



## BRIAN CUMBO

ATTORNEY AT LAW

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

ADMITTED IN KY AND WV

July 27, 2020

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

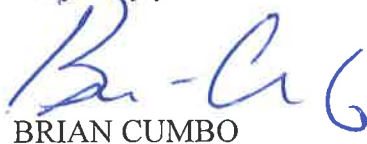
RE: Martin County Water District  
PSC Case No. 2020-00154

To Whom It May Concern:

Enclosed please find Martin County Water District's Notice of Filing of the information packet for the July 28, 2020 Board meeting.

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

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

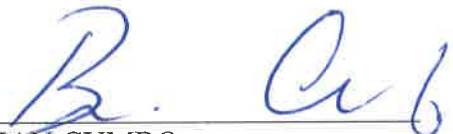
ELECTRONIC MARTIN COUNTY WATER )  
DISTRICT MANAGEMENT AND OPERATION )  
MONITORING PURSUANT TO KRS 278.250 )

CASE NO. 2020-00154

**NOTICE OF FILING**

\*\*\*\*\*

Comes the Martin County Water District, by counsel, and hereby gives Notice of Filing of the attached information packet for the Martin District monthly Board meeting scheduled for July 28, 2020.

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

**CERTIFICATE OF SERVICE**

This will certify that a true and correct copy of the foregoing was emailed on this the 27 day of July, 2020, to the following:

Public Service Commission  
ATTN: Nancy Vinsel  
P.O. Box 615  
Frankfort, KY 40602  
*nancy.vinsel@ky.gov*

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

  
BRIAN CUMBO

**Martin County Water District**  
**387 E. Main St.**

Phone (606) 298-3885      Inez, Kentucky 41224  
**Regular Meeting, Tuesday, July 28, 2020 – 6:00 p.m.**  
**Martin County Government Center (2<sup>nd</sup> Floor)**

- 1) Call the meeting to order
- 2) Review and Consideration to Approve Minutes
- 3) Introduction of Guests
- 4) Review and Consideration of Financial Reports
  - A. Review and Consideration to Approve Treasurer's Report
  - B. Review and Consideration to Approve Other Financials
  - C. Update on Status of Audits
  - D. Other Items for Discussion and Approval
- 5) Review and Consideration to Approve Bills
- 6) Legal
  - A. Any Issues for Discussion with Board Attorney
- 7) Operations
  - A. Alliance Operations Report
  - B. Meter Audit
  - C. Water Loss Report
- 8) Capital Projects Report
  - A. Project Updates
- 9) Other Old Business
- 10) Other New Business
  - A. Lease Agreement for Billing Office at the Community Center
- 11) Consider Motion to Convene into Closed Executive Session
- 12) Consider Motion to Close Executive Session
- 13) Other and Informational
- 14) Adjourn

Notice is hereby given that, subject to a motion duly made and adopted, the Board of Directors may hold an Executive Session subject to the laws of Kentucky.

**Martin County Water District  
Regular Meeting of the Board of Directors  
June 23, 2020 Meeting Minutes**

**Presiding:** James Kerr, Chairman  
**Present:** Directors: John Hensley, Greg Crum, BJ Slone  
Staff: Brian Cumbo (Attorney), Craig Miller (GM), James Ford, Katrina Sansom  
**Guests:** None

The Regular Meeting of the Martin County Water District was held on June 23, 2020 at the Martin County Government Center in Inez, Kentucky 41224. James Kerr called the meeting to order at 6:02 PM.

The following directors were present: John Hensley, Greg Crum, and BJ Slone.

Guests included Ann Perkins, Anthony Hays, Mark Mayler, Rachel Dove, and Nina McCoy.

James Kerr called for review of the minutes of the May 26, 2020 Special Board Meeting. After review and discussion, BJ Slone motioned to accept the minutes of the May 26, 2020 Special Board Meeting, seconded by Greg Crum, all yea, motion carried.

Next, James Kerr called for review of the Treasurer's Report. Craig Miller reported the Treasurer's Report. After further discussion, BJ Slone motioned to accept the Treasurer's Report as presented; John Hensley seconded, all yea, motion carried. Other Financials were presented by Craig Miller, BJ Slone motioned to accept, John Hensley seconded, all yea, motion passed. Craig Miller gave an update on audit stating that they were on track. He also reported that the auditors will be on location at the end of July.

A memo was presented requesting that the Board authorize the Inez Deposit Bank to set up the Martin County District #1 Management Infrastructure Surcharge account for online access so transfers could be made. A motion was made by John Hensley to approve this request and seconded by BJ Slone. All yea, motion carried.

A memo was presented informing the Board that adjustments totaling \$59, 013.62 of uncollectible debt were adjusted off customer accounts in the months of April and May 2020. These accounts were closed. A motion was made by John Hensley to approve the bad debt write off as attached. Greg Crum seconded the motion. All yea, motion carried.

The Board was presented with the proposed 2020 Martin County Water District Budget. After review, BJ Slone made the motion to approve the 2020 Budget, seconded by John Hensley, all yea, motion carried.

Next, James Kerr called for review and consideration of the current list of bills to pay. After review and discussion, BJ Slone motioned to approve the list of bills as presented, Greg Crum seconded, all yea, motion carried.

James Kerr then called for review of the Operations Report. James Ford provided the Operations report.

Craig Miller gave an update on the meter audit and water loss report.

Craig Miller also gave an update on capital projects. A letter of recommendation for contract #113-19-04 was presented to the Board. Greg Crum made a motion to approve the letter and BJ Slone seconded the motion, all yea, motion carried.

James Kerr inquired if there was any other new business to discuss. Craig Miller presented the Theft of Water SOP for approval by the board. Based on information given, BJ Slone motioned to approve the Theft of Water SOP and John Hensley seconded, all yea, motion carried. Craig Miller will forward a copy to the PSC for review.

James Kerr called for a motion to adjourn. BJ Slone motioned to adjourn the meeting, seconded by Greg Crum, all yea, motion carried, meeting adjourned at 7:32 PM.

Minutes approved this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
James Kerr, Chairman

\_\_\_\_\_  
Katrina Sansom, Clerk

**Martin County Water District  
Inez, KY**

**Treasury Report**

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<b>Billing Charges For the Month of:</b>	<b>Jun-20</b>	
Water Revenue		\$ 314,471.83
Water Revenue-Commercial		45,985.97
Water Revenue-Commercial Exempt		8,631.41
Late Charges		-
Sales Taxes		2,762.26
Debt Service Surcharge		17,868.22
School Tax		11,158.25
Management Infrastructure Surcharge		32,138.48
Returned Check		793.43
Connection Fees		525.00
Other Miscellaneous Fees		80.00
Deposits Applied		-
Refund Checks Paid		-
<b>Total Billing Charges</b>		<u>\$ 434,414.85</u>
<b>Gallons Billed</b>		<u>27,387,940</u>
<b>Customers Billed</b>		<u>6,824</u>

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<b>Accounts Receivable</b>	<b>Jun-20</b>	
Beginning Balance		100,250.50
Billing Charges		434,414.85
Bad Debt (Write Offs) Recoveries		-
Prepaid Accts		(6,206.62)
Accounts Receivable Collections		(189,328.03)
<b>End of Month Accounts Receivable</b>		<u>339,130.70</u>

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<b>Operations, Revenue Fund and Revenue EFT Accounts</b>		
Beginning Balance		\$ 20,054.61
Deposits		
Accounts Receivable Collections		195,534.65
Connection Fees		2,335.00
Services Fees		920.00
Transfers fr Other Accts		
Other Deposits		4,630.95
Checking & CD Interest		
Total Deposits		<u>203,420.60</u>
Disbursements:		
Checks Written		(175,308.47)
Transfers to Other District Accts		(33,761.56)
Auto Drafted Utilities		
Returned Checks		
Nextbillpay Fees		
Bank Fees		(9.99)
End of Month Balance		<u>\$ 14,395.19</u>

**Martin County Water District**  
**Inez, KY**  
**Treasury Report**  
**Summary of Cash & Investments**  
**June 30, 2020**

<b>Bank Account</b>	<b>Beginning Balance</b>	<b>Deposits</b>	<b>Interest Earned, Net of Fees</b>	<b>Payments</b>	<b>Ending Balance</b>
Operations Account	\$ 12,084.45	199,654.43	-	(209,070.03)	\$ 2,668.85
Payroll Account	(35.66)	61.90	-	-	26.24
Revenue Fund Account	(896.41)	1,718.98	-	(9.99)	812.58
Revenue EFT Account	8,866.57	56,047.19	-	(54,000.00)	10,913.76
Cash on Hand	900.00	-	-	-	900.00
<b>Total Unrestricted Cash</b>	<b>20,918.95</b>	<b>257,482.50</b>	<b>-</b>	<b>(263,080.02)</b>	<b>15,321.43</b>
<b>Restricted Cash</b>					
Security Deposits	158,978.03	2,160.00	7.02	(1,005.17)	160,139.88
ARC Grant	89.30	10,900.00	-	(10,900.00)	89.30
Rockhouse Project	3,974.26	10,800.00	-	(10,648.65)	4,125.61
Regions Bank-KY 2015E Martin County	60,539.79	10,648.65	2.71	-	71,191.15
KIA Bond & Interest	9,895.23	5,800.00	0.06	(5,692.23)	10,003.06
KY Assoc of Counties Leasing Trust	225.34	2,374.18	0.01	(769.16)	1,830.37
Debt Service Surcharge	27,998.50	15,961.56	0.25	(42,043.42)	1,916.89
Management Infrastructure Surcharge	74,953.10	26,289.49	0.64	(100,241.59)	1,001.64
Depreciation Reserve	1,001.70	-	0.01	-	1,001.71
<b>Total Restricted Cash</b>	<b>337,655.25</b>	<b>84,933.88</b>	<b>10.70</b>	<b>(171,300.22)</b>	<b>251,299.61</b>
<b>Total Cash &amp; Investments</b>	<b>\$ 358,574.20</b>	<b>342,416.38</b>	<b>10.70</b>	<b>(434,380.24)</b>	<b>\$ 266,621.04</b>



Items in yellow include  
pre-2020 balances that have  
not yet been adjusted/confirmed.

**Martin County Water District**  
**Balance Sheet**  
**June 30, 2020**

6/30/2020

**ASSETS**

**CURRENT ASSETS**

Checking Account - Operations	\$2,668.85
Checking Account-Payroll	26.24
Revenue Fund	812.58
Revenue Fund-EFT	10,913.76
Cash on Hand	900.00

**Total Cash** 15,321.43

Accounts Receivable	464,101.43
Allowance for Doubtful Accts	6,037.06
Unbilled Accounts Receivable	292,715.31
Accounts Receivable-Other	52,954.62
Inventory	8,376.76
Prepaid Expenses	(6,075.00)

**Total Current Assets** 833,431.61

**PROPERTY, PLANT & EQUIPMENT**

Land	214,713.83
Water Supply & Distribution System	28,197,113.19
Buildings	500,263.89
Equipment & Furniture	5,629,715.77
Vehicles	344,794.47
Construction Work in Progress	53,345.00
Less: Accumulated Depreciation	(16,929,664.06)

**Net Property, Plant & Equipment** 18,010,282.09

**RESTRICTED CASH**

Security Deposits	160,139.88
Grant Fund	89.30
Sinking Fund - RD	4,125.61
Regions Sinking Fund	71,191.15
KIA Sinking Fund	10,003.02
KACO Sinking Fund	1,830.37
Debt Service Surcharge Fund	1,916.89
Management Infrastructure Surcharge Fund	1,001.64
Depreciation Fund	1,001.71
Accrued Interest Receivable	5.00

**Total Restricted Cash** 251,304.57

**OTHER ASSETS**

Deferred Outflows of Resources Related to Pensions	504,402.00
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**Total Other Assets** 504,402.00

**Total Assets** \$19,599,420.27

**Martin County Water District  
Balance Sheet  
June 30, 2020**

6/30/2020

***LIABILITIES AND DISTRICT'S EQUITY***

***CURRENT LIABILITIES***

Accounts Payable	\$900,691.36
Sales Tax Payable	2,935.15
School Tax Payable	13,073.89
Accrued Wages Payable	88.92
Accrued Vacation	20,267.49
Accrued Payroll Taxes	12,307.80
Accrued Retirement	(44,569.09)
Accrued 401(k)	60.00
Accrued Health Insurance	2,649.17
Note Payable-Tommy's Auto Sales	1,500.00
Long Term Debt-Current	129,619.70
Accrued Interest Payable	29,446.31
Customer Deposits	152,235.53
<b><i>Total Current Liabilities</i></b>	<b><i>1,220,306.23</i></b>

***LONG-TERM DEBT***

Notes Payable - KIA	425,372.50
Lease Payable - KACO	71,221.96
Bonds Payable - 2015 E Current Refunding	1,765,000.00
Bonds Premium-2015E	22,363.00
A/Amort Bond Premium-2015E	(3,857.62)
Less: Current Portion of L-Term Debt	(129,619.70)
Net Pension Liability	1,072,039.00
Other Inflow Resources-Pension	220,865.00
Other Deferred Credits	46,453.94
<b><i>Total Long-Term Debt</i></b>	<b><i>3,489,838.08</i></b>

