepare and provide reports to the Utility's Financial Advisor, Public Service Commission and/or Bond Counsel as needed by the Utility for proposed debt issuance, regulatory compliance and/or grant applications, including customer information and other reports as required.
- 5.16 Alliance shall develop, prepare and distribute Consumer Confidence Reports to customers in accordance with regulations.
- 5.17 Alliance shall work cooperatively with and provide Utility records and information to Utility's Legal Counsel.
- 5.18 Alliance shall assist the work of any of the Utility's real estate and easement acquisition agents, work cooperatively with the Utility's engineers and Legal Counsel for the purposes of obtaining water and sewer easements, property acquisitions and other real estate needs as determined necessary by Utility.
- 5.19 Alliance shall develop and prepare annual budgetary proposals and recommendations for Utility's consideration.
- 5.20 Alliance shall prepare or assist in the preparation of governmental, official and customer correspondence including monthly, quarterly or annual reports, press releases, and educational materials as deemed necessary or appropriate to help perform Utility's public purpose.

6. COMPENSATION

6.1 Utility shall pay Alliance a Base Fee of \$ _____ (\$ _____ per month for up to 12 months) for services rendered as described in the Agreement during the first year of water and wastewater service. This monthly base fee is a fixed monthly base fee during the first year of service and includes a \$ _____ 12-month Repair Limit and an \$ _____ 12-month Chemical Limit as described in this agreement.

Utility shall pay Alliance a Base Fee of \$ _____ (\$ _____ per month) for services rendered as described in the Agreement for the second year of water and wastewater service which begins July 1, 2020. This monthly base fee is a fixed monthly base fee for the first year of service and includes a \$ _____ Repair Limit and an \$ _____ Chemical Limit as described in this agreement.

Utility shall pay Alliance a Base Fee of \$ _____ (\$ _____ per month) for services rendered as described in the Agreement for the third year of water and wastewater service which begins July 1, 2021. This monthly base fee is a fixed monthly base fee for the first year of service and includes a \$ _____ Repair Limit and an \$ _____ Chemical Limit as described in this agreement.

6.2 The Base Fee, Repair Limit, and Chemical Limit shall be subject to renegotiation at the end of the third year of service and annually thereafter and thus may be revised with the written consent of both parties. In the event that the parties fail to agree, the Base Fee, Repair Limit, and Chemical Limit shall be adjusted in proportion to the change in the Consumer Price Index for all urban consumers (U.S. City Average) in the most recent twelve (12) month period prior to the time of renegotiation as published by the U.S. Department of Labor. Such increase shall not be less than 3% and not more than 8% unless otherwise agreed upon.

6.3 The Base Fee, Repair Limit, and Chemical Limit shall be subject to renegotiation due to any substantial change in the costs of Utility System operation and maintenance, including but not limited to changes in flow, customer accounts, monitoring or reporting requirements, personnel or staffing requirements, or increased costs due to Force Majeure occurrences.

- 6.4 In the event that a change in the Scope of Service provided by Alliance occurs, and is mutually agreed upon with Utility, Alliance and Utility will negotiate a commensurate adjustment in compensation. All compensation adjustments resulting from changes in the Scope of Services provided by Alliance shall be retroactive to the date the new or increased level of service is first provided.

7. PAYMENT OF COMPENSATION

- 7.1 The compensation described in Section 5 shall be payable monthly and shall be due and payable on the first of the month for which services were rendered.
- 7.2 All other compensation due Alliance from Utility shall be due upon receipt of Alliance's invoice and payable within thirty (30) days.
- 7.3 Utility shall pay interest at the rate of nine percent (9%) per annum on compensation not paid when due, or payments of invoices not paid within thirty (30) calendar days. Interest shall commence on the due date.
- 7.4 Letter of Credit: In addition to the other obligations set forth in this Agreement, within thirty (30) days of the execution of the Agreement, Utility shall deliver to Alliance an irrevocable stand-by letter of credit ("Letter of Credit") in the amount of Five Hundred Thousand Dollars and no cents (\$500,000.00), issued by a bank or other financial institution acceptable to Alliance. The letter of credit shall either: (A) be issued with a fixed expiration term of August 31, 2024; or (B) shall provide for automatic annual renewals through that date which is sixty (60) days after the expiration date of this Agreement. In the event of a renewal of this Agreement, the Letter of Credit shall also be renewed and issued according to the same terms as it was issued during the initial Term period. In the event the Letter of Credit is issued with an annual renewal obligation and the Letter of Credit is not renewed by the financial institution on or before twenty (20) days prior to the then-scheduled expiration date of the Letter of Credit, Alliance then shall have the right to draw the full amount of such Letter of Credit and to hold such amount as security for any amounts owed to Alliance, as determined in its sole discretion, including amounts for any damages or Compensation owed, whether or not

then due. Upon any default by Utility, including specifically Utility's failure to pay Compensation owed to Alliance or abide by any obligations under this Agreement, and upon Utility's failure to cure the same within any applicable cure period, Alliance shall be entitled to draw upon said Letter of Credit by the issuance of Alliance's sole written demand to the issuing financial institution. Such draw shall be in an amount necessary to cure the default in question and to compensate Alliance for any Compensation owed to it and/or damages incurred as a result of the default, as determined by Alliance and in Alliance's sole discretion, and if such amount cannot readily be determined by Alliance, then the full amount of the Letter of Credit can be drawn by Alliance pending determination of said amount. Notwithstanding the foregoing, while the amount of any such draw shall be determined in Alliance's sole and absolute discretion as provided in the foregoing, if the amount of any such draw(s) shall ultimately exceed the amount of Compensation owed to Alliance and/or the amount of damages actually incurred by Alliance as a result of Utility's default, then Alliance shall refund any such excess to Utility within a reasonable time after the amount of such excess can be determined. Any such draw shall be without waiver of any rights Alliance may have under this Agreement or at law or in equity.

8. INDEMNITY, LIABILITY AND INSURANCE

8.1 Subject to the insurance coverages required by each of the parties in Exhibit A, Alliance shall indemnify, save harmless and defend Utility from any and all claims, liabilities, penalties, fines, forfeitures, suits and costs and expenses incident thereto, including reasonable attorneys' fees, which Utility may incur, pay in settlement, or become responsible for as result of death or bodily injury to any person, damage to any property, adverse effects on the environment, or violation of any law arising out of or relating to Alliance's material breach of any term of this Agreement, or any negligent or willful act or omission of Alliance, its employees, or subcontractors in the performance of this Agreement.

