

FINANCIAL MANAGEMENT SERVICES CONTRACT
PRESTONSBURG CITY'S UTILITIES COMMISSION

THIS CONTRACT, made effective the 1st day of August, 2020, by and between Prestonsburg City's Utilities Commission (hereinafter referred to as the "Agency"), and the Southern Water & Sewer District (hereinafter referred to as the "District"), for and in the consideration of the mutual covenants and promises hereinafter enumerated hereby agree as follows:

I. Financial Services

1) The Agency has determined that it is more economical and efficient for the District to provide financial management services for the Agency's billing collection system for the Agency's waste-water customers that are also potable water customers of the District. The services are to consist of preparing and sending bills, collecting revenues, keeping financial records and making reports to the Agency (hereinafter the "Financial Services").

II. The District's Obligations

2) The District does not assume responsibility for any existing, contractual or financial obligations of the Agency, but will perform the desired Financial Services. The District shall contract for all supplies and services to be furnished by it pursuant to this contract in its own name and will not obligate the Agency for any such obligations. In instances where it is necessary to obtain services or supplies from an outside source, the District shall not obligate the Agency for any such obligations without prior approval of the Agency, except in the case of emergencies, and will in those instances make every attempt to obtain prior approval from the authorized agent of the Agency.

3) The District shall maintain separate records, but not separate bank accounts for the Agency. The District shall bill its residential water customers (“Residential Customer”), as designated on the District’s records, residing in the District’s service area and served by the Agency for the waste water fees due the Agency. New Residential Customers shall be billed by the District and a list of new Residential Customers shall be given to the Agency monthly.

4) The District shall maintain Financial Services accounts in a form where sound management practice can be readily ascertained. The District shall prepare a monthly statement of accounts, balance said accounts and prepare monthly reconciliations.

5) The District shall provide routine data to support periodic reports or other filings with Federal and state regulatory authorities, if necessary.

6) The District shall charge each Residential Customer in accordance with the tariff schedules established by the Agency, as amended from time to time. The Agency shall give the District notice of its initial, or amended tariff sheet at least thirty (30) days prior to the date of the District’s billing date. The initial tariff sheet is attached hereto as Exhibit A and is hereby incorporated by reference as if fully set forth herein. The District shall perform the Financial Services in accordance with the District’s established billing and collection procedures (“Residential Retail Billing Procedures”), as may be amended from time to time. The District will only terminate a customer’s water service for non-payment in accordance with its Residential Retail Billing Procedure.

7) Any partial payments received from a customer shall be first applied to any amount due the District for utility services rendered and the remaining portion of the payment, if any, shall be applied to amounts charged by the Agency.

8) The District shall obtain insurance to protect itself against any error or omissions by its employees. The District shall also provide fidelity bond coverage by an insurance company on all employees handling the Agency's funds.

9) The District shall remit, by check, to the Agency all amounts collected during the preceding month, less the District's Basic Charge for the preceding month by the tenth day of the succeeding month. The District shall include a listing of customers having made payment.

III. Agency's Obligations

10) The Agency shall pay the District a Basic Charge of three percent (3.0%) of the Agency's tariff schedule for each customer based upon the customer classification established by the Agency ("Basic Charge") for the described Financial Services. The Basic Charge will be added to the Agency's applicable tariff and collected from the customer. On the customer statement the Basic Charge will be separately stated and separately identified as an "Administrative Fee".

11) The Agency shall pay the District for all other services rendered under this Contract or which may be agreed to in addition to the contract one month after such services are rendered.

12) The Agency shall reimburse the District for the expenses related to the preparation and filing of any forms, etc. required by Federal and state regulatory authorities.

13) For the purpose of computing cost under this contract for items not covered by the Basic Charge, the District shall maintain records of materials and supplies and employee and equipment time utilized in performing services under this contract.