***Total Liabilities***

***4,710,144.31***

***DISTRICT'S EQUITY***

Contributed Capital-Grants	13,197,146.17
Contributed Capital-Government Grants	14,439,514.29
Contributed Capital	1,800,797.77
Retained Earnings	(14,428,299.96)
YTD Net Income	(119,882.31)
<b><i>Total District's Equity</i></b>	<b><i>14,889,275.96</i></b>

***Total Liabilities and District's Equity***

***\$19,599,420.27***

**Martin County Water District**  
**Statements of Revenues and Expenses**  
**For the Six Months Ending June 30, 2020**  
*Actual vs Budget*

<u>June</u>			<u>YTD</u>		<u>Annual Budget</u>
<u>Actual</u>	<u>Budget</u>		<u>Actual</u>	<u>Budget</u>	
		<b>Operating Revenues</b>			
\$319,251	\$148,829	Water Sales-Residential	\$1,043,900	\$892,973	\$1,785,946
45,986	32,082	Water Sales-Commercial	165,468	192,489	384,979
8,631	539	Water Sales-Public Authorities	53,945	3,232	6,464
0	12	Bulk Water Sales	35	70	140
525	0	Connection Fees - Tap	4,705	0	0
0	0	Late Charge Fees	13,416	0	0
80	9,215	Reconnect/Meter Sets/Other Fees	14,329	55,287	110,575
17,868	8,333	Debt Service Surcharge	61,945	50,000	100,000
32,138	15,844	Management Infrastructure Surcharge	111,628	95,064	190,129
0	0	Miscellaneous Income	3,925	0	0
<b>424,479</b>	<b>214,854</b>	<b>Total Operating Revenues</b>	<b>1,473,296</b>	<b>1,289,115</b>	<b>2,578,233</b>
		<b>Operating Expenses</b>			
0	0	Employee Benefits	21,367	0	0
0	4,167	Water Purchased	0	25,000	50,000
164,446	164,446	Management & Operations Contract	986,673	986,673	1,973,346
29,008	25,715	Utilities	129,284	154,292	308,584
3,413	3,958	Insurance	20,480	23,750	47,500
178	0	Repairs & Maintenance	1,313	0	0
0	417	Materials & Supplies	0	2,500	5,000
12,906	0	Outside Services	16,242	0	0
1,563	2,083	Legal Expenses	2,088	12,500	25,000
0	0	Audit	0	0	30,000
4,583	0	Bad Debts	27,500	0	0
0	0	Bond Trustee Fees	450	0	0
0	0	Dues	1,850	0	0
392	0	Office Expense	1,237	0	0
1,528	752	Rent Expense	4,535	4,510	9,020
0	417	Regulatory Assess Fees	2,645	2,500	5,000
10	0	Miscellaneous Expense	1,030	0	0
<b>218,027</b>	<b>201,955</b>	<b>Total Operating Expenses</b>	<b>1,216,694</b>	<b>1,211,725</b>	<b>2,453,450</b>
<b>206,452</b>	<b>12,899</b>	<b>Net Income B/4 Other (Inc) &amp; Exp</b>	<b>256,602</b>	<b>77,390</b>	<b>124,783</b>
		<b>Other Income (Expenses)</b>			
10,900	334,125	Capital Contributions	53,345	2,004,750	4,009,500
10	0	Interest Income	339	0	0
(7,108)	(8,119)	Interest Expense	(43,046)	(48,717)	(97,433)
63	63	Amortization	377	377	753
(64,583)	(64,583)	Depreciation	(387,500)	(387,500)	(775,000)
<b>(60,718)</b>	<b>261,486</b>	<b>Total Other Income (Expenses)</b>	<b>(376,485)</b>	<b>1,568,910</b>	<b>3,137,820</b>
<b>\$145,734</b>	<b>\$274,385</b>	<b>Net Income(Loss)</b>	<b>(\$119,883)</b>	<b>\$1,646,300</b>	<b>\$3,262,603</b>

**Martin County Water District  
Billing Summary**

Date	Billed		Gallons (000'S)	Billed # of Customers	Payments Received
	Revenue	YTD Total			
Jun-20	372,931	1,294,020	27,388	6,824	195,535
May-20	194,835	921,089	14,811	3,390	221,999
Apr-20	178,101	726,254	12,528	3,370	199,144
Mar-20	170,339	548,153	11,629	3,386	193,963
Feb-20	187,025	377,814	12,846	3,369	207,246
Jan-20	190,788	190,788	14,830	3,388	234,262
Dec-19	180,925	2,257,333	13,238	3,384	225,180
Nov-19	189,850	2,076,408	14,344	3,411	212,517
Oct-19	200,717	1,886,558	15,772	3,408	213,508
Sep-19	203,526	1,685,841	16,068	3,384	229,365
Aug-19	191,195	1,482,315	14,617	3,397	217,522
Jul-19	195,886	1,291,120	15,118	3,411	215,505
Jun-19	192,167	1,095,234	14,559	3,413	208,424

Notes:

- 1) June 2020 line above includes usage from 4/20/20-5/20/20 billed around 6/1/20 AND usage from 5/20/20-6/20/20 billed on 6/26/20 (mailed 6/30/20).
- 2) Billed revenue includes water charges billed to residential, commercial, and governmental entities.
- 3) Gallons reported represent billed revenue as stated in Note #2 and excludes sales to City of Presontonburg.
- 4) Payments received is total customer payments posted by the District's billing system (includes sales tax, school tax, and other fees). Pass through items are approximately \$7,000.

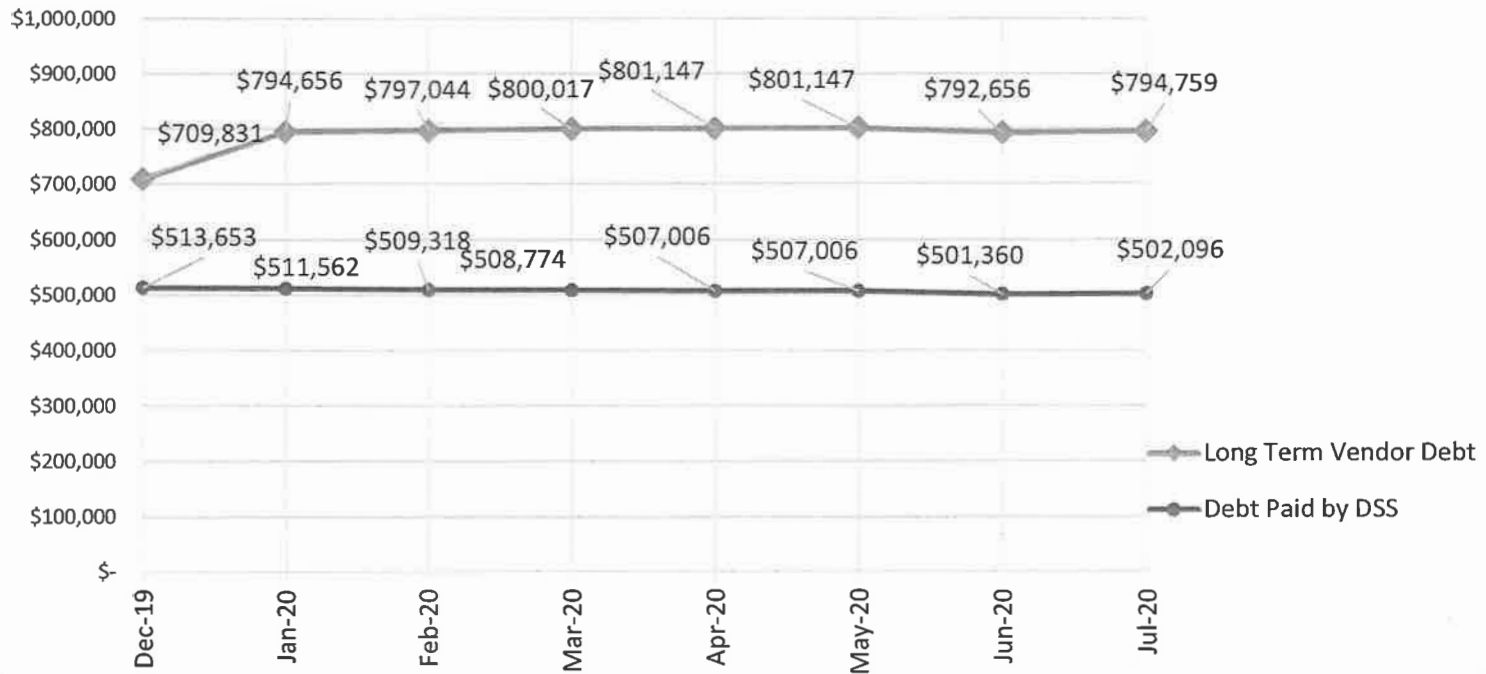
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**Martin County Water District**  
**Vendor Balance Summary**  
As of June 30, 2020

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	<u>Jun 30, 20</u>
All Pumps Sales & Services	8,411.90
Brian Cumbo	33,896.60
Cl Thornburg	37,435.64
Cl Thornburg-VFD#1	1,431.80
Cl Thornburg-VFD#2	18,121.52
Evans Hardware	55,990.79
Evans Hardware #2	22,146.96
Fast Change	4,155.33
Linda F Sumpter, CPA	151,942.35
Prestonsburg City's Utilities	19,454.61
Service Pumps & Supply	21,282.99
Soles Electric	13,300.00
United Rentals	56,722.94
Xylem	93,739.10
Zip Zone Express	256,726.95
<b>TOTAL</b>	<b><u>794,759.48</u></b>

## Martin County Water District Outstanding Vendor Debt



## Martin County Water District

*Net Income on a Cash Basis ( Snapshot) EXCLUDES DEPRECIATION (format Revised 28 July 20)*

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
<b>REVENUE</b>												
Customer Count	3388	3369	3386	3370	3390	3424						
Payments Received	\$234,262	\$207,152	\$195,082	\$199,144	\$221,999	\$195,535						
<b>EXPENSES</b>												
Operations Account	\$286,613	\$249,774	\$223,121	\$223,319	\$221,129	\$227,410						
Revenue Account	\$19,150	\$17,800	\$17,800	\$17,800	\$17,800	\$17,800						
Payment Plans	\$6,625	\$6,500	\$6,500	\$5,500	\$0	\$0						
DSS EXP/ (FUNDING)	(\$8,978)	\$0	\$0	\$0	\$0	\$0						
MIS EXP / (FUNDING)												
Sub total	\$303,410	\$274,074	\$247,421	\$246,619	\$238,929	\$245,210						
<b>NET INCOME</b>												
<b>Cash Basis</b>	<b>-\$69,148</b>	<b>-\$66,922</b>	<b>-\$52,339</b>	<b>-\$47,475</b>	<b>-\$16,930</b>	<b>-\$49,675</b>						

**Notes:**

- 1: **Payments Received** are those received for the full month
- 2: **Expenses** are those planned and presented in the Board Packet for the referenced month
- 3: **Payment Plans** are payments towards outstanding debt not funded by DSS **Current balance= \$292,663**
- 4: **Operations Account Includes** the estimated DSS and MIS transfers (See list of Bills in Board Packet)
- 5: **MIS EXP** estimated funds applied to AWR Invoice (An Operations Account Expense) estimated DSS and MIS transfers
- 6: MIS fund beginning balance January 2020-of \$12,244 applied to AWR fee in June
7. Balance of debt -paymmnets to be funded with unused DSS= **\$502,096**
- 8: **Based on the requirements there will be deposits and subsequent withdrawals in DSS/MIS accounts with a likely sum of zero monthly**

**Martin County Water District, Incz KY  
List of Bills for Consideration  
28-Jul-20**

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
<b>Operations Account</b>		
1 AEP	Electric (25 bills) Estimated	\$ 15,242.76
2 Big Sandy RECC	Electric (9 bills) Estimated	\$ 1,830.04
3 Paintsville Utilities	Electric for token (6/6/20 to 7/6/20)	\$ 39.78
4 Roy F Collier Comm. Center	Rent (August)	\$ 751.66
5 IPFS	Insurance (August)	\$ 3,618.54
6 Sales tax	6/2020 (estimated)	\$ 1,472.85
7 School tax	6/2020 (estimated)	\$ 5,891.05
8 Alliance Water Resources	8/1-20-8/15/20 O&M services	\$ 82,222.75
9 Alliance Water Resources	8/16/20-/31/20 O&M services (estimated)	\$ 82,222.75
10 Alliance Water Resources	7/20 Suddenlink Reimbursement (estimated)	\$ 67.79
11 Alliance Water Resources	7/20 Suddenlink Reimbursement (estimated)	\$ 102.74
14 Management Inf. Surcharge	Estimated (actual collected will be paid)	\$ 15,875.45
15 Debt Service Surcharge	Estimated (actual collected will be paid)	\$ 8,848.67
16 Walker Communications	Phone maintenance (August)	\$ 89.00
17 Tommy Maynard	Payment on truck	\$ 500.00
18 Cumbo Law Office	Legal Services (July)	\$ 1,300.00
19 Mountain Citizen	Ad for bids (ARC Project)	\$ 118.56
20 Martin County Sanitation	Sanitation bill for Water Plant	\$ 1,657.21
21 KY State Treasurer	PSC Assessment (07/01/2020-06/30/2021)	\$ 5,557.94
23 White & Associates	2017 Audit	\$ 10,000.00
<b>TOTAL</b>		<b>\$ 227,409.54</b>
 <b>Operations Account</b>		
		<b>Transfer Amounts</b>
1 KIA	Monthly funding for KIA Bond/Loan	\$ 5,800.00
2 KACo	Monthly funding for lease payment	\$ 1,200.00
3 KRW/Regions Bank	Monthly funding for loan	\$ 10,800.00
<b>TOTAL</b>		<b>\$ 17,800.00</b>
 <b>TOTAL OPERATIONS</b>		 <b>\$ 245,209.54</b>