Utility shall indemnify, save harmless and defend Alliance from any and all claims, liabilities, penalties, fines, forfeitures, suits and costs and expenses incident thereto, including reasonable attorney's fees, which Alliance may incur, pay in settlement, or becoming responsible

for as a result of death or bodily injury to any person, damage to any property, adverse effects on the environment, or violation of any law arising out of or relating to Utility's material breach of any term of this Agreement, or any negligent or willful act or omission of Utility, its employees, or subcontractors in the performance of this Agreement.

Utility and Alliance shall each provide the other with prompt and timely written notice of any event or proceeding of which either acquires knowledge and for which indemnification may be sought so that each shall have any opportunity which exists to take such actions as may be desirable to contain or minimize the consequences of any such event or proceeding and to defend or settle at such party's expense any such proceeding.

- 8.2 Alliance shall be liable for fines or civil penalties imposed by regulatory agencies for violation of the Utility's NPDES (KPDES) permits or rules or regulations of the Kentucky Department for Environmental Protection, Division of Water, or the United States Environmental Protection Agency which occur during the term of this Agreement and which were caused by Alliance negligence or willful conduct. Alliance shall be given full authority to contest such violations and Utility shall assist Alliance in such proceedings. Except to the extent caused by Alliance's negligence, willful conduct, or breach of its obligations under this Agreement, Alliance shall not be responsible for fines or penalties or any other liability if influent characteristics exceed Facility design parameters, influent contains biologically toxic substances, source water contains non-treatable substances or the Facility is inoperable due to circumstances beyond Alliance's control (See Exhibit B).
- 8.3 Alliance's liability under this Agreement specifically excludes any and all indirect or consequential damages arising from the operation, maintenance, and management of the Facility. Alliance shall not be responsible for damages caused by any defects or flaws inherent in the Utility System as it exists prior to Alliance beginning operations. Additionally, Alliance shall not be responsible for such damages in the event that Alliance has notified Utility of any defects and Utility fails to authorize appropriate corrective action. Alliance and the Utility agree that throughout the life of this Agreement any and all damage claims related to the Utility System shall continue to be processed and resolved in accord with current Utility practice.

- 8.4 Each party shall obtain and maintain insurance coverage of a type and in amounts described in Exhibit A. Each party, to the extent permitted by law, shall name the other party as an additional insured on all insurance policies covering the Facility and shall provide the other party with satisfactory proof of insurance upon written request.

9. TERM AND TERMINATION

- 9.1 This Agreement shall become effective on the first (1st) day of September 2019, and shall remain in effect through the thirty-first (31st) day of August, 2024, subject to annual appropriation of funds by Utility. If Utility appropriates funds for operation and/or maintenance of the Utility System this Agreement shall remain in force and effect.
- 9.2 This Agreement shall be automatically renewed for successive terms of five (5) years each unless notice of cancellation is given by either party no less than ninety (90) days prior to date of expiration
- 9.3 This Agreement may be terminated by either party for breach of contract terms by the other. Such right of termination shall be in addition to any other claims or remedies either party may have against the other at law or in equity.
- 9.4 Such termination shall be effected as follows: The party declaring a breach shall give the other written notice of the breach and sixty (60) days from the date of notice to cure. In the event the other party fails to cure within that period, the party serving notice may elect to terminate and shall give written notice of its election to terminate effective not more than ninety (90) days after the date of the notice of election to terminate.
- 9.5 If a breach is claimed by Alliance over a disputed invoice or payment, Alliance will, at Alliance's sole option, continue to perform under the Agreement subject to resolution of the dispute by a court or agency of competent jurisdiction, provided either party initiates such action within the sixty (60) day cure period.
- 9.6 Alliance Termination for Convenience: Notwithstanding, and in addition to the foregoing, Alliance may terminate this Agreement for

any reason or for no reason, whether or not extended beyond the initial term, by giving Utility written notice sixty (60) days in advance.

10. LABOR DISPUTES

- 10.1 In the event labor stoppages by employee groups or unions (i.e., picketing) cause a disruption in Alliance's employees entering and working on the Utility System, Alliance, at its own option, may seek appropriate injunctive court orders or temporary, additional, qualified personnel. During the labor dispute, Alliance shall operate the Utility System on a best efforts basis until labor relations are normalized.
- 10.2 The Utility is responsible for following local and state prevailing wage laws. If Utility determines that any work to be performed by Alliance is subject to any prevailing wage law, Utility shall provide Alliance with the applicable wage order. Alliance shall comply with the prevailing wage law, and have the right to invoice the Utility additional costs associated with the need for paying the prevailing wage. If the Utility fails to provide a wage order, or otherwise fails to require that a project be performed under the prevailing wage law, and there is a subsequent finding that the project, in whole or in part, should have been performed under the prevailing wage law, the Utility will indemnify and hold harmless Alliance for all damages assessed against Alliance for the alleged failure to follow such prevailing wage provisions.

11. EXTRAORDINARY CIRCUMSTANCES

- 11.1 Neither party shall be liable for its failure to perform its obligations under this Agreement if performance is made extraordinarily difficult, or costly, due to any unforeseeable occurrences beyond its reasonable control, including, but not limited to, fire, abnormal flooding, riot, war, sabotage, governmental laws, ordinances, rules or regulations, except that Alliance will be responsible for failure to perform as a result of governmental action based on Alliance's failure to comply with rules, regulations and laws pertaining to the Utility System; inability to obtain electricity or other type of power, cessation of transportation, and other similar contingencies.
- 11.2 The party claiming inability to perform hereunder shall notify the other party immediately by verbal communication and in writing by certified

mail, return receipt requested, of the nature and extent of the contingency within fourteen (14) days after its occurrence.

- 11.3 A declaration of inability to perform under this contract by either party does not relieve the parties from obligations not affected by the conditions claiming inability under this provision of the Agreement.