Employee time shall include employee benefits, employer taxes and other costs directly related to the payment of wages. Equipment time shall include operating and maintenance cost, depreciation, finance charges and other charges directly related to the utilization of the equipment. Administration overhead, including supervisory salaries, rents, utilities, interest costs on inventory, office equipment and related charges may be allocated directly as a percentage of other charges, or on a per customer basis, using generally accepted principles of cost accounting.

14) The Agency hereby authorizes the District to act as its agent in carrying out the functions that the District agrees to perform.

15) The Agency shall receive, process and make payment for any refund claims submitted. In the event of a duplicate payment, the Agency shall be responsible for making all refunds.

IV. Termination and Renewal

16) The contract shall become effective and shall remain in effect for a period of one (1) year. It may be renewed for periods of one (1) year thereafter by mutual agreement of the parties and shall renew automatically unless written notice of termination is given as hereinafter provided. Either party may terminate this contract by giving a written notice to the other party thirty (30) days prior to the date of termination, or thirty (30) days following any decision of any regulatory agency having jurisdiction that, in either party's view, adversely affect the basis upon which this Contract was executed.

V. Miscellaneous

17) This contract may be reviewed and approved by a representative of bond holder of either party and the parties hereto agree to modify or amend the Contract to satisfy the requirements of such bond holder.

18) Each party shall indemnify the other party, its employees, and agents from all claims, demands, and liabilities of any kind relating to or arising out of this Agreement, except to the extent such claims, demands, or liabilities result from or arise out of the negligence of the party being indemnified.

19) All obligations of either party with respect to service hereunder shall be excused without liability during the pendency of any condition of force majeure. Force majeure shall include any act, event or condition beyond the reasonable control of the party claiming force majeure, and shall include, but not be limited to, any act of God, pandemic, fire, storm, earthquake, freezing condition, wind, flood, drought, snow, power surges and outages, environmental release, breakage of or delay in receiving parts, equipment or supplies, or shortage thereof, strike or lockout, or any act, event or requirement of any governmental law, regulation or entity. Force majeure shall not include financial inability to pay.

20) All notices and other communications provided hereunder shall be in writing and shall be delivered personally or transmitted by certified mail, return receipt requested or by a recognized overnight courier service. Such notice shall be deemed to have been given at the time of personally delivery or upon receipt thereof, as reflected on the signed certificate or delivery statement of the courier service. Notice must be delivered or sent to the party at the following address or to such other address as a party may have designated by notice:

TO AGENCY: Brian Music, Superintendent
Prestonsburg City's Utilities Commission
2560 South Lake Drive
Prestonsburg, Kentucky 41653-1048

TO DISTRICT: Chairman
Southern Water & Sewer District
245 KY-680
McDowell, Kentucky 41647

21) This Agreement may be amended in writing only, duly signed by both parties, and will be governed by and construed in accordance with Kentucky law.

22) Upon execution, the Agreement will inure to the benefit of and be binding upon the parties hereto and their respective officers, successors and assigns.

23) The terms and provisions of this Agreement shall not be severable, and in the event that any term or provision hereof is held to be invalid or unenforceable, the remaining terms or provisions hereof shall be invalid and unenforceable, and the parties shall have no further obligation hereunder.

24) Either party's failure to exercise any of its rights hereunder at any time will not operate as a waiver of its right to exercise same at any other time(s).

25) This Agreement may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

26) Notwithstanding any other provision of the Agreement, either party may reduce the amount of any payment otherwise payable to or on behalf of the other party by the amount of any obligation due or payable to the other party and the applicable party shall be deemed to have consented to such reduction.

27) The District shall include the beginning balance of all amounts outstanding for the Agency's customers that are currently connected to the Agency's wastewater

collection system as of the initial billing cycle. In the event an amount is outstanding from a former customer that no longer occupies such address, whether as a tenant or owner, the District shall not be responsible for the collection of same.

28) This Agreement shall be filed by the District with the Public Service Commission (“Commission”) and shall be subject to the Commission’s jurisdiction, and is contingent upon the Commission’s approval.

IN WITNESS WHEREOF, Prestonsburg City’s Utilities