**Martin County Water District, Incz KY**  
**List of Bills for Consideration**  
**28-Jul-20**

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
<b>PAST DUE ACCOUNTS</b>		6/30/2020
	<u>(Based on cash availability)</u>	
1 CI Thornburg VFD # 1	VFD	\$ 1,431.80
2 CI Thornburg VFD # 2	VFD	\$ 18,121.52
3 Xylem	Pump rental	\$ 93,739.10
4 Soles Electric	Pump service	\$ 13,300.00
5 Service Pump & Supply	Pump service	\$ 21,282.99
6 All Pumps Sales & Services	Pump service	\$ 8,411.90
7 Cumbo Law Office	Legal service	\$ 33,896.60
8 Evans Hardware #2	Parts & supplies	\$ 22,146.96
9 Fast Change	Vehicle Maintenance	\$ 4,155.33
10 United Rentals	Pump Rental	\$ 56,722.94
11 Prestonsburg City's Utilities	Purchased water	\$ 19,454.61
<b>TOTAL</b>		<b>\$ 292,663.75</b>
 <b>DSS Account</b>		
	<u>(Based on cash availability)</u>	
1 Evans Hardware	Parts & supplies	\$ 55,990.79
2 CI Thornburg	Parts & supplies	\$ 37,435.64
3 Linda Sumpter CPA	Accounting fees	\$ 151,942.35
4 Zip Zone	Fuel	\$ 256,726.95
<b>TOTAL</b>		<b>\$ 502,095.73</b>
 <b>Total Past Due Accounts</b>		 <b>\$ 794,759.48</b>

**Martin County Water District, Incz KY  
List of Bills for Consideration  
28-Jul-20**

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
<b>Security Deposit Account</b>		
<b>Customer</b>		
None for this meeting		
<b>TOTAL</b>		<hr/> <b>\$ -</b>



## Martin County Water District

### OUR MISSION

*We partner with communities to deliver the finest water and wastewater services available at a competitive price. We are committed to keeping water safe and clean while serving people and taking care of communities with improved technical operations, careful management and financial oversight, and ensured regulatory compliance.*

Alliance Water Resources, Inc.

206 S. Keene  
St. Columbia,  
MO 65201

(573)874-8080

JUNE 2020

### Administrative

Team leadership are incorporating Microsoft groups in their daily work practices to get real time status on both short and long term goals.

A theft of water group meeting regarding different scenarios in which water can be stolen has proven effective while meter reading.

### Water Treatment

Staff are communicating with Bell Engineering regarding needed upgrades to one of the clarifiers at the Inez Water Treatment Plant.

Upgrades to the piping at our raw water intake have increased flow into the Inez reservoir. Keeping the reservoir at an adequate level during the dry season is critical.

### Distribution

Information is being gathered regarding master meters, daily flow, and number of customers served to help us pinpoint problem areas in the distribution system.

Kentucky rural water spent several days with staff regarding leak detection and training.

Under the direction of our Divisional Manager, the new raw water intake is being checked twice daily to ensure a successful operation and maintenance schedule is achieved.

Alliance Water Resources has provided a second work truck from another location to be used by the MCW&S Districts.

Staff has shown tremendous resiliency during a stretch of very hot weather and long workdays.



## Martin County Water District

### Customer Service

A customer complimented staff on their response time and performance after repairing a water main break.

### Project Updates

SOURCE	AMOUNT	PROJECTS
AML Pilot Nexus Grant-2017	\$3,450,000	A, B, C, D
COE 531 (25% Match)	\$1,869,718	B, C
ARC Grant	\$1,200,000	F
AML Pilot Nexus Grant-2018	\$2,000,000	I
<b>Total Grant</b>	<b>\$8,519,718</b>	

### Safety

Water related safety equipment was purchased for work being performed around the intake sites.

### Regulatory

The Martin County Water Treatment Plant continues to operate within compliance of all state regulatory agencies.

### Training

Employees are being cross trained on using the leak detection equipment.

### **Water Plant Operation**

<b>Water Pumped</b>	
Total Water Production (gallons) – JUNE	52,524,000
Total Water Metered/Billed (gallons) – JUNE	14,617,000
Other Water Used (gallons) – JUNE	734,000
Total Water Loss (gallons) – JUNE	37,173,000
Portion of TWL due to Main Breaks (gallons) - JUNE	2,849,000
Average Daily Flow (Million Gallons per Day)-JUNE	1.750 MGD
Maximum Daily Flow – JUNE	1.844 MGD
Fluoride Used (lbs.) - JUNE	461.9 LBS
Chlorine Used (lbs.) – JUNE	1,570 LBS
Lab Tests – JUNE	3,450 TESTS

### Water Quality Analysis

Test	Routine	Special	Repeat
Bacteriological	12 (Pass)	9 (Pass)	0
		Reported	Minimum Limit
Fluoride Plant Sample	30	0.77 mg/l Average	0.6 mg/l
Chlorine Distribution Sample	36	<b>Low Readings</b> Total - 0.60 mg/L Free - 0.58 mg/L	0.2 mg/l

### Customer Service Request and Work Orders

Meter Reads	3442
Meter Sets	46
Turn offs-Close account	14
Taps	3
Meter Changes	17
Disconnects for Non-payment	0
Boil Notices	4
Line Locates	0
Water Leaks/Breaks	24
Water Quality Questions	0
Other/Investigates	5



## Martin County Water District

### Water Main Breaks

Date	Location	Pipe Size/Type	Estimated Water Loss (gallons)
6-1-20	Jacks Lane	¾" CTS	65,915
6-2-20	County Market	2" Gasket	35,233
6-3-20	State Hwy Garage	2" PVC	37,370
6-4-20	Joe Branch	3" PVC	35,233
6-5-20	Wells Group	2" PVC	317,095
6-8-20	Salee Drive	¾" CTS	35,233
6-8-20	Davella Road	1" CTS	39,391
6-8-20	Little Lick Road	2" PVC	35,233
6-8-20	Rock Castle Road	3" PVS	35,233
6-16-20	Joe Branch	3" PVC	35,233
6-17-20	Lovely: past caution lights	2" PVC	7,340
6-19-20	803 Poplar Fork	¾" CTS	317,095
6-22-20	51 Henry Goble Road	¾" CTS	91,538
6-22-20	3523 Davella	1" CTS	298,960
6-22-20	7285 Beauty Road	1" CTS	246,630
6-22-20	Moore Branch	2" PVC	1,557
6-23-20	2301 Beauty Road	¾" CTS	176,164
6-23-20	Moore Branch	2" PVC	1,557
6-24-20	Moore Branch	2" PVC	1,557
6-25-20	2135 Tomahawk	¾" CTS	427,175
6-26-20	Haney Place	¾" CTS	78,783
6-30-20	9295 Rockcastle	¾" CTS	281,863



## Martin County Water District

### Repair Expenses Ending May 2020

Expended	Actual YTD	Annual Budget	% Budget / Line Item
Bldg. & Grounds Maintenance	\$2,076	\$7,000	30%
Vehicle Maintenance	\$6,707	\$20,000	34%
Water Plant Maintenance	\$8,598	\$0	0%
Well Maintenance	\$0.00	\$20,000	0%
Distribution System Maintenance	\$33,512	\$60,000	56%
Water Meter Maintenance	\$3,591	\$10,000	36%
Street Maintenance	\$0	\$8,000	0%
<b>Totals</b>	<b>\$54,484</b>	<b>\$125,000</b>	<b>44%</b>

### Chemical Expenses Ending May 2020

Expended	Actual YTD	Annual Budget	% Budget / Line Item
Sodium Hydroxide	\$1,439	\$0	0%
Polymer	\$10,411	\$0	0%
Chlorine	\$5,149	\$25,000	21%
Permanganate	\$2,716	\$0	0%
Fluoride	\$1,474	\$0	0%
Chemicals Other - Water	\$18,516	\$85,000	22%
<b>Totals</b>	<b>\$39,705</b>	<b>\$110,000</b>	<b>36%</b>

Notes:

- 1) Building and Grounds Maintenance a. \$535.40 - Amazon  
b. \$3.18 – Evans Hardware  
c. \$63.71 – Evans Hardware  
d. \$23.48 – Evans Hardware
  
- 2) Vehicle Maintenance  
a. \$57.85 – Poage Ford  
b. \$151.86 – Nash Upholstery  
c. \$47.68 – Fast Change



## Martin County Water District

- d. \$30.00 – Jarrett Garage
  - e. \$512.57 – Advanced Auto Parts
  - f. \$75.00 – Jarrett Garage
  - g. \$361.46 – Jarrett Garage
  - h. \$156.31 – Evans Hardware
  - i. \$60.00 – Jarrett Garage
  - j. \$201.36 – Jarrett Garage
  - k. \$20.00 – Jarrett Garage
  - l. \$53.00 - Jarrett Garage
  - m. \$26.50 – Advanced Auto Parts
  - n. \$54.57 – Advanced Auto Parts
  - o. \$148.40 – Jarrett Garage
  - p. \$52.99 – Advanced Auto Parts
  - q. \$105.00 – Executive Vehicle Detail
  - r. \$57.24 – (credit) Advanced Auto Parts
- 3) Water Plant Maintenance
- a. \$2,070.00 – East Kentucky Stone
  - b. \$1,875.00 – East Kentucky Stone
  - c. \$1,965.00 – East Kentucky Stone
  - d. \$453.46 – East Kentucky Stone
  - e. \$387.63 – East Kentucky Stone
  - f. \$1,105.32 – USA BlueBook
  - g. \$439.15 – East Kentucky Stone
  - h. \$292.14 – C.I. Thornburg
- 4) Well Maintenance
- a. \$0.00
- 5) Distribution System Maintenance
- a. \$361.89 – Harbor Freight
  - b. \$56.03 – R&J Building Supply
  - c. \$287.00 – Logic 1 Engineering
  - d. \$742.00 – C.I. Thornburg
  - e. \$904.34 – Consolidated Pipe
  - f. \$19.07 – R&J Building Supply
  - g. \$26.50 – Consolidated Pipe
  - h. \$694.19 – Consolidated Pipe
  - i. \$1759.05 – Consolidated Pipe
  - j. \$1759.04 – Consolidated Pipe
  - k. \$14.82 – Evans Hardware
  - l. \$60.57 – Evans Hardware
  - m. \$12.71 – Evans Hardware
  - n. \$81.61 – Evans Hardware
  - o. \$21.36 – Evans Hardware
  - p. \$43.16 – Consolidated Pipe
  - q. \$681.87 – Consolidated Pipe
  - r. \$148.38 – Evans Hardware
  - s. \$212.00 – Evans Hardware





## Martin County Water District

- t. \$165.96 – C.I. Thornburg
- u. \$16.92 – R&J Building Supply
- v. \$52.84 – Evans Hardware
- w. \$1350.00 – Donny Young
- x. \$363.75 – C.I. Thornburg
- y. \$34.13 – C.I. Thornburg
- z. \$318.00 – (credit) Evans Hardware & C.I. Thornburg

6) Meter Maintenance  
a. \$0.00

7) Street Maintenance  
a. \$0.00

8) Sodium Hydroxide  
a. \$0.00

9) Polymer  
a. \$0.00

10) Chlorine  
a. \$876.40 – C.I. Thornburg  
b. \$943.11 – C.I. Thornburg

11) Permanganate  
a. \$0.00

12) Fluoride  
a. \$0.00

13) Chemicals Other – Water  
a. \$2,872.71 – C.I. Thornburg  
b. \$3,861.23 – C.I. Thornburg

<b>INITIAL ROUND</b>	<b>23-Jan-20</b>	<b>CNL</b>	<b>NEG READS</b>	<b>RRW/WMN</b>	<b>TOW</b>	<b>TOTAL</b>
Total	3398	193	313	145	6	651
		5.68%	9.21%	4.27%	0.18%	19.16%

<b>JAN FINAL NUMBERS</b>	<b>3402</b>	<b>35</b>	<b>292</b>	<b>0</b>	<b>5</b>	<b>332</b>
		1.03%	8.58%	0.00%	0.15%	9.76%