12. FUTURE CONSTRUCTION

- 12.1 Alliance, along with Utility and Utility's designated Consulting Engineering firm, will work together to maintain accessibility and minimize disruption and outages to the existing Utility System when future improvements are under construction.
- 12.2 Alliance will work with Utility and Utility's consulting engineer(s) and contractor(s) to coordinate activities. In the event a critical piece of equipment or plant must be taken out of service, a plan shall be developed and approved by all parties ten (10) working days prior to the scheduled outage, and addressing the impact on plant operations, length of outage, and methods of removing and reactivating the equipment to full service. Utility shall pay all extra costs associated with said equipment outage. Alliance shall not be responsible for regulatory violations due to such interruptions.
- 12.3 In the event Utility's contractor or subcontractor causes damage to the Utility System, Alliance shall immediately notify Utility's duly authorized representative and shall take all actions necessary to minimize further damage.
- 12.4 Utility, or Alliance on behalf of Utility, shall direct the contractor to complete all repairs within a reasonable time. In the event that contractor does not make the repairs in a timely and reasonable manner, Alliance shall notify contractor and Utility of such failure to repair, and if work is not initiated immediately to effectuate such repair, within forty-eight (48) hours of such notice, Alliance shall, with Utility's consent, make or contract for said repairs, and recover costs of the repairs from Utility.

13. AMENDMENTS

13.1 This Agreement may be modified only by written amendment signed by both parties.

14. WAIVER

14.1 A waiver on the part of either party of any term, provision, or condition of this Agreement shall not constitute precedent, nor bind either party to a waiver of any succeeding breach of the same or any other term, provision, or condition of this Agreement.

15. APPLICABLE LAW, DISPUTE RESOLUTION, VENUE

15.1 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Missouri.

15.2 In signing this Agreement, the Parties agree that any dispute or claims arising out of or related to the Agreement shall be subject to mediation as a condition precedent to the initiation of legal proceedings as set forth in Section 15.3 of this Agreement.

15.2.1 The parties shall endeavor to resolve any dispute or claims arising out this Agreement by mediation which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its procedures and policies. A request for mediation shall be made in writing, delivered to the other party to the Agreement, and filed with the person or entity administering the mediation. Unless otherwise agreed to by the parties, such mediation shall be held in either Boone County, Missouri or St. Louis County, Missouri. Unless otherwise agreed to by the parties, Mediation shall be completed within sixty (60) days after written demand for mediation is served upon the other party. If mediation has not been completed in this time frame, either party may proceed as set forth in paragraph 15.3, without further delay and the parties shall have no further obligation to mediate their dispute or claims.

15.2.2 The parties agree to share the mediator's fee equally. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

15.3 Upon completion or exhaustion of the mediation procedures set forth above, any dispute or claim arising out of this Agreement shall be filed as a lawsuit in the Circuit Court of St. Louis County, Missouri. In the event of such litigation, both parties agree that St. Louis County, Missouri is the proper venue of said litigation and further agree to subject themselves to the jurisdiction of the Circuit Court of St. Louis County, Missouri.

16. ASSIGNMENT

16.1 This Agreement shall be binding upon and endure to the benefit of the respective successors and assigns of each of the parties hereof.

17. HEADINGS

17.1 Section headings used in this Agreement are inserted for convenience of reference only and shall not affect the content of its various provisions.

18. SEVERABILITY

18.1 If any provision of this Agreement shall be prohibited or held invalid, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or any provisions of this Agreement.

19. NOTICE

19.1 All notices shall be in writing and delivered in person or transmitted by certified mail, return receipt requested, postage prepaid, as follows:

On Utility: Chair
Martin County Utility Board

Inez, KY 41224

On Alliance: Alliance Water Resources, Inc.
206 South Keene Street
Columbia, MO 65201

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized and their respective corporate seals to be herewith affixed and attested by their respective officers having custody thereof the day and year first above written.

UTILITY:

BY: _____

TITLE: _____

(SEAL)

ATTEST:

Clerk

ALLIANCE WATER RESOURCES, INC.

BY: _____

TITLE: _____

(SEAL)

ATTEST:

Secretary

EXHIBIT A

Alliance shall maintain:

1. Statutory Worker's Compensation Insurance for all Alliance employees at the Utility as required by law.
2. Comprehensive or commercial general liability insurance for bodily injury and/or property damage as follows:

General Aggregate	\$3,000,000
Each Occurrence Limit	\$1,000,000
Umbrella Aggregate	\$4,000,000

Utility agrees:

1. To file sewer backup claims with their insurance carrier.
2. Alliance will assist the Utility to provide information and documentation to support or deny the settlement of claims by the Utility's insurance carrier.

Each Party:

1. Shall maintain adequate property insurance for its equipment and real and personal property, including but not limited to extended coverage.
2. Shall provide, with respect to its owned/leased vehicles, primary Commercial Automobile Liability Insurance for bodily injury and/or property damage with \$1,000,000 per occurrence. Utility's auto insurance shall be primary on its owned/leased vehicles, and Alliance's auto insurance shall be primary on its owned/leased vehicles, regardless of the vehicle's driver.

EXHIBIT B

FACILITY CHARACTERISTICS

WATER TREATMENT FACILITY

- A.1 Alliance shall not be responsible for fines or penalties or any other liability if there are limitations with the water treatment facility which limit adequate treatment, or the Utility System is inoperable due to circumstances beyond Alliance's control.
- A.2 In the event that water quality requirements are revised in the future, Alliance shall have the right to renegotiate the terms of Sections 6 and 7 in the Agreement by giving notice to the Utility of the revised water quality requirements.

WASTEWATER TREATMENT FACILITY

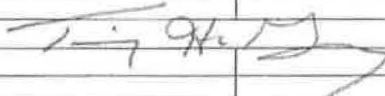
- A.3 Alliance shall not be responsible for fines or penalties or any other liability if there are limitations in the collection system design or plant design which limit adequate collection or treatment, or if the wastewater influent exceeds facility design parameters including maximum daily and instantaneous flow, does not contain adequate nutrients, contains biologically toxic substances, or the Facility is inoperable due to circumstances beyond Alliance's control.
- A.4 Alliance liability regarding payment of fines, penalties or any other related liability is restricted to effluent limitations established in existing KPDES Permit No. _____ dated _____ and KPDES Permit No. _____ dated _____. In the event that effluent limitations are revised in subsequent KPDES permits, Alliance shall have the right to renegotiate the terms of Sections 5 and 7 in the Agreement by giving notice to the Utility within forty-five (45) days after the effective date of the revised permit.