<b>FEB FINAL NUMBERS</b>	<b>3403</b>	<b>25</b>	<b>17</b>	<b>49</b>	<b>4</b>	<b>95</b>
		0.06%	0.50%	1.44%	0.03%	2.79%

<b>MAR FINAL NUMBERS</b>	<b>3388</b>	<b>2</b>	<b>28</b>	<b>0</b>	<b>1</b>	<b>31</b>
		0.06%	0.83%	0.00%	0.03%	0.91%

<b>APR FINAL NUMBERS</b>	<b>3416</b>	<b>1</b>	<b>17</b>	<b>0</b>	<b>1</b>	<b>20</b>
		0.03%	0.50%	0.00%	0.03%	0.59%

<b>MAY FINAL NUMBERS</b>	<b>3411</b>	<b>2</b>	<b>17</b>	<b>0</b>	<b>5</b>	<b>24</b>
		0.06%	0.50%	0.00%	0.15%	0.70%

<b>UPDATE PRIOR TO</b>	<b>15-May-20</b>	<b>MCW DIV 07 METER AUDIT NUMBERS</b>				
<b>BOOK #</b>	<b>TOTAL</b>	<b>CNL</b>	<b>NEG READS</b>	<b>RRW/WMN</b>	<b>TOW</b>	<b>TOTAL</b>
1	6	0	0	0	0	0
2	286	1	0	0	0	1
3	8	0	0	0	0	0
4	109	0	0	0	0	0
5	170	1	2	0	0	3
6	379	0	0	0	0	0
7	410	0	2	0	0	2
8	488	0	6	0	0	6
9	20	0	0	0	0	0
10	190	0	2	0	0	2
11	70	0	0	0	0	0
12	70	0	0	0	0	0
13	53	0	1	0	0	1

14	200	0	0	0	0	0
15	100	0	2	0	1	3
16	157	0	1	0	0	1
17	77	0	1	0	0	1
18	155	0	0	0	0	0
19	65	0	1	0	0	1
20	429	0	0	0	0	0
<b>Total</b>	<b>3442</b>	<b>2</b>	<b>18</b>	<b>0</b>	<b>1</b>	<b>21</b>
		<b>0.06%</b>	<b>0.50%</b>	<b>0.00%</b>	<b>0.03%</b>	<b>0.61%</b>

DIFF	44	-191	-295	-145	-5	-630
		5.62%	8.71%	4.27%	0.15%	18.55%



*CNL = Can Not Locate*  
*Neg Reads = Reading this round less than entered in December*  
*RWW/WMN = Reread (Water)/ Wrong Meter Number*  
*TOW = Theft of Water*

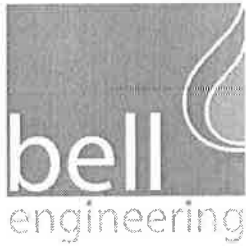
# PUBLIC SERVICE COMMISSION

## Monthly Water Loss Report

Water Utility: Martin County Water District

For the Month of: June Year: 2020

LINE #	ITEM	GALLONS (Omit 000's)
1	<b>WATER PRODUCED AND PURCHASED</b>	
2	Water Produced	52,524
3	Water Purchased	
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<b>52,524</b>
5		
6	<b>WATER SALES</b>	
7	Residential	10,053
8	Commercial	2,050
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Public Authorities	2,514
13	Other Sales (explain)	
14	<b>TOTAL WATER SALES</b>	<b>14,617</b>
15		
16	<b>OTHER WATER USED</b>	
17	Utility and/or Water Treatment Plant	732
18	Wastewater Plant	
19	System Flushing	
20	Fire Department	2
21	Other Usage (explain)	
22	<b>TOTAL OTHER WATER USED</b>	<b>734</b>
23		
24	<b>WATER LOSS</b>	
25	Tank Overflows	
26	Line Breaks	2,837
27	Line Leaks	34,324
28	Excavation Damages	12
29	Theft	
30	Other Loss	
31	<b>TOTAL WATER LOSS</b>	<b>37,173</b>
32		
33	<b>Note:</b> Line 14 + Line 22 + Line 31 <b>MUST</b> Equal Line 4	
34		
35	<b>WATER LOSS PERCENTAGE</b>	
36	(Line 31 divided by Line 4)	70.77%



MEETING MINUTES  
**ENGINEERING DESIGN - PROGRESS MTG #14**  
**MARTIN COUNTY WATER DISTRICT**  
**MARTIN COUNTY, KENTUCKY**  
**July 8, 2020**

**LOCATION:** Via ZOOM  
**TIME:** 3:00 PM  
**Present:** Ben Hale, Justin Adams, Samantha Adams, Eric Ratliff, Jim Cable, Nina McCoy, Craig Miller, Kimberly Carr, Lesli Stone Smith, Kelly Gillespie, Stephen Caudill

**SUMMARY OF PROJECT FUNDING:**

<u>Source</u>	<u>Amount</u>	<u>Associated Project(s)</u>
AML Pilot NEXUS Grant (2017)	\$3,450,000	A,B,C,D
COE 531 Partnership (25% Match)	\$1,869,718	B,C
ARC Grant	\$1,200,000	F
AML Pilot NEXUS Grant (2018)	<u>\$2,000,000</u>	I
<b>TOTAL GRANT</b>	<b>\$8,519,718</b>	

**A. CONTRACT 113-19-01**

**RAW WATER INTAKE IMPROVEMENTS (PUMP PURCHASE ONLY)**

1. AML provided clearance to advertise for bids on June 13, 2019.
2. Bids were opened at BSADD at 11:00 AM Wednesday July 3. Xylem Dewatering Solutions was the only bid received in the amount of \$470,286.07, compared to Bell's opinion of cost of \$500,000.00.
3. Bell made recommendation to award to BSADD and they along with MCWD agreed to accept the bid.
4. On July 29<sup>th</sup>, Bell received the AML Contractor/Subcontractor Information, Campaign Finance Law Compliance and Affidavit for Bidders Forms from Xylem. These were forwarded to AML.
5. On August 9<sup>th</sup>, AML advised Xylem had cleared the AVS check and the contract could be signed. Contract documents were forwarded to Xylem.
6. Contract documents were executed by both Xylem and the BSADD. A Notice to Proceed was issued to Xylem after the contracts were executed.
7. The 2 MG pump, 4 MG pump, 2MG variable speed drive, 4 MG variable speed drive and the river screen are complete.
8. MCWD is currently using the new 2 MG pump.

**B. CONTRACT 113-19-02**

**RWI&WTP IMPROVEMENTS**

1. The WTP and RWI sites were surveyed.
2. Basins were documented for condition assessment.
3. The Preliminary Engineering Report for the project is complete and has been distributed.
4. The Phase I Environmental Site Assessment required by the Corps of Engineers is complete and has been submitted.
5. Vendor proposals for replacement equipment were requested and reviewed.
6. Plans and specifications have been developed.
7. Project mapping for NEPA purposes was submitted to AML on February 6<sup>th</sup>.
8. Project description and Opinion of Probable Construction Costs were submitted to AML on February 17<sup>th</sup>.
9. Project is currently undergoing AML and Corps of Engineers NEPA compliance review.
10. Project was submitted for DOW review on March 13, 2020. DOW Construction Permit issued on June 3, 2020.
11. Project was submitted for a COE 4345 Permit Application review on March 20, 2020. Permit was issued on June 8, 2020.
12. Project submitted to DOW for Permit to Construct Along or Across a Stream on April 14, 2020. The DOW requested a public notice be run in the Mountain Citizen newspaper. The notice ran on June 24<sup>th</sup>, July 1<sup>st</sup> and July 8<sup>th</sup>. The period for public comments or objections related to the project runs through July 29<sup>th</sup>.
13. Project was submitted to Corps of Engineers for Plan and Specification Review March 20, 2020. Corps provided review comments on April 28, 2020. Bell Currently responding to review comments. Final plans and specifications including all electrical and structural components of the project will be forwarded to the Corps of Engineers for final review during the week of July 13<sup>th</sup>.
14. AEP finalized its analysis of the RWI on June 8, 2020 and has agreed to provide an overhead platform structure with the necessary larger transformers. Craig Miller to have meeting with AEP to address brown-outs on the power supply.

**C. CONTRACT 113-19-03**

**LINE IMPROVEMENTS**

1. Bell was able to locate several sets of As-Built Drawings of the water distribution system. Bell scanned copies of all plan sets and returned to MCWD with digital copies of plan sets for MCWD future use.

2. Bell and MCWD personnel have been in the field multiple times locating existing lines, surveying existing meters, valves and fire hydrants and determining routing of new water lines.
3. Location of all the features affecting alignment of the waterline has been completed including gas lines.
4. The Phase I Environmental Site Assessment required by the Corps of Engineers is complete and has been submitted.
5. Plans and specifications have been developed.
6. Project mapping for NEPA purposes was submitted to AML on February 10<sup>th</sup>.
7. Project description and Opinion of Probable Construction Costs were submitted to AML on February 17<sup>th</sup>.
8. Project is currently undergoing AML and Corps of Engineers NEPA compliance review. AML requested a GIS layer of the proposed construction activities associated with this contract. Bell has forwarded that information.
9. Project was submitted for DOW review on March 13, 2020. DOW Construction Permit was issued on April 27<sup>th</sup>.
10. Project submitted to Corps of Engineers Plan and Specification Review March 20, 2020. Corps provided review comments on April 28, 2020. Bell responded to comments and resubmitted plans/specifications on May 7, 2020. The Corps of Engineers has completed its review of the final plans / specifications including the opinion of probable cost and certified the package.
11. Project was submitted to KYTC on April 6 for review. KYTC Encroachment Permit was issued on May 13, 2020.
12. Submitted to DOW for Permit to Construct Along or Across a Stream April 14. Due to ruling by Federal Judge, Nationwide Permits are no longer applicable. The permit was issued on June 17, 2020.

**D. WATER SYSTEM CAPITAL IMPROVEMENT PLAN / HYDRAULIC MODELING**

1. Document is required by PSC
2. Bell has completed field review of RWI, WTP, Storage Tanks, Pumping Stations and PRV's.
3. Bell & UK met in Martin County on June 21, 2019 to coordinate collection of field data the week of July 8<sup>th</sup>. This effort is for calibration of the Hydraulic Model.
4. UK professors and 3 students traveled to Martin County on July 8<sup>th</sup> to begin effort of collecting field data (pressures and flows) at key points throughout the water distribution system. Bell had a team of four individuals that were to join the UK team on July 10<sup>th</sup>; however, MCWD had some major line breaks on July 9<sup>th</sup> and were unable to recover water supply during the week to allow flowing water from hydrants.

5. The effort to collect flow data was rescheduled for August 6<sup>th</sup> and 7<sup>th</sup>, however, on August 5<sup>th</sup> MCWD has a failure of a PRV which would not allow the flowing of the hydrants.
6. The collection of the field data was rescheduled and occurred on August 14<sup>th</sup> and 15<sup>th</sup>.
7. Field data has been reviewed. UK returned to the field in an effort to repeat two tests for the Hazen Williams coefficient that appeared suspect.
8. Money is in place to pay for the Hydraulic Model through AML 2017 Grant. OSM refused to allow for payment of the CIP through the 2018 Grant. The funds associated with that have been realigned toward additional waterline replacement.
9. UK delivered has delivered testing forms to Bell.
10. Development of the model is ongoing. PRVs, tanks, lines, etc. have been input.
11. Working with Alliance Resources to obtain usage and address information for each customer to effectively distribute demand throughout the system.
12. Model is undergoing calibration by field collected data.
13. Bell has been working with UK to coordinate modeling efforts.
14. A Zoom meeting was held between the Kentucky Division of Water, University of Kentucky and Bell on July 1<sup>st</sup> to discuss the modeling. A second Zoom meeting was held on July 7<sup>th</sup> between UK and Bell to further discuss items that are needed.
15. Data has been shared between UK and Bell.
16. A trip to obtain additional field data is tentatively being scheduled for mid-July.
17. An additional Zoom meeting between the DOW, UK and Bell is being scheduled for early August.
18. Model to be checked against field observations.

**E. COE 531 AGREEMENT**

1. Bell provided a Scope of Work to the COE on May 15, 2019.
2. Bell and COE agreed on an O&M cost of \$250,000.
3. COE asked for a PER with Alternative Analysis. Bell is modified the original PER to incorporate the COE funding. COE dollars will not be utilized for the 10-Yr CIP or RWI pump purchase. The requested Alternative Analysis was provided to COE on July 10, 2019.
4. The Project Partnering Agreement (PPA). This agreement was executed on September 13, 2019.
5. Funds from the COE are being utilized for the RWI, WTP and Line Improvements (Items B & C).



**F. CONTRACT 113-19-04**

**ARC WATERLINE REPLACEMENT PROJECT**

1. Bell received the signed contract on August 2<sup>nd</sup>.
2. Bell and MCWD personnel have been in the field multiple times locating existing lines, surveying existing meters, valves and fire hydrants and determining routing of new water lines.
3. Location of all features affecting alignment of the waterline has been completed including gas lines.
4. Plans and specifications have been developed.
5. Project was submitted for DOW review on March 27, 2020. DOW Construction Permit issued April 27<sup>th</sup>.
6. Project was submitted to KYTC on April 6, 2020 for review. KYTC Encroachment Permit was issued April 24.
7. Bids for the project were opened on May 29, 2020. Three bids were received for the project. The low bid in the amount of \$390,725.00 was submitted by Boco Enterprises, Inc.
8. A conversation was held with DLG representative on June 8, 2020 concerning using the remaining funds to continue laying additional mainline & service lines, along with, installing new meters in the Lovely area. DLG subsequently approved this request. An analysis of the project indicates that by using all funds approximately 23,435 LF of mainline, 67 meters/service lines and associated appurtenances can be replaced.
9. Bell and Boca are resolving remaining issues concerning contract time associated with the additional mainline. Contract can then be signed, the Contractor can obtain his performance/payment bonds, a preconstruction meeting can be held and project construction can begin on the work originally bid.
10. The additional mainline must be designed and approved by DOW prior to construction. A KYTC Encroachment Permit must also be obtained.
11. Bell Engineering has begun design of the additional mainline. Plan sheets have been cut and personnel will go to the field to begin line layout.

**G. CONTRACT 695-19-01**

**HIGH SCHOOL WATER STORAGE TANK & BOOSTER PUMP STATION  
TELEMETRY**

1. Bell received the signed contract on August 14, 2019.
2. The project was advertised for bids on August 21<sup>st</sup> and was advertised a second time on September 11<sup>th</sup>.
3. Bids for the project were opened September 26<sup>th</sup> @ 5:00 p.m. at the offices of the Martin County Fiscal Court.
4. The low (and only) bid was submitted by Micro-Comm. The base bid submitted was in the amount of \$48,921.00 and included the installation of an electrically powered telemetry unit at the pumping station and a solar

- powered unit at the tank site. A deductive alternate of \$5,400.00 was offered if the Fiscal Court ran electric to the tank site and Micro-Comm could also use an electrically powered unit at this location. Cost would then be \$43,521.00.
5. Bell provided a letter of recommendation to the Martin County Fiscal Court concerning the award of the project to Micro-Comm.
  6. Martin County Fiscal Court has awarded the project to the low bidder.
  7. Contract documents have been executed by both the Contractor and Fiscal Court. The executed documents were received from the Fiscal Court on Friday, February 28<sup>th</sup>. They were forwarded to the contractor along with the Notice to Proceed with construction on March 3, 2020.
  8. Information from the Contractor concerning the FCC licensing process has been received.
  9. The Contractor has submitted shop drawings of the equipment to be used as part of the project. Bell Engineering has reviewed the equipment for conformance with the contract requirements and returned to the Contractor.
  10. Contractor fabrication and in-house testing of materials is complete. The Contractor has been in touch with Alliance Water Resources and will visit the sites later this week to ensure Contractor has all materials on hand to complete the installation. Installation will then begin and should be complete in a few weeks.

#### **H. WASTEWATER TREATMENT PLANT/COLLECTION SYSTEM REVIEW**

1. Bell and MCWD personnel reviewed the Inez and Warfield WWTPs.
2. Proposed work at the Inez facility includes: a redundant oxidation ditch, septage receiving station, belt filter press, solids processing building, sludge hauling equipment, influent flow meter, yard piping , upgraded electrical, sludge storage and drainage pad, replacement of the influent pumping station, clarifier rehabilitation of unit that is out of service, existing oxidation ditch metal work, covers for the aerators/gearboxes for existing oxidation ditch, entry road repairs, rehabilitating two system pumping stations, replacing floats/adding transducers at the two stations, replacing ten grinder pumps and rehabilitating the inoperable plant generator. OPPC: \$4,836,550.
3. Proposed work at the Warfield facility includes a septage receiving station, mechanical screen for trash, demolition of the Dempsey WWTP, rehabilitating two system pumping stations, replacing floats/adding transducers at the two stations and replacing ten grinder pumps. OPCC \$1,138,563.
4. An RFQ for engineering services was published requiring a submission by interested firms by October 5, 2019. The RFQ was in conformance with EDA requirements so that EDA funding may be sought for the project.

5. Bell Engineering was selected to provide engineering services for the project at the last MCUD meeting. A contract is being prepared for review and signature.
6. The project budget will be adjusted to include administrative fees for the BSADD prior to any applications for project funding being submitted.
7. A meeting was held with a representative of the Economic Development Administration (EDA) to discuss the project.
8. A conference call was held on July 7th to discuss the plant and its needs. Since Alliance Water Resources has been operating the Inez Wastewater Treatment Plant for several months, the scope of work originally outlined for the facility is being reviewed to determine if modifications should be made.

**I. USP BIG SANDY, EASTERN KENTUCKY BUSINESS PARK & BIG SANDY AIRPORT WATER PROJECT**

1. Project budget was revised and sent to AML on September 19, 2019.
2. The Memorandum of Agreement between AML and BSADD was signed by BSADD on September 25<sup>th</sup>. The MOA was signed by AML on October 1, 2019.
3. A contract for engineering services has been executed by the Big Sandy Area Development District.
4. Bell and MCWD personnel went to the field to review potential tank and pump station sites.
5. The Preliminary Engineering Report for the project is complete and has been distributed.
6. Plans have been prepared for the 250,000-gallon water storage tank.
7. Bell, Alliance and MCWD are coordinating with the mineral lease holder and the surface owner concerning location of the proposed tank and pump station. BSADD, Bell and Alliance representatives met with the property owner on January 30, 2020.
8. On March 3<sup>rd</sup>, the property owner advised most of the property is permitted with only a phase one bond release.
9. Bell and Alliance met on-site with the property owner on May 5<sup>th</sup> and permission to move forward was granted.
10. The site was surveyed on May 27, 2020 and topographic mapping has been developed.
11. Geotechnical drilling of the site was originally scheduled for June 23<sup>rd</sup>. This was placed on hold.
12. Inez Power contacted local representatives during the week of June 15 and advised they were preparing to bring a facility on-line that will have significant water demands (up to 150,000 gallons per day / 4.5 million gallons per month). There is insufficient water pressure at the site to provide the service this entity has requested. Possible relocation of the proposed tank is

being evaluated, along with, a short-term solution of installing an inline pump to provide sufficient pressure to the site.

**J. CONTRACT 113-20-01**

**WATER LINE RELOCATION WILLIS DIALS/DAN'S BRANCH ROAD**

1. Met on-site with Bizzack Construction, Alliance Water Resources and representatives of other utilities on May 28, 2020.
2. Plans and specifications have been prepared.
3. At the request of Bizzack Construction, the project has been forwarded to a utility contractor (Akins Excavation) for pricing.
4. Pricing and plans have been forwarded to Bizzack Construction for approval by KYTC.
5. Project is ready for submittal to DOW for approval and will be submitted when directed to do so by Bizzack Construction.

**K. CONTRACT 113-20-02 and 113-20-03**

**WATER LINE RELOCATION HUNTER'S LANE AND ROCKHOUSE CREEK**

1. Met on-site with Bizzack construction, Alliance Water Resources and representatives of other utilities on May 28, 2020.
2. A scope of work for these projects is being developed.
3. Projects are currently scheduled by KYTC and Bizzack Construction for Summer 2021.

**L. ABANDONED MINE LANDS ECONOMIC AND COMMUNITY DEVELOPMENT PILOT PROGRAM**

1. AML has opened the application period for 2020 grants. Applications are due by the close of business on August 1, 2020.

*Progress Meeting #15 will be held August 12, 2020 at 11:00 AM.*

July 28<sup>th</sup>, 2020

TO: Martin County Water District  
Board of Directors

**INFORMATION & DECISION**

FROM: Staff

RE: RFCCC LEASE AGREEMENT

Staff is informing the Board that the Roy F. Collier Community Center lease agreement for the district billing office will be ending on August 1<sup>st</sup>, 2020.

Staff is requesting that the Board review the new lease agreement.

It is the intent of the Staff to request that the board renew the lease with RFCCC for a period of 3 years beginning August 1<sup>st</sup>, 2020 and extending until August 1<sup>st</sup>, 2023.

This action requires Board approval, addition to the board minutes and signature.

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# **Lease Agreement**

**by and between**

**Roy F. Collier Community Center**

**and**

**Martin County Utility Board**

Dated: August 1, 2020

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## LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") dated August 1, 2020, and effective as of the Commencement Date (defined below), is by and between Roy F. Collier Community Center (Lessor, 387 E Main Street Suite 144 Inez, KY 41224 and Martin County Adult Education and Family Learning Center("Lessee") with a mailing address of .

1. **Premises.** In consideration of the mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord hereby leases unto Tenant and Tenant hereby rents and accepts from Landlord those certain premises containing four hundred (400) rental square feet located in that certain building known as Roy Collier Community Center (the "Building"), Suite #140 and 141, 387 E Main Street Inez, Kentucky 41224 (the "Premises"),

2. **Term.** Subject to and upon the terms and conditions set forth below, the term of this Lease shall be for a period of 2 years, commencing on August 1, 2020, (the "Commencement Date") and ending August 1, 2023 (the "Initial Term"). So long as Lessee is not then in default under this Lease, at the end of the Initial Term, the term of this Lease shall be extended automatically for one year (1) additional period, unless either party gives notice to the other at least sixty (60) days prior to the end of the Initial Term or any extended term of its intent not to extend the term (the Initial Term, together with any extended term shall hereinafter be referred to herein as the "Term"). Any termination of this Lease, by lapse of time or otherwise, shall not affect or excuse the performance of any party under any provision of this Lease that by its terms survives any such termination.

3. **Rental and Possession.**

(a) **Rental.** Lessee shall pay to Lessor throughout the Term, rental per month ("Rent"), payable on the 1st day of each month in advance, as set forth below:

<b>Lease Year(s)</b>	<b>Rent Per Month</b>
August 1, 2020	\$753.51
August 1, 2021 3 % increase	\$776.12
August 1, 2022 3 % increase	\$799.40
August 1, 2023 3 % increase	\$823.38
August 1, 2024 3 % increase	\$848.08

No payment by Lessee or receipt by Lessor of a lesser amount than due hereunder shall be deemed to be other than on account of the earliest stipulated installment of Rent due hereunder. No endorsement or statement on any check or any letter accompanying any check or payment as Rent shall be deemed an accord and satisfaction, and Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such Rent or pursue any other remedy provided in this Lease.

(b) Utility Service. Payment for all utilities (which consist of electric, water and sewer) used upon or in connection with the Premises shall be made by Lessee. In no event shall Lessor be liable to Lessee for any interruption or failure in the supply of any utilities to the Premises.

(c) Possession. Lessor shall deliver possession of the Premises to Lessee on or before the Commencement Date.

(d) Deposit. Simultaneous with the signing of this Lease, Lessee shall pay to Lessor \_\_\_\_\_ Dollars (\$ \_\_\_\_\_ .00) as a deposit to secure Lessee's obligations under this Lease and to cover any damages sustained to the Premises during the Term (the "Deposit"). If no breach or damages occur during the Term that are not cured or repaired, the Deposit will be fully refunded to Lessee upon termination of this Lease.

(e) Other Charges. All costs, expenses and other sums that Lessee assumes or agrees to pay to Lessor pursuant to this Lease ("Other Charges") shall be deemed part of the Rent and, in the event of nonpayment thereof, Lessor shall have all the rights and remedies herein provided for in case of nonpayment of Rent. If a monthly installment of Rent is not received on or before the fifth (5<sup>th</sup>) day of the month in which it is due, other remedies for nonpayment of Rent notwithstanding, Lessor may enforce this provision in accordance with Section 18 of this Lease.

(f) Place of Payment. Lessee shall pay all Rent and Other Charges due under this Lease without demand, deduction or set off to Lessor at the address set forth above, or at such other place as Lessor may designate from time to time hereafter by written notice to Lessee.

**4. Condition of Premises.**

(a) Condition of Premises on Commencement Date. Lessee accepts the Premises therein in “as is, where is” condition as of the Commencement Date.

(b) Condition of Premises at Termination. Upon termination of this Lease, by lapse of time or otherwise, Lessee shall remove all of Lessee’s property, including but not limited to, trade fixtures, from the Premises, and shall return the Premises in as good of condition as when Lessee took possession or as same as may thereafter have been put by Lessor, except for ordinary wear, loss by fire or other casualty. If Lessee fails to remove any or all of its property upon termination of this Lease, such property shall be deemed to be abandoned and shall become the property of Lessor.

**5. Use of the Premises.**

(a) Intended Use. Lessee intends to and shall use the Premises as Payment Center and Office Space, and for no other purpose whatsoever.

(b) Care. Lessee shall take good care of the Premises, the fixtures and appurtenances thereto, and all alterations, additions and improvements thereto. Lessee shall not make or permit to be made any use of the Premises or any part thereof, and shall not bring into or keep anything in the Premises or any part thereof, that: (i) violates any of the covenants, agreements, terms, provisions and conditions of this Lease; (ii) directly or indirectly is forbidden by public law, ordinance or regulation of any governmental or public authority (including zoning ordinances); (iii) is dangerous to life, limb or property; or (iv) increases the risk to Lessor or invalidates or increases the premium cost of any policy of insurance carried on the Building or covering its operation.