EXHIBIT #2

COST PROPOSAL
WATER

ATTACHMENT A1 (revised) - MARTIN COUNTY WATER DISTRICT

COST PROPOSAL

Contractor:	Alliance Water Resources, Inc.				
Date:	17-May-19				
Submitted By:	Tim Geraghty, President				
Signature Line:					
Category:	Contract Year ==>	Year 1	Year 2	Year 3	Total
Annual Services	based on 12 months				
1. Labor Costs		\$	\$	\$	\$
2. Labor Related Overhead		\$	\$	\$	\$
3. Purchased Water		not bid	not bid	not bid	not bid
4. Power (Treatment and Pumping only)		N/A	N/A	N/A	N/A
5. Chemicals (Treatment only)		\$	\$	\$	\$
6. Maintenance and Repair		\$	\$	\$	\$
7. Equipment		\$	\$	\$	\$
8. Materials and Supplies		\$	\$	\$	\$
9. Utilities, Rental, Leases		\$	\$	\$	\$
10. Professional Contract Services		Included	included	included	included
11. Miscellaneous Contract Services		\$	\$	\$	\$
12. Insurance and Bonds		\$	\$	\$	\$
13. Other (Contractor to specify)	postage	\$	\$	\$	\$
14. Other (Contractor to specify)	fuel & travel expense	\$	\$	\$	\$
15. Other (Contractor to specify)	misc, dues, advertising	\$	\$	\$	\$
14. Sub-Total Cost of Services		\$	\$	\$	\$
15. Overhead Percentage (insert %)	18.00%	\$	\$	\$	\$
16. Profit Percentage (insert %)	11.80%	\$	\$	\$	\$
17. Total Annual Cost of Service		\$	\$	\$	\$
Other Services:					
18. Management and Infrastructure Plan		included	N/A	N/A	included
19. Capital Improvement Plan		N/A	N/A	N/A	N/A
20. Water Rate Study		N/A	N/A	N/A	N/A
21. Total Other Services Cost		included	N/A	N/A	included

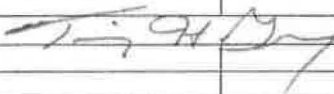
- NOTES:**
- Contractor should fill in each yellow cell. The green cells will automatically calculate the sum.
 - Year 1 (FY2020) begins September 1, 2019; Year 2 (FY 2021) begins July 1, 2020; Year 3 (FY 2022) begins July 1, 2021.
 - Year 2 (FY2021) and Year 3 (FY2022) entries must include any increase in annual costs from prior year.
 - Other Services Cost (Items 18,19,20) are a one time total cost to provide the services requested and includes overhead, markup and profit.
 - The Contract Year will begin on the operations start date identified in the Contract.
 - Addendum #1 removes the cost of power for water operations from the Scope of Work. MCWD will pay the power costs directly.
 - Addendum #1 removes the Capital Improvement Plan (line 19) and the Water Rate Study (line 20) from the scope of work.
 - Addendum #1 notifies Contractor that Year 4 and 5 costs will be adjusted using the CPI-U for Water and Wastewater Services.

EXHIBIT #3

COST PROPOSAL
SEWER

ATTACHMENT A2 (revised) - MARTIN COUNTY SANITATION DISTRICT

COST PROPOSAL

Contractor:	Alliance Water Resources, Inc.				
Date:	17-May-19				
Submitted By:	Tim Geraghty, President				
Signature Line:					
Category:	Contract Year ==>	Year 1	Year 2	Year 3	Total
Annual Services:	based on 12 months				
1. Labor Costs		\$	\$	\$	\$
2. Labor Related Overhead		\$	\$	\$	\$
3. Purchased Water		no bid	no bid	no bid	\$
4. Power (Treatment and Pumping only)		N/A	N/A	N/A	N/A
5. Chemicals (Treatment only)		\$	\$	\$	\$
6. Maintenance and Repair		\$	\$	\$	\$
7. Equipment		\$	\$	\$	\$
8. Materials and Supplies		\$	\$	\$	\$
9. Utilities, Rental, Leases		\$	\$	\$	\$
10. Professional Contract Services		\$	\$	\$	\$
11. Miscellaneous Contract Services		\$	\$	\$	\$
12. Insurance and Bonds		\$	\$	\$	\$
13. Other (Contractor to specify)	postage	\$	\$	\$	\$
14. Other (Contractor to specify)	fuel & travel expense	\$	\$	\$	\$
15. Other (Contractor to specify)	misc, dues, advertising	\$	\$	\$	\$
14. Sub-Total Cost of Services		\$	\$	\$	\$
15. Overhead Percentage (insert %)	18.00%	\$	\$	\$	\$
16. Profit Percentage (insert %)	11.80%	\$	\$	\$	\$
17. Total Annual Cost of Service		\$	\$	\$	\$
Other Services:					
18. Capital Improvement Plan		N/A	N/A	N/A	N/A
19. Water Rate Study		N/A	N/A	N/A	N/A
20. Total Other Services Cost		N/A	N/A	N/A	N/A

- NOTES:**
- Contractor should fill in each yellow cell. The green cells will automatically calculate the sum.
 - Year 1 (FY2020) begins September 1, 2019; Year 2 (FY 2021) begins July 1, 2020; Year 3 (FY 2022) begins July 1, 2021.
 - Year 2 (FY2021) and Year 3 (FY2022) entries must include any increase in annual costs from prior year.
 - Other Services Cost (Items 18,19) are a one time total cost to provide the services requested and includes overhead, markup and profit.
 - The Contract Year will begin on the operations start date identified in the Contract.
 - Addendum #1 removes the cost of power for wastewater operations from the Scope of Work. MCWD will pay the power costs directly.
 - Addendum #1 removes the Capital Improvement Plan (line 19) and the Wastewater Rate Study (line 20) from the scope of work.
 - Addendum #1 notifies Contractor that Year 4 and 5 costs will be adjusted using the CPI-U for Water and Wastewater Services.

EXHIBIT #4

DRAFT
CONTRACT

**PROFESSIONAL OPERATING SERVICES
AND MANAGEMENT AGREEMENT**

THIS AGREEMENT made and entered into as of this ____ day of _____ 20____ by and between Martin County Water District and Martin County Sanitation District (hereinafter referred to as "Utility") and ALLIANCE WATER RESOURCES, INC., a Missouri corporation (hereinafter referred to as "Alliance").