**6. Alterations.**

(a) Prohibition. Lessee shall not make any alterations, additions or improvements (collectively, the “Alterations”) in or to the Premises without the express prior

written consent of Lessor, which consent shall not be unreasonably withheld or delayed. Before commencing any work in connection with the Alterations, Lessee shall furnish to Lessor for its approval the following: (i) detailed plans and specifications therefore; (ii) names and addresses of each of the contractors and subcontractors; (iii) copies of all contracts, subcontracts and necessary permits; (iv) a payment and performance bond, or other indemnification, in form and amount satisfactory to Lessor, protecting Lessor against any and all claims, costs, damages, liabilities and expenses that may arise in connection with the Alterations; (v) such documentation as is necessary to comply fully with the mechanics' lien law of Kentucky; and (vi) certificates of insurance, in form and amount satisfactory to Lessor, from all contractors and subcontractors who will perform labor or furnish materials, insuring Lessor against any and all liability for personal injury, including but not limited to workers' compensation claims and for property damage that may arise out of or be in any manner connected with the Alterations. Lessee shall pay the cost of all such Alterations and all costs associated with decorating the Premises that may be occasioned thereby.

(b) Trash Removal. A monthly fee of \$20.00 shall be additional to the Rent for trash removal. During the performance of any construction in connection with the Alterations, Lessee shall provide or contract for trash removal service and require Lessee's contractors to remove all trash and debris from the Premises and to place such in containers supplied for such purpose at a location designated by Lessor. In the event Lessee's trash is allowed to accumulate for a 24-hour period or longer within the Premises or in the exterior or service corridors adjacent to the Premises, Lessor may remove Lessee's or Lessee's contractor's trash at a charge of 1.5 times Lessor's cost.

(c) Indemnification. In addition to the indemnity set forth in Section 9 of this Lease, Lessee hereby specifically agrees to indemnify and hold harmless Lessor from and against any and all liabilities, costs and expenses of every kind and description, including, without limitation, attorneys' fees and expenses, that may arise out of or in any manner be connected with any Alterations made by Lessee.

(d) Lessor's Property. All Alterations, whether temporary or permanent, including hardware, non-trade fixtures and wall and floor coverings, shall become Lessor's property and shall remain with the Premises at the termination of this Lease, whether by lapse of time or otherwise, without compensation, allowance or credit to Lessee. Lessee shall have the right to

remove its trade fixtures and equipment installed by it. If Lessor requests such removal or if Lessee removes its trade fixtures and equipment, Lessee shall remove the same prior to the end of the Term and shall repair all damage to the Premises caused by such removal. Lessee shall not, however, be required to remove pipes and wires concealed in floors, walls or ceilings, provided that Lessee properly cuts and caps the same, and seals them off in a safe, lawful and workmanlike manner, in accordance with Lessor's reasonable requirements and all applicable building codes. If Lessee does not remove any Alterations when requested by Lessor to do so, Lessor may remove the same and repair all damage caused thereby, and Lessee shall pay to Lessor the cost of such removal and repair immediately upon demand therefore by Lessor, plus fifteen percent (15%) of the cost of such removal to reimburse Lessor for its administrative expense. Lessee's obligation to observe or perform this covenant shall survive the expiration or termination of this Lease.

**7. Mechanic's Liens.**

(a) If, because of any act or omission of Lessee, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against any portion of the Premises, Lessee, at its own cost and expense, shall cause the same to be discharged of record or bonded against within ten (10) days of the filing thereof; and Lessee shall indemnify, defend and save harmless Lessor against and from all costs, liabilities, suits, penalties, claims and demands, including attorneys' fees, on account thereof.

(b) If Lessee shall fail to cause such liens to be discharged of record or bonded against within the aforesaid ten (10) day period or shall fail to satisfy such liens within ten (10) days after any judgment in favor of such lien-holders from which no further appeal may be taken, then Lessor shall have the right to cause the same to be discharged. All amounts paid by Lessor to cause such liens to be discharged, plus interest on such amounts at the Default Rate shall constitute Other Charges payable by Lessee to Lessor.

**8. Maintenance and Repair.**

(a) Lessee's Maintenance. Except for repairs Lessor is obligated to make pursuant to Section 8(b) below, Lessee shall, at its own cost and expense, make all necessary repairs, improvements, and decorations and perform all maintenance on, in, and to the Premises that are necessary or appropriate to keep the Premises in good condition and repair and in a safe

and Lesseeable condition. All such repairs and maintenance shall be accomplished in a good and workmanlike manner using new quality materials, and shall be in compliance with all applicable requirements of law. Notwithstanding the provisions hereof, in the event that any maintenance or repairs required to be made by Lessee become immediately necessary to avoid possible injury or damage to persons or property, Lessor may, but shall not be obligated to, make repairs to such items at Lessee's expense, which shall constitute Other Charges payable by Lessee to Lessor. Within ten (10) days after Lessor renders a bill for the cost of said repairs, Lessee shall reimburse Lessor.

Lessee shall keep Premises in a clean, orderly, and attractive condition at all times. Lessee shall not permit the accumulation of garbage, rubbish, or other waste in or around the Premises, except for such normal amount of garbage, rubbish or other waste that may accumulate between regular garbage pickups and is properly placed in appropriate trash containers.

(b) Lessor's Maintenance. Lessor shall keep, repair and maintain the exterior of the Building (including the roof and structural members, mechanical (HVAC) and electrical equipment, sprinkler systems, the exterior and architectural finish); together with heating, plumbing, electrical, ventilation or air conditioning equipment located outside the Building all in good and Lesseeable condition during the Term of this Lease. Lessee shall notify Lessor immediately when any repair to be made by Lessor is necessary. If any portion of the Premises is damaged through the fault or negligence of Lessee, its agents, employees, invitees or customers, then Lessee shall promptly and properly repair the same at no cost to Lessor; provided, however, that Lessor may, at its option, make such repairs and Lessee shall, on demand, pay the cost thereof, together with interest at the Default Rate to Lessor as Other Charges. Lessee shall immediately give Lessor written notice of any defect or need for repairs, after which notice Lessor shall have reasonable opportunity to repair same or cure such defect. For the purposes of making any repairs or performing any maintenance, Lessor may block, close or change any entrances, doors, or other facilities in the Building or in the Premises, and may close, block or change sidewalks, driveways or parking areas of the Premises, provided, however, that Lessor shall use all reasonable means to conduct repairs in a manner that does not unreasonably interfere with the Lessee's use. Lessor shall not be liable to Lessee, except as expressly provided in this Lease, for any damage or inconvenience and Lessee shall not be entitled to any abatement of Rent by reason of any repairs, alterations or additions made by

Lessor under this Lease unless such repairs, alterations or additions unreasonably interfere with Lessee's use of the Premises.

(c) Lessor Services. Lessor shall furnish to Lessee the services enumerated on the Standard Service Specifications attached hereto as Exhibit A and made a part hereof, and Lessee shall accept the same. Notwithstanding the Standard Service Specifications, Lessor shall in no event be liable to Lessee for damages from the temporary shutdown of the elevator service, heat, electric, air conditioning equipment or water apparatus, or any other facility or service.

9. Indemnification; Waiver of Claims.

(a) Lessee shall indemnify, defend and hold harmless Lessor, its agents, employees, officers, directors and shareholders from and against any and all claims, actions, judgments, penalties, damages, charges, costs or expenses, of any nature whatsoever, including, without limitation, attorney's fees and expenses, arising from, relating to or in connection with: (i) any violation by Lessee of any law, order or ordinance of any governmental agency, (ii) the use or occupancy of the Premises or the exercise or operation of the property interests or rights granted to Lessee under this Lease, (iii) any act or omission by Lessee, its servants, agents, employees, contractors, suppliers, invitees, patrons or guests in the course of its or their operations on the Premises or otherwise in the pursuance of the terms hereof or exercise of the rights or privileges granted hereunder; or (iii) any misrepresentation or breach of any warranty or covenant on the part of Lessee herein contained or the failure of Lessee to comply in full with or perform any of the covenants, conditions or terms set forth in this Lease.

(b) Lessor shall not be liable for, and Lessee, on behalf of itself and its insurers, hereby waives and releases all claims against Lessor: (i) for any and all damage or loss to fixtures, equipment or other property of Lessee and its servants, agents, employees, contractors, suppliers, invitees, patrons and guests in, upon or about the Premises or the Building; or (ii) for injury or death to any person, or damage to any property of Lessee, occurring in, upon or about the Premises or the Building, resulting from any cause whatsoever (except caused by the intentional act of Lessor or its servants, agents or employees), including, but not limited to, water, snow, frost, ice, explosion, falling plaster, fire or gas, smoke or other fumes, nor by reason of the leaking, breaking, backing up or other malfunction of any lines, wires,

pipes, tanks, boilers, lifts or any other appurtenances, regardless by whom installed or maintained, Lessee hereby expressly assuming all responsibility for the safety and security of the property of Lessee, and its servants, agents, employees, contractors, suppliers, invitees, patrons and guests while in, upon or about the Premises or the Building. The occurrence of any event described in this Section 9 shall not constitute a breach of Lessor's covenant of quiet enjoyment set forth in Section 15.

**10. Insurance.**

(a) Lessee's Insurance. Lessee, at its sole cost and expense, shall carry during the entire Term of this Lease, the following types of insurance:

(i) Primary and noncontributory commercial general liability insurance against injuries to persons occurring in, upon or about the Premises, with minimum coverage of \_\_\_\_\_ (\$ \_\_\_\_\_) per occurrence and \_\_\_\_\_ (\$ \_\_\_\_\_) aggregate coverage per one (1) accident or disaster, and \_\_\_\_\_ (\$ \_\_\_\_\_) for property damage;

(ii) Primary and noncontributory fire, extended coverage, vandalism and malicious mischief and sprinkler damage and all-risk insurance coverage on all personal property, trade fixtures, floor coverings, furnishings, furniture and contents for their full insurable value on a replacement cost basis; and

(iii) Workers' Compensation or similar insurance, if and to the extent required by law and in form and amounts required by law.

(b) Lessor as Additional Insured. All such insurance required to be maintained by Lessee shall name Lessor as an additional insured and shall be written with a company or companies reasonably satisfactory to Lessor, having a policyholder rating of at least "A" and be assigned a financial size category of at least "Class XIV" as rated in the most recent edition of "Best's Key Rating Guide" for insurance companies, and authorized to engage in the business of insurance in the Commonwealth of Kentucky. Lessee shall deliver to Lessor copies of such policies and customary insurance certificates evidencing such paid-up insurance. Such insurance shall further provide that the same may not be canceled, terminated or modified unless the insurer gives Lessor at least sixty (60) days' prior written notice thereof.



(c) Lessor's Insurance. Lessor shall maintain in force, at all times during the Term of this Lease, a policy or policies of fire and extended coverage insurance to the extent of full replacement cost of the Building.

11. Waiver of Subrogation. Notwithstanding anything set forth in this Lease to the contrary, Lessor and Lessee expressly, knowingly, and voluntarily waive and release any and all right of recovery, claim, action, or cause of action, against the other and its respective agents, owners, officers, directors and employees, for any damage to its properties and loss of business (specifically including loss of rent by Lessor and business interruption by Lessee) as a result of the acts or omissions of the other party, or the other party's agents, officers and employees (specifically including the negligence of either party or its agents, officers and employees and the intentional misconduct of the agents, officers or employees of either party), which claims are covered by the insurance required to be maintained by the parties pursuant to the terms of this Lease or other insurance as either party may carry at the time of an occurrence. In addition, all insurance policies carried by either party covering the Building or the Premises (including, but not limited to: contents, fire and casualty insurance) shall expressly waive any right on the part of the insured against the other party for damage to its properties and loss of business as a result of the acts or omissions of the other party or the other party's agents, officers and employees; provided, however, that the foregoing shall not apply to claims for personal injury or wrongful death. Because this Section 11 will preclude the assignment of any claim mentioned in it by way of subrogation (or otherwise) to an insurance company (or any other person), each party to this Lease agrees immediately to give to each insurance company that has issued to it policies of fire and extended coverage insurance, written notice of the terms of the mutual waivers contained in this Section 11, and to have the insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverage because of the mutual waivers contained in this Section 11.

12. Waiver of Certain Rights. Lessor and Lessee hereby mutually waive all rights to request a jury trial in any action, proceeding or counterclaim (except those involving personal injury or property damage) arising out of this Lease.

13. Holding Over. If Lessee retains possession of the Premises or any part thereof after the termination of this Lease, Lessee shall, from that day forward, be a Lessee from month

to month under the terms and conditions of this Lease and Lessee shall pay Lessor (a) Rental at one and one-half (1 ½) times the rate in effect immediately prior to the termination of this Lease for the time the Lessee remains in possession; and, (b) Additional Rental and all Other Charges otherwise payable by Lessee hereunder. No acceptance of Rent by, or other act or statement whatsoever on the part of Lessor or its agent or employee, in the absence of a writing signed by Lessor, shall be construed as an extension of or as a consent for further occupancy. Lessee shall indemnify Lessor for all damages, consequential as well as direct, sustained by reason of Lessee's retention of possession, including but not limited to reasonable attorney's fees. The provisions of this Section 13 do not exclude pursuit of Lessor's right of re-entry or any other right hereunder.

**14. Assignment and Sublease.**

(a) Prohibition. Lessee shall not (directly, indirectly, voluntarily, involuntarily or by operation of law) assign, convey, mortgage, pledge, encumber or otherwise transfer this Lease or any interest therein, sublet the Premises or any part thereof, or permit the use or occupancy of the Premises or any part thereof by anyone other than Lessee, without receiving Lessor's prior written consent, which consent shall not be unreasonably withheld. Further, neither this Lease, the estate created hereby, nor the rights of Lessee created hereunder shall be subject to sale, disposition, or possession thereof, in whole or in part, under the judgment or decree of any court, or by or through judicial process of law or equity, except for the purpose of enforcing, at the instance of Lessor, its rights hereunder. In the event of any assignment, subletting, transfer or occupancy by someone other than Lessee, whether or not approved by Lessor, Lessee shall, nevertheless, at all times, remain fully responsible and jointly and severally liable for the payment of the Rent and for compliance with all other obligations imposed upon Lessee under the terms, provisions and covenants of this Lease. In addition, Lessee shall reimburse Lessor for reasonable attorneys' fees incurred in conjunction with the processing and documentation of any request for Lessor's consent under this Section 14. Any assignment or sublease shall contain a provision whereby the assignee or Sub-Lessee agrees to comply with and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease, and Lessee shall deliver to Lessor, promptly after execution, an executed copy of each assignment or sublease and an agreement of compliance by each assignee or Syub-Lessee. Any sublease shall

also contain a provision that in the event of default by Lessee hereunder and a termination of this Lease by Lessor, such Sub-Lessee shall, at Lessor's option, attorney to Lessor as if Lessor were the lessor under the sublease. If Lessee assigns this Lease or subleases all or a portion of the Premises, such assignee or Sub-Lessee shall have no right to exercise any renewal, expansion or right of first refusal option granted to Lessee under this Lease, nor shall such assignee or Sub-Lessee attain rights to the exterior building signage. Any consent by Lessor hereunder, shall not be construed as a waiver of the foregoing prohibitions against assignment, sublease, transfer, lien or encumbrance as to any future assignment, transfer, sublease, lien or encumbrance, and each successive assignment, transfer, sublease or instrument creating a lien or encumbrance shall so stipulate. The parties stipulate and agree that certain types of Lessees, regardless of their ability to pay rent, may present a use of the Premises which is not consistent with the Lessee mix surrounding the property covered by the Premises. Lessor's refusal to approve a sublease or assignment in such circumstances shall not be considered unreasonable.

(b) Right to Collect Rents Directly. Upon the occurrence of an event of default as set forth in Section 18 hereof, if all or any part of the Premises is then assigned, sublet, transferred or occupied by someone other than Lessee, then, in addition to any other remedies provided in this Lease or provided by law, Lessor, at its option, may collect directly from the assignee, Sub-Lessee, transferee or occupant all Rent becoming due to Lessee by reason of the assignment, sublease, transfer or occupancy. Any collection directly by Lessor from the assignee or Sub-Lessee shall not be construed to constitute a novation or a release of Lessee from the further performance of its obligations under this Lease.

15. Quiet Enjoyment. If Lessee shall pay the Rents and other sums due to be paid by Lessee hereunder as and when the same become due and payable, and if Lessee shall keep, observe and perform all of the other terms, covenants and agreements of this Lease on Lessee's part to be kept, observed and performed, Lessee shall, at all times during the Term herein granted, peacefully and quietly have and enjoy possession of the Premises without any encumbrance or hindrance by, from or through Lessor, except for regulations imposed by any governmental or quasi-governmental agency on the occupancy of Lessee or the conduct of Lessee's business operations.

**16. Fire and Casualty.**

(a) If the Premises or the Building or any substantial part of either is damaged or destroyed by fire or other casualty, cause or condition whatsoever, and (i) such damage or destruction cannot be repaired within one hundred eighty days (180) days, or (ii) such damage occurs during the last year of the Term and Lessor and Lessee have not elected to extend the Term, then Lessor may terminate this Lease by written notice to Lessee given within thirty (30) days after such damage. If the Premises are damaged or destroyed or access thereto or use thereof is affected by the damage, then Lessor's termination shall be effective as of the date of such damage; otherwise said termination shall be effective thirty (30) days after such notice.

(b) If the Premises or the Building are damaged or destroyed by fire or other casualty, cause or condition whatsoever, to such an extent as to be unLesseeable, and such damage or destruction cannot be repaired within one hundred eighty (180) days, then Lessee may terminate this Lease by giving written notice to Lessor within thirty (30) days after such damage, said termination to be effective as of the date of such damage.

(c) Unless this Lease is terminated as herein above provided, Lessor shall proceed with due diligence to restore, repair and replace the Premises and the Building to the same condition as they were in prior to such damage. From and after the date of such damage to date of completion of said repairs, replacements and restorations, a just proportion of the Rent shall abate according to the extent the full use and enjoyment of the Premises are rendered impossible by reason of such damage. Notwithstanding anything contained herein to the contrary, Lessor shall be under no duty to restore any alterations, improvements or additions made by Lessee. In all cases, due allowance shall be given to Lessor for any reasonable delays caused by adjustment of insurance loss, strikes, labor difficulties or any cause beyond Lessor's control.

**17. Eminent Domain.** If the Premises, the Building, or any part thereof, shall be acquired by any authority having power of eminent domain, whether directly pursuant to such power or under threat of use of such power, Lessor may terminate this Lease as of the date when possession is taken by the acquiring authority. All Rent and other sums payable by Lessee hereunder shall accrue up to and including such date and shall be paid by Lessee to Lessor on

such date. Lessor reserves all rights to any awards or damages in connection with any such full or partial taking by eminent domain. Lessee hereby assigns to Lessor any right Lessee may have to such damages or awards and waives all claims against Lessor and the condemning authority in connection with such taking, including but not limited to all claims for termination of Lessee's leasehold interest hereunder and interference with Lessee's business. Notwithstanding the foregoing, Lessee shall have the right to claim and recover from the condemning authority compensation for any loss which Lessee may incur for Lessee's moving expenses or the taking of Lessee's personal property (excluding Lessee's leasehold interest hereunder), provided such claim by Lessee does not reduce Lessor's claim.

**18. Default.** The occurrence of any of the following events shall constitute a default under this Lease ("Default"): (a) the failure of Lessee to pay when due any installment of Rent or other charge due under this Lease, and such default is not cured within five (5) days after written notice thereof; (b) the failure of Lessee to fulfill any of the other covenants or provisions of this Lease, or any other contract between Lessor and Lessee, on its part to be performed and such default is not remedied within thirty (30) days after written notice thereof; (c) any bankruptcy, insolvency, or similar proceeding shall be filed by or against Lessee and the same shall not be dismissed within thirty (30) days; (d) if Lessor shall give to Lessee within any period of twelve (12) consecutive months during the term of this Lease, three (3) notices of default; (e) if Lessee shall abandon or fail to occupy the Premises for a period of thirty (30) consecutive days; (f) if Lessee removes all or substantially all of its furniture, fixtures, and equipment from the Premises other than by reason of an assignment or subletting of the Premises permitted under this Lease, or; (g) any violation by Lessee of Exhibit B, or any other rules set forth by Lessor, or other violation of any federal, state, or local rule or regulation.

**19. Remedies.** In the event of a Default by Lessee under this Lease:

(a) Lessor may perform, on behalf of and at the expense of Lessee, any obligation of Lessee under this Lease which Lessee has failed to perform, and the cost of which performance by Lessor, plus a fifteen percent (15%) administration fee, together with interest thereon from the date of such expenditure, shall be deemed Additional Rent and shall be payable by Lessee to Lessor upon demand;

(b) Lessor may, without terminating this Lease, declare the entire amount of

the Rent which would become due and payable during the remainder of the Term of this Lease to be due and payable immediately, in which event Lessee agrees to pay the same in one lump sum, together with all Rents due. Such payment shall not constitute a penalty or forfeiture or liquidated damages, but shall constitute payment in advance of the Rent for the remainder of said Term. The acceptance of such payment by Lessor shall not constitute a waiver of any Default of Lessee thereafter occurring;

(c) Lessor may, without terminating this Lease, by summary proceedings or otherwise, re-enter the Premises and may remove Lessee and all other persons and property from the Premises, and Lessee shall have no further claim or right hereunder, but Lessee shall remain liable for all obligations arising during the balance of the Term as if this Lease had remained in full force and effect. Lessee waives notice or demand unless specifically required by applicable law. No re-entry or commencement of any action for re-entry shall be construed as an election to terminate this Lease or shall absolve or release Lessee from any of its obligations for the remainder of the Term;

(d) Lessor may, without terminating this Lease, re-enter the Premises pursuant to any means available under this Lease or under applicable law, and make alterations or repairs, and relet said Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term of this Lease), without advertisement, by private negotiation, and upon any such terms and conditions as Lessor in its sole discretion may deem advisable. Upon each such reletting, all rentals and other sums received by Lessor from such reletting shall be applied, first, to the payment of any indebtedness other than Rent due hereunder from Lessee to Lessor; second, to the payment of any costs and expenses of such reletting, including reasonable brokerage fees and attorney fees and the costs of any alterations and repairs; and the residue, if any, shall be applied in payment of Rent and other charges due and unpaid hereunder. If such rentals and other sums received from such reletting during any month be less than that to be paid during that month by Lessee hereunder, Lessee shall pay such deficiency to Lessor; if such rentals and the sums shall be more, Lessee shall have no right to, and shall receive no credit for, the excess. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of said Premises by Lessor shall be construed as a termination of this Lease, unless a written notice of such is given to Lessee, or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Lessor may

at any time elect to terminate this Lease for such previous breach;

(e) Lessor may terminate this Lease, upon written notice to Lessee;

In exercising any of the above remedies, Lessor may remove Lessee's property from the Premises and store the same, at Lessee's expense and without Lessor being deemed guilty of trespass or becoming liable for any loss or damage occasioned thereby. Lessor may also sell such property at a public or private sale, with the proceeds being applied to the costs of sale and storage, Lessor's reasonable attorney fees, amounts owed to Lessor under this Lease, and with any surplus paid to Lessee, in that order. Lessee waives any rights to re-enter the Premises and any rights of redemption.

(f) Lessor may exercise any other legal or equitable right or remedy it may have, which shall specifically include but not be limited to Lessor's exercise without court proceeding of a lien on any of Lessee's property in the Premises until cure of all Defaults.

(g) The foregoing remedies available to Lessor upon the occurrence and continuance of a Default are not to be deemed as alternative remedies, and Lessor shall be entitled to exercise any or all of said remedies as Lessor may determine. Notwithstanding the provisions of this Section and regardless of whether a Default shall have occurred, Lessor may exercise the remedy described in Section 18(a) above without any notice to Lessee if Lessor, in its good faith reasonable judgment, believes it would be materially injured by failure to take rapid action or if the unperformed obligation of Lessee constitutes an emergency.

20. **Lessor's Lien.** Lessee grants to Lessor a lien and continuing security interest for all Rent and other obligations of Lessee under this Lease, upon only goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper and other personal property of Lessee in the Premises, and such property shall not be removed from the Premises without the consent of Lessor, except in the ordinary course of business. In the event of a Default, Lessor shall have, in addition to all other remedies provided in this Lease, all rights and remedies under applicable state law or the Uniform Commercial Code ("UCC") regarding Lessor liens, including the right to sell such abandoned property at a public or private sale, and Lessee specifically waives any statutory obligations Lessor may have with regard to such personal property. Lessee agrees to execute such documents as Lessor requests to perfect the security interest so created, including any UCC financing statements.

21. **Waiver of Default or Remedy.** Notwithstanding anything set forth in this Lease to the contrary, Lessor and Lessee expressly, knowingly, and voluntarily waive and release any and all right of recovery, claim, action, or cause of action, against the other and its respective agents, owners, officers, directors and employees, for any damage to its properties and loss of business (specifically including loss of rent by Lessor and business interruption by Lessee) as a result of the acts or omissions of the other party, or the other party's agents, officers and employees (specifically including the negligence of either party or its agents, officers and employees and the intentional misconduct of the agents, officers or employees of either party), which claims are covered by the insurance required to be maintained by the parties pursuant to the terms of this Lease or other insurance as either party may carry at the time of an occurrence. In addition, all insurance policies carried by either party covering the Building or the Premises (including, but not limited to: contents, fire and casualty insurance) shall expressly waive any right on the part of the insured against the other party for damage to its properties and loss of business as a result of the acts or omissions of the other party or the other party's agents, officers and employees; provided, however, that the foregoing shall not apply to claims for personal injury or wrongful death. Because this Section 11 will preclude the assignment of any claim mentioned in it by way of subrogation (or otherwise) to an insurance company (or any other person), each party to this Lease agrees immediately to give to each insurance company that has issued to it policies of fire and extended coverage insurance, written notice of the terms of the mutual waivers contained in this Section 11, and to have the insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverages because of the mutual waivers contained in this Section 11.