WITNESSETH:

WHEREAS, Alliance is engaged in the business of providing management, operation and maintenance services for public water supply, treatment plant and distribution systems and wastewater collection and treatment systems; and

WHEREAS, Utility owns a public utility system and is engaged in providing water and sewer service in certain areas in Martin County, Kentucky and certain adjacent counties; and

WHEREAS, Utility is desirous of retaining Alliance to perform management, operation and maintenance services in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, for and in consideration of the mutual promises herein contained and for other good and valuable consideration, the receipt of which hereby is acknowledged, Utility and Alliance hereby agree as follows:

1. INTRODUCTION

- 1.1 The foregoing recitals are adopted as part of this Agreement.
- 1.2 This Agreement shall supersede and nullify, as of the effective date hereof, any and all prior agreements, amendments to agreements offers, service fees, quotations, and estimates between the parties with respect to the management, operation and maintenance of Utility's System (as that term is defined herein).
- 1.3 This Agreement, including any and all Appendices, Addenda, and Amendments hereto, constitute the entire Agreement between Utility and Alliance with respect to the management, operation and maintenance of Utility's System.

2. DEFINITIONS

- 2.1 "Benefit Plans" shall mean employee benefit programs such as health insurance, group life insurance, and paid vacation periods normally included as part of Alliance's employees' overall compensation package.
- 2.2 "Duly Authorized Representative" shall mean such person, designated by either party by written notice to the other, as specific representative of the designating party in connection with performance of this Agreement.
- 2.3 "Certified Operators" shall mean water and/or wastewater systems operation personnel who have met the applicable licensing requirements of the Commonwealth of Kentucky.
- 2.4 "Capital Expenditures" shall mean any expenditure for new plant or equipment items, the installation of which materially extends service life, or for replacements, or which are considered capital expenditures in accordance with generally accepted accounting principles, or which are non-routine types of expenditures on an annual basis, or expenditures which the Utility has planned or budgeted as capital expenditures.
- 2.5 "Operating Expenses" shall mean costs of every kind and nature that Alliance shall determine necessary to pay or to become obligated to pay because of, or in connection with, the management, operation and maintenance of the Utility System.
- 2.6 "Maintenance Expenditures" shall mean those Operating Expenditures incurred by Alliance to perform routine or repetitive activities required or recommended by the equipment or plant item manufacturer, or Alliance, to maximize the service life of the equipment or plant item.
- 2.7 "Equipment, Vehicle or Facility Repair Expenditures" shall mean those Operating Expenditures for labor, materials and subcontractors incurred by Alliance to perform those non-routine or non-repetitive activities required for operational continuity, safety and performance and which generally arise upon failure of equipment, a vehicle, or the facility, or some component thereof.

- 2.8 "Base Fee" shall mean direct cost plus administrative overhead expense where direct cost shall include labor, materials, supplies, equipment, subcontractor expense or operating expense of any kind necessary to operate and maintain the Utility System in accordance with the Scope of Services as defined in this Agreement.
- 2.9 "Repair Limit" is defined as the total dollar amount that Alliance will be responsible for in a twelve-month period relating to Maintenance Expenditures and Equipment, Vehicle or Facility Repair Expenditures. Utility is responsible for all such expenditures that exceed the Repair Limit. If repair costs are less than the annual Repair Limit, Alliance will refund to the Utility the difference.
- 2.10 "Chemical Limit" is defined as the total dollar amount that Alliance will be responsible for in a twelve-month period relating to Chemical Expenditures. Utility is responsible for all such expenditures that exceed the Chemical Limit. If repair costs are less than the annual Chemical Limit, Alliance will refund to the Utility the difference.
- 2.11 "Utility System" shall mean the facilities owned by Utility including additions, replacements and improvements to such systems as described in Section 3 Utility System of this Agreement and subject to Section 6.3.
- 2.12 "Customer" is defined as any person, persons, firm, corporation or partnership using or allowing the use of water and/or sewer service(s) provided by Utility.
- 2.13 "Utility Services" means the provision by Utility of water and/or sewer services to its customers.

3. UTILITY SYSTEM

- 3.1 The Utility System to be managed, operated and maintained by Alliance shall consist of the water treatment, water distribution, wastewater treatment, and sewer collection facilities owned by the Utility. It shall include additions, replacements and improvements to such systems subject to Section 6.3. The Utility System shall include the Utility-owned portions of water service lines as well as

customers' sewer laterals and septic tanks, subject to Utility providing property access per Section 3.2.

3.2 The Utility System shall include all physical property, whether real, personal or mixed, comprising such systems, as well as the land thereunder owned or leased by Utility or other city or municipal owned water or wastewater system contracting with Utility for services and easements and rights of way.

3.3 The Utility System also includes the Utility-owned fleet.

4. OWNERSHIP

4.1 Utility System shall remain the property of Utility.

4.2 All additions, replacements and improvements to Utility System, and extensions thereof, shall be and remain the property of Utility as installed.

5. SCOPE OF SERVICES

5.1 Subject to the terms and conditions of this Agreement, Alliance shall provide all management, operation and maintenance services and shall bear the cost of such operating services as necessary to enable Utility to provide adequate Utility Services to its customers, to bill and collect its charges for such service, to provide for general bookkeeping, record maintenance and reporting, to operate the Utility System, and to conduct the general business of Utility.

5.2 Within the design capacity and capability of the Utility System, Alliance shall operate and maintain the Utility System to meet the requirements of the Kentucky Department for Environmental Protection, Division of Water, and any other governmental entity or agency having regulatory control over the Utility System.

5.3 All services hereunder shall be in accordance with sound management, accounting and engineering principles and the law.

5.4 Alliance shall not be responsible for payment of extraordinary utility system and equipment maintenance, repair or replacement expenses. Extraordinary expenses shall be defined as costs in

excess of the maximum annual Repair Limit and Chemical Limit as specified herein. In addition, any unbudgeted individual repair costs in excess of \$2,500 shall be considered extraordinary.

In the event that any extraordinary expenses should occur, Utility shall be promptly notified and shall be provided with an accounting of such expenses. Payment for any extraordinary expenses shall be the responsibility of Utility.