22. **Remedies Cumulative.** No remedy set forth in this Lease is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now existing or hereafter existing at law, in equity or by statute.

23. **Force Majeure.** If Lessor or Lessee shall be delayed, hindered in or prevented from the performance of any act required hereunder (other than the payment of Rent and other charges payable by Lessee) by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, riots, insurrection, the act, failure to act or default of the other party, war, governmental action or failure to act or any other reason beyond the reasonable control of



the party who is seeking additional time for the performance of such act, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a reasonable period, in no event to exceed a period equivalent to the period of such delay. No such interruption of any service to be provided by Lessor shall ever be deemed to be an eviction, actual or constructive, or disturbance of Lessee's use and possession of the Premises or the Building.

**24. Subordination of Lease.**

(a) Lessor reserves the right and privilege to, and Lessee does hereby, subject and subordinate this Lease to any and all mortgages, deeds of trust or land leases now existing upon or that may be hereafter placed upon the Premises and to all advances made or to be made thereon and all renewals, modifications, consolidations, replacements or extensions thereof. The lien of any such mortgages, deeds of trust or land leases shall not affect the rights hereby or hereunder vested in Lessee provided Lessee shall not be in default of its obligations under this Lease. In confirmation of such subordination, Lessee shall, on request of Lessor or the holder of any such mortgages, deed(s) of trust and land leases, execute and deliver to Lessor within ten (10) days any instrument that Lessor or such holder may reasonably request.

(b) Lessee agrees within five (5) days after written request, to execute, and deliver to Lessor and/or Lessor's designee a certificate evidencing whether or not: (i) this Lease is in full force and effect; (ii) this Lease has been amended in any way; (iii) there are any existing defaults by Lessor hereunder and specifying the nature of such defaults, if any; (iv) Lessor has performed all improvements or other work, if any, required under this Lease; (v) the date to which Rent has been paid; (vi) there is any security deposit held by Lessor and the amount thereof, if any; and (vii) the address to which notices are to be given to Lessee. Lessor and Lessee acknowledge that estoppel certificates which may be requested by either party hereafter may contain more or less information than set forth above.

(c) If the interest of Lessor under this Lease shall be transferred by reason of foreclosure, deed in lieu of foreclosure, or other proceedings for enforcement of any first mortgage or deed of trust on the Premises, Lessee shall be bound to the transferee (the "Purchaser") under the terms, covenants and conditions of this Lease for the balance of the Term

remaining, and any extensions or renewals, with the same force and effect as if the Purchaser were the Lessor under this Lease, and at the option of Purchaser, Lessee shall attorn to the Purchaser as its Lessor, the attornment to be effective and self-operative without the execution of any further instruments upon the Purchaser succeeding to the interest of Lessor under this Lease. The respective rights and obligations of Lessee and the Purchaser upon the attornment, to the extent of the then remaining balance of the Term of this Lease, and any extensions and renewals, shall be and are the same as those set forth in this Lease.

25. **Notices and Consents.** All notices, demands, requests, consents and approvals that may or are required to be given by either party to the other shall be in writing and shall be deemed given when sent by United States certified or registered mail, postage prepaid, or by overnight courier to the address of Lessor or Lessee, as applicable, which is set forth above, or at such other place as Lessor or Lessee may from time to time designate by notice to the other. All consents and approvals provided for herein must be in writing to be valid. Notice shall be deemed to have been given if addressed and mailed as above provided on the date two (2) days after deposit in the United States mail or one (1) day after deposit with an overnight courier.

26. **Americans with Disabilities Act.** All Alterations to the Premises constructed by Lessee, whether prior to or after the date Lessee takes possession of the Premises, shall comply with the Americans with Disabilities Act and all regulations promulgated pursuant thereto, as they may be amended from time to time ("ADA"). If, after the date Lessee takes possession of the Premises, Lessee requests that Lessor consent to the performance by Lessee of, any alterations, additions or improvements to the Premises, whether by virtue of expansion, extension or otherwise, Lessee agrees to and shall be responsible for all costs and expenses incurred in connection with any improvements and alterations necessary to ensure compliance with the ADA. The parties intend that any additional alterations, improvements or additions to the Premises required by the ADA after the commencement of this Lease, whether resulting from amendments to the ADA or otherwise, shall be the sole responsibility of Lessee.

27. **Taxes.** Lessor shall pay and discharge as they become due all taxes and assessments on the Premises. Lessee shall pay, prior to delinquency, all taxes assessed against or levied upon its occupancy of the Premises, or upon the fixtures, furnishings, equipment and all other personal property of Lessee located in the Premises, if nonpayment thereof shall give rise

to a lien on the Premises, and when possible Lessee shall cause said fixtures, furnishings, equipment and other personal property to be assessed and billed separately from the property of Lessor. In the event any or all of Lessee's fixtures, furnishing, equipment and other personal property, or upon Lessee's occupancy of the Premises, shall be assessed and taxed with the property of Lessor, Lessee shall pay to Lessor its share of such taxes within ten (10) days after delivery to Lessee by Lessor of a statement in writing setting forth the amount of such taxes applicable to Lessee's fixtures, furnishings, equipment or personal property.

**28. Hazardous Devices and Contaminants.**

(a) Prohibition. Except for Contaminants (as hereinafter defined) used in the ordinary course of business in compliance with Requirements of Law (as hereinafter defined), Lessee and its agents, employees, contractors and invitees shall not use, store, release, generate or dispose of or permit to be used, stored, released, generated or disposed of any Contaminants on or in the Premises.

(b) Indemnification. Lessee shall indemnify and hold harmless Lessor, its agents, servants, employees, officers and directors forever from and against any and all liability, claims, demands and causes of action, including, but not limited to, any and all liability, claims, demands and causes of action by any governmental authority, property owner or any other third person and any and all expenses, including but not limited to attorneys' fees, relating to any environmental liability resulting from: (i) any Release (as hereinafter defined) of any Contaminant at the Premises or emanating from the Premises to adjacent properties or the surrounding environment during the Term of this Lease; (ii) during the Term of this Lease, any generation, transport, storage, disposal, treatment or other handling of any Contaminant at the Premises, including, but not limited to, any and all off-site transport, storage, disposal, treatment or other handling of any Contaminant generated, produced, used and/or originating in whole or in part from the Premises; and (iii) any activities at the Premises during the Term of this Lease that in any way might be alleged to fail to comply with any Requirements of Law.

(c) Definitions.

(i) "Contaminant" shall mean any substance or waste containing hazardous substances, pollutants and contaminants as those terms are defined in the federal

Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. and any substance similarly defined or identified in any other federal, provincial or state laws, rules or regulations governing the manufacture, import, use, handling, storage, processing, release or disposal of substances or wastes deemed hazardous, toxic, dangerous or injurious to public health or to the environment. This definition includes friable asbestos and petroleum or petroleum-based products.

(ii) “Requirements of Law” shall mean any federal, state or local law, rule, regulation, permit, agreement, order or other binding determination of any governmental authority relating to the environment, health or safety.

(iii) “Release” shall have the same meaning as in the federal Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S. C. Section 9601, et seq.

29. **Inspection and Access.** Lessee shall permit Lessor, its agents, employees and contractors, during Lessee’s business hours upon reasonable prior notice, or at any other time without notice, to take any and all measures, including inspections, repairs, alterations, additions and improvements to the Premises, as may be necessary or desirable to safeguard, protect or preserve the Premises or Lessor’s interests; to operate or improve the Premises; to comply on behalf of Lessee with all laws, orders and requirements of governmental or other authority (if Lessee fails to do so); to examine the Premises to verify Lessee’s compliance with all of the terms, covenants, obligations and conditions of this Lease; or to exercise any rights with respect to the Premises that Lessor may exercise in the event of default by Lessee. Lessee shall not install any equipment which will exceed the capacity of the utility facilities for the Premises, and any equipment necessary to increase utility capacity shall be installed at Lessee’s expense. Lessor shall have access during the Term of this Lease for the purpose of exhibiting the Premises for sale, and Lessor shall have the right to place signs in or on the Premises advertising the same for sale.

30. **Signs.** Lessee may erect, maintain, permit and remove such signs as Lessee deems appropriate on or about the Premises with the prior consent of Lessor, which consent shall not be unreasonably withheld.

31. **Gender and Number.** Whenever words are used herein in any gender, they shall be construed as though they were used in the gender appropriate to the context and the circumstances, and whenever words are used herein in the singular or plural form, they shall be construed as though they were used in the form appropriate to the context and the circumstances.

32. **Topic Headings.** Headings and captions in this Lease are inserted for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor constitute any part of this Lease and are not to be considered in the construction of this Lease.

33. **Counterparts.** Several copies of this Lease may be executed by all of the parties. All executed copies constitute one and the same Lease, binding upon all parties.

34. **Entire Agreement.** This Lease contains the entire understanding between the parties and supersedes any prior understanding or agreements between them respecting the subject matter. No representations, arrangement or understandings except those fully expressed herein, are or shall be binding upon the parties. No changes, alterations, modifications, additions or qualifications to the terms of this Lease shall be made or be binding unless made in writing and signed by each of the parties.

35. **Recording Memorandum.** The parties agree that this Lease shall not be recorded, but a Memorandum of Lease may be executed setting forth the description of the Premises, the Term of this Lease and other pertinent provisions, which Memorandum of Lease may be recorded by either party in lieu of recordation of this Lease.

36. **Governing Law; Invalidity of any Provisions.** This Lease shall be subject to and governed by the laws of the Commonwealth of Kentucky, without giving effect to its conflicts of law principles. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the other terms of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

37. **Rules and Regulations.** Lessee, its agents, employees, officers, directors, visitors and invitees shall at all times observe, perform and abide by the Rules and Regulations

attached hereto as Exhibit B, hereby made a part of this Lease, together with such other rules and regulations Lessor may adopt, and all other federal, state, and local statutes, rules and regulations.

38. **Interpretation.** The parties hereto acknowledge and agree that: (i) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Lease, and (ii) the terms and provisions of this Lease shall be construed fairly as to all parties hereto and not in favor of or against any party, regardless of which party was generally responsible for the preparation of this Lease.

39. **Miscellaneous.**

(a) No receipt of money by Lessor from Lessee after the termination of this Lease or after the service of any notice or after the commencement of any suit, or after final judgment for possession of the Premises shall reinstate, continue or extend the Term of this Lease or affect any such notice, demand or suit or imply consent for any action for which Lessor's consent is required.

(b) The term "Lessor" as used in this Lease, so far as covenants or agreements on the part of Lessor are concerned, shall be limited to mean and include only the owner for the time being of the Premises. If the Premises be sold or transferred, the seller thereof shall be automatically and entirely released of all covenants and obligations under this Lease from and after the date of conveyance or transfer, provided the purchaser on such sale has assumed and agreed to carry out all covenants and obligations contained in this Lease to be performed on the part of Lessor hereunder, it being hereby agreed that the covenants and obligations contained in this Lease shall be binding on Lessor, its successors and assigns, only during their respective successive period of ownership.

(c) In the event of any sale or transfer of Lessor's interest in the Premises, whether that interest be a fee interest or a leasehold interest, then from and after the closing of such sale or lease transfer, Lessor is hereby completely released and forever discharged from and of all covenants, obligations, and liabilities hereunder.

(d) Lessor shall be entitled to accept, receive and cash or deposit any payment made by Lessee for any reason or purpose or in any amount whatsoever, and apply the same at

Lessor's option to any obligation of Lessee and the same shall not constitute payment of any amount owed except that to which Lessor has applied the same. No endorsement or statement on any check or letter of Lessee shall be deemed an accord and satisfaction or otherwise recognized for any purpose whatsoever. The acceptance of any such checks or payments shall not prejudice Lessor's right to recover any and all amounts owed by Lessee under this Lease and Lessor's right to pursue any other available remedy.

(e) Any provision which by its terms has or may have application after the termination for any reason of this Lease, including, but not limited to all of Lessee's covenants of indemnity, shall be deemed to survive the termination for any reason of this Lease.

(f) This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided that this provision shall in no manner enlarge Lessee's rights of assignment, which right of assignment has been restricted under the foregoing provisions of this Lease.

***SIGNATURE PAGE FOLLOWS***

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

LESSOR: Roy F Collier Community Center

By: Kendra Fletcher

Its: Executive Director

STATE OF KENTUCKY )

COUNTY OF MARTIN )

The foregoing Lease Agreement was subscribed, sworn to and acknowledged before me on this the 1st day of August, 2020, by Kendra Fletcher of Roy F. Collier Community Center, for and on behalf of said company.

My Commission Expires: 8-26-23

Patricia Webb  
Notary Public, State at Large, Kentucky

LESSEE: MCWD

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

The foregoing Lease Agreement was subscribed, sworn to and acknowledged before me on this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ for and on behalf of said \_\_\_\_\_.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public