- 5.5 Alliance shall maintain documentation of routine maintenance as to how such maintenance was performed in accordance with Alliance's professional judgment. A duly authorized representative of Utility shall have the right to inspect these records during regular business hours. Maintenance shall not include repair resulting from flood, fire or other extraordinary occurrences customarily not encountered in the operation and maintenance of the Utility System.
- 5.6 Except as stated in Section 5.7, Capital Expenditures are not included in the scope of Alliance's services under this Agreement. All Capital Expenditures shall be the responsibility of Utility, and if to be performed by Alliance, shall be the subject of a separate agreement and paid for by Utility.
- 5.7 Notwithstanding Section 5.6, Alliance shall make emergency Capital Expenditures if such expenditures are necessary to continue operation of the Utility System so as to provide adequate service, and prior approval of Utility reasonably cannot be obtained. Utility shall reimburse Alliance for such emergency Capital Expenditures in accordance with Section 7.
- 5.8 Alliance shall not be responsible for payment of any directors' compensation.
- 5.9 The following expenditures are specifically excluded from Alliance's scope of work and payment obligations:
 - a. Capital Expenditures, except those described in Section 5.7

- b. Changes in scope of work which would have the effect of increasing Alliance's payment obligations, except as otherwise mutually agreed upon by Alliance and Utility.
 - c. Flood and fire damages.
 - d. Property damage, liability and directors' liability insurance.
 - e. Utility expenses including electric, gas, telephone, water and sewer, SCADA, circuit communications and alarm expenses. (Cell phone and internet expenses excluding those related to SCADA are included in Alliance's Base Fee.)
 - f. Hauling and disposal of biosolids.
 - g. Professional services including but not limited to legal, accounting and design engineering services.
 - h. Extraordinary maintenance and repair services necessary to restore newly acquired facilities to reasonable operating condition.
 - i. Personal property or other taxes.
 - j. Extraordinary expense as specified in Section 5.4 or as otherwise provided for in the annual utility budget.
 - k. Wholesale wastewater treatment charges or water purchase expenses.
 - l. All office and field services building expense including but not limited to rent and utilities.
- 5.10 Alliance shall provide all customer meter reading, billing, bookkeeping and collection services required by Utility in the ordinary course of the Utility's business.
- 5.11 Alliance will staff Utility System with sufficient numbers of water and wastewater Certified Operators to meet regulatory requirements.

- 5.12 Alliance has the right to use subcontractors and consultants to satisfy its obligations under this Agreement.
- 5.13 Utility at any time may request Alliance to perform additional services which are outside the Scope of Services under this Agreement. Alliance shall invoice such services to Utility at actual cost plus 10%. Utility shall pay such invoices in accordance with Section 7.
- 5.14 Alliance shall prepare and provide financial and record keeping reports for an annual Utility audit, meet and discuss such reports with the Auditors for the purposes of streamlining and cooperating with the Auditor's work.
- 5.15 Alliance shall prepare and provide reports to the Utility's Financial Advisor, Public Service Commission and/or Bond Counsel as needed by the Utility for proposed debt issuance, regulatory compliance and/or grant applications, including customer information and other reports as required.
- 5.16 Alliance shall develop, prepare and distribute Consumer Confidence Reports to customers in accordance with regulations.
- 5.17 Alliance shall work cooperatively with and provide Utility records and information to Utility's Legal Counsel.
- 5.18 Alliance shall assist the work of any of the Utility's real estate and easement acquisition agents, work cooperatively with the Utility's engineers and Legal Counsel for the purposes of obtaining water and sewer easements, property acquisitions and other real estate needs as determined necessary by Utility.
- 5.19 Alliance shall develop and prepare annual budgetary proposals and recommendations for Utility's consideration.
- 5.20 Alliance shall prepare or assist in the preparation of governmental, official and customer correspondence including monthly, quarterly or annual reports, press releases, and educational materials as deemed necessary or appropriate to help perform Utility's public purpose.

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A redacted copy of this page will be provided to replace the original.

jrr 5/22/2019

- 6.4 In the event that a change in the Scope of Service provided by Alliance occurs, and is mutually agreed upon with Utility, Alliance and Utility will negotiate a commensurate adjustment in compensation. All compensation adjustments resulting from changes in the Scope of Services provided by Alliance shall be retroactive to the date the new or increased level of service is first provided.

7. PAYMENT OF COMPENSATION

- 7.1 The compensation described in Section 5 shall be payable monthly and shall be due and payable on the first of the month for which services were rendered.
- 7.2 All other compensation due Alliance from Utility shall be due upon receipt of Alliance's invoice and payable within thirty (30) days.
- 7.3 Utility shall pay interest at the rate of nine percent (9%) per annum on compensation not paid when due, or payments of invoices not paid within thirty (30) calendar days. Interest shall commence on the due date.
- 7.4 Letter of Credit: In addition to the other obligations set forth in this Agreement, within thirty (30) days of the execution of the Agreement, Utility shall deliver to Alliance an irrevocable stand-by letter of credit ("Letter of Credit") in the amount of Five Hundred Thousand Dollars and no cents (\$500,000.00), issued by a bank or other financial institution acceptable to Alliance. The letter of credit shall either: (A) be issued with a fixed expiration term of August 31, 2024; or (B) shall provide for automatic annual renewals through that date which is sixty (60) days after the expiration date of this Agreement. In the event of a renewal of this Agreement, the Letter of Credit shall also be renewed and issued according to the same terms as it was issued during the initial Term period. In the event the Letter of Credit is issued with an annual renewal obligation and the Letter of Credit is not renewed by the financial institution on or before twenty (20) days prior to the then-scheduled expiration date of the Letter of Credit, Alliance then shall have the right to draw the full amount of such Letter of Credit and to hold such amount as security for any amounts owed to Alliance, as determined in its sole discretion, including amounts for any damages or Compensation owed, whether or not

then due. Upon any default by Utility, including specifically Utility's failure to pay Compensation owed to Alliance or abide by any obligations under this Agreement, and upon Utility's failure to cure the same within any applicable cure period, Alliance shall be entitled to draw upon said Letter of Credit by the issuance of Alliance's sole written demand to the issuing financial institution. Such draw shall be in an amount necessary to cure the default in question and to compensate Alliance for any Compensation owed to it and/or damages incurred as a result of the default, as determined by Alliance and in Alliance's sole discretion, and if such amount cannot readily be determined by Alliance, then the full amount of the Letter of Credit can be drawn by Alliance pending determination of said amount. Notwithstanding the foregoing, while the amount of any such draw shall be determined in Alliance's sole and absolute discretion as provided in the foregoing, if the amount of any such draw(s) shall ultimately exceed the amount of Compensation owed to Alliance and/or the amount of damages actually incurred by Alliance as a result of Utility's default, then Alliance shall refund any such excess to Utility within a reasonable time after the amount of such excess can be determined. Any such draw shall be without waiver of any rights Alliance may have under this Agreement or at law or in equity.

8. INDEMNITY, LIABILITY AND INSURANCE

8.1 Subject to the insurance coverages required by each of the parties in Exhibit A, Alliance shall indemnify, save harmless and defend Utility from any and all claims, liabilities, penalties, fines, forfeitures, suits and costs and expenses incident thereto, including reasonable attorneys' fees, which Utility may incur, pay in settlement, or become responsible for as result of death or bodily injury to any person, damage to any property, adverse effects on the environment, or violation of any law arising out of or relating to Alliance's material breach of any term of this Agreement, or any negligent or willful act or omission of Alliance, its employees, or subcontractors in the performance of this Agreement.

Utility shall indemnify, save harmless and defend Alliance from any and all claims, liabilities, penalties, fines, forfeitures, suits and costs and expenses incident thereto, including reasonable attorney's fees, which Alliance may incur, pay in settlement, or becoming responsible

for as a result of death or bodily injury to any person, damage to any property, adverse effects on the environment, or violation of any law arising out of or relating to Utility's material breach of any term of this Agreement, or any negligent or willful act or omission of Utility, its employees, or subcontractors in the performance of this Agreement.

Utility and Alliance shall each provide the other with prompt and timely written notice of any event or proceeding of which either acquires knowledge and for which indemnification may be sought so that each shall have any opportunity which exists to take such actions as may be desirable to contain or minimize the consequences of any such event or proceeding and to defend or settle at such party's expense any such proceeding.

- 8.2 Alliance shall be liable for fines or civil penalties imposed by regulatory agencies for violation of the Utility's NPDES (KPDES) permits or rules or regulations of the Kentucky Department for Environmental Protection, Division of Water, or the United States Environmental Protection Agency which occur during the term of this Agreement and which were caused by Alliance negligence or willful conduct. Alliance shall be given full authority to contest such violations and Utility shall assist Alliance in such proceedings. Except to the extent caused by Alliance's negligence, willful conduct, or breach of its obligations under this Agreement, Alliance shall not be responsible for fines or penalties or any other liability if influent characteristics exceed Facility design parameters, influent contains biologically toxic substances, source water contains non-treatable substances or the Facility is inoperable due to circumstances beyond Alliance's control (See Exhibit B).
- 8.3 Alliance's liability under this Agreement specifically excludes any and all indirect or consequential damages arising from the operation, maintenance, and management of the Facility. Alliance shall not be responsible for damages caused by any defects or flaws inherent in the Utility System as it exists prior to Alliance beginning operations. Additionally, Alliance shall not be responsible for such damages in the event that Alliance has notified Utility of any defects and Utility fails to authorize appropriate corrective action. Alliance and the Utility agree that throughout the life of this Agreement any and all damage claims related to the Utility System shall continue to be processed and resolved in accord with current Utility practice.

- 8.4 Each party shall obtain and maintain insurance coverage of a type and in amounts described in Exhibit A. Each party, to the extent permitted by law, shall name the other party as an additional insured on all insurance policies covering the Facility and shall provide the other party with satisfactory proof of insurance upon written request.

9. TERM AND TERMINATION

- 9.1 This Agreement shall become effective on the first (1st) day of September 2019, and shall remain in effect through the thirty-first (31st) day of August, 2024, subject to annual appropriation of funds by Utility. If Utility appropriates funds for operation and/or maintenance of the Utility System this Agreement shall remain in force and effect.
- 9.2 This Agreement shall be automatically renewed for successive terms of five (5) years each unless notice of cancellation is given by either party no less than ninety (90) days prior to date of expiration
- 9.3 This Agreement may be terminated by either party for breach of contract terms by the other. Such right of termination shall be in addition to any other claims or remedies either party may have against the other at law or in equity.
- 9.4 Such termination shall be effected as follows: The party declaring a breach shall give the other written notice of the breach and sixty (60) days from the date of notice to cure. In the event the other party fails to cure within that period, the party serving notice may elect to terminate and shall give written notice of its election to terminate effective not more than ninety (90) days after the date of the notice of election to terminate.
- 9.5 If a breach is claimed by Alliance over a disputed invoice or payment, Alliance will, at Alliance's sole option, continue to perform under the Agreement subject to resolution of the dispute by a court or agency of competent jurisdiction, provided either party initiates such action within the sixty (60) day cure period.
- 9.6 Alliance Termination for Convenience: Notwithstanding, and in addition to the foregoing, Alliance may terminate this Agreement for

any reason or for no reason, whether or not extended beyond the initial term, by giving Utility written notice sixty (60) days in advance.

10. LABOR DISPUTES

10.1 In the event labor stoppages by employee groups or unions (i.e., picketing) cause a disruption in Alliance's employees entering and working on the Utility System, Alliance, at its own option, may seek appropriate injunctive court orders or temporary, additional, qualified personnel. During the labor dispute, Alliance shall operate the Utility System on a best efforts basis until labor relations are normalized.

10.2 The Utility is responsible for following local and state prevailing wage laws. If Utility determines that any work to be performed by Alliance is subject to any prevailing wage law, Utility shall provide Alliance with the applicable wage order. Alliance shall comply with the prevailing wage law, and have the right to invoice the Utility additional costs associated with the need for paying the prevailing wage. If the Utility fails to provide a wage order, or otherwise fails to require that a project be performed under the prevailing wage law, and there is a subsequent finding that the project, in whole or in part, should have been performed under the prevailing wage law, the Utility will indemnify and hold harmless Alliance for all damages assessed against Alliance for the alleged failure to follow such prevailing wage provisions.

11. EXTRAORDINARY CIRCUMSTANCES

11.1 Neither party shall be liable for its failure to perform its obligations under this Agreement if performance is made extraordinarily difficult, or costly, due to any unforeseeable occurrences beyond its reasonable control, including, but not limited to, fire, abnormal flooding, riot, war, sabotage, governmental laws, ordinances, rules or regulations, except that Alliance will be responsible for failure to perform as a result of governmental action based on Alliance's failure to comply with rules, regulations and laws pertaining to the Utility System; inability to obtain electricity or other type of power, cessation of transportation, and other similar contingencies.

11.2 The party claiming inability to perform hereunder shall notify the other party immediately by verbal communication and in writing by certified

mail, return receipt requested, of the nature and extent of the contingency within fourteen (14) days after its occurrence.

- 11.3 A declaration of inability to perform under this contract by either party does not relieve the parties from obligations not affected by the conditions claiming inability under this provision of the Agreement.

12. FUTURE CONSTRUCTION

- 12.1 Alliance, along with Utility and Utility's designated Consulting Engineering firm, will work together to maintain accessibility and minimize disruption and outages to the existing Utility System when future improvements are under construction.
- 12.2 Alliance will work with Utility and Utility's consulting engineer(s) and contractor(s) to coordinate activities. In the event a critical piece of equipment or plant must be taken out of service, a plan shall be developed and approved by all parties ten (10) working days prior to the scheduled outage, and addressing the impact on plant operations, length of outage, and methods of removing and reactivating the equipment to full service. Utility shall pay all extra costs associated with said equipment outage. Alliance shall not be responsible for regulatory violations due to such interruptions.
- 12.3 In the event Utility's contractor or subcontractor causes damage to the Utility System, Alliance shall immediately notify Utility's duly authorized representative and shall take all actions necessary to minimize further damage.
- 12.4 Utility, or Alliance on behalf of Utility, shall direct the contractor to complete all repairs within a reasonable time. In the event that contractor does not make the repairs in a timely and reasonable manner, Alliance shall notify contractor and Utility of such failure to repair, and if work is not initiated immediately to effectuate such repair, within forty-eight (48) hours of such notice, Alliance shall, with Utility's consent, make or contract for said repairs, and recover costs of the repairs from Utility.

13. AMENDMENTS

13.1 This Agreement may be modified only by written amendment signed by both parties.

14. WAIVER

14.1 A waiver on the part of either party of any term, provision, or condition of this Agreement shall not constitute precedent, nor bind either party to a waiver of any succeeding breach of the same or any other term, provision, or condition of this Agreement.

15. APPLICABLE LAW, DISPUTE RESOLUTION, VENUE

15.1 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Missouri.

15.2 In signing this Agreement, the Parties agree that any dispute or claims arising out of or related to the Agreement shall be subject to mediation as a condition precedent to the initiation of legal proceedings as set forth in Section 15.3 of this Agreement.

15.2.1 The parties shall endeavor to resolve any dispute or claims arising out this Agreement by mediation which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its procedures and policies. A request for mediation shall be made in writing, delivered to the other party to the Agreement, and filed with the person or entity administering the mediation. Unless otherwise agreed to by the parties, such mediation shall be held in either Boone County, Missouri or St. Louis County, Missouri. Unless otherwise agreed to by the parties, Mediation shall be completed within sixty (60) days after written demand for mediation is served upon the other party. If mediation has not been completed in this time frame, either party may proceed as set forth in paragraph 15.3, without further delay and the parties shall have no further obligation to mediate their dispute or claims.

15.2.2 The parties agree to share the mediator's fee equally. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

15.3 Upon completion or exhaustion of the mediation procedures set forth above, any dispute or claim arising out of this Agreement shall be filed as a lawsuit in the Circuit Court of St. Louis County, Missouri. In the event of such litigation, both parties agree that St. Louis County, Missouri is the proper venue of said litigation and further agree to subject themselves to the jurisdiction of the Circuit Court of St. Louis County, Missouri.

16. ASSIGNMENT

16.1 This Agreement shall be binding upon and endure to the benefit of the respective successors and assigns of each of the parties hereof.

17. HEADINGS

17.1 Section headings used in this Agreement are inserted for convenience of reference only and shall not affect the content of its various provisions.

18. SEVERABILITY

18.1 If any provision of this Agreement shall be prohibited or held invalid, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or any provisions of this Agreement.

19. NOTICE

19.1 All notices shall be in writing and delivered in person or transmitted by certified mail, return receipt requested, postage prepaid, as follows:

On Utility: Chair
Martin County Utility Board

Inez, KY 41224

On Alliance: Alliance Water Resources, Inc.
206 South Keene Street
Columbia, MO 65201

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized and their respective corporate seals to be herewith affixed and attested by their respective officers having custody thereof the day and year first above written.

UTILITY:

BY: _____

TITLE: _____

(SEAL)

ATTEST:

Clerk

ALLIANCE WATER RESOURCES, INC.

BY: _____

TITLE: _____

(SEAL)

ATTEST:

Secretary

EXHIBIT A

Alliance shall maintain:

1. Statutory Worker's Compensation Insurance for all Alliance employees at the Utility as required by law.
2. Comprehensive or commercial general liability insurance for bodily injury and/or property damage as follows:

General Aggregate	\$3,000,000
Each Occurrence Limit	\$1,000,000
Umbrella Aggregate	\$4,000,000

Utility agrees:

1. To file sewer backup claims with their insurance carrier.
2. Alliance will assist the Utility to provide information and documentation to support or deny the settlement of claims by the Utility's insurance carrier.

Each Party:

1. Shall maintain adequate property insurance for its equipment and real and personal property, including but not limited to extended coverage.
2. Shall provide, with respect to its owned/leased vehicles, primary Commercial Automobile Liability Insurance for bodily injury and/or property damage with \$1,000,000 per occurrence. Utility's auto insurance shall be primary on its owned/leased vehicles, and Alliance's auto insurance shall be primary on its owned/leased vehicles, regardless of the vehicle's driver.

EXHIBIT B

FACILITY CHARACTERISTICS

WATER TREATMENT FACILITY

- A.1 Alliance shall not be responsible for fines or penalties or any other liability if there are limitations with the water treatment facility which limit adequate treatment, or the Utility System is inoperable due to circumstances beyond Alliance's control.
- A.2 In the event that water quality requirements are revised in the future, Alliance shall have the right to renegotiate the terms of Sections 6 and 7 in the Agreement by giving notice to the Utility of the revised water quality requirements.

WASTEWATER TREATMENT FACILITY

- A.3 Alliance shall not be responsible for fines or penalties or any other liability if there are limitations in the collection system design or plant design which limit adequate collection or treatment, or if the wastewater influent exceeds facility design parameters including maximum daily and instantaneous flow, does not contain adequate nutrients, contains biologically toxic substances, or the Facility is inoperable due to circumstances beyond Alliance's control.
- A.4 Alliance liability regarding payment of fines, penalties or any other related liability is restricted to effluent limitations established in existing KPDES Permit No. _____ dated _____ and KPDES Permit No. _____ dated _____. In the event that effluent limitations are revised in subsequent KPDES permits, Alliance shall have the right to renegotiate the terms of Sections 5 and 7 in the Agreement by giving notice to the Utility within forty-five (45) days after the effective date of the revised permit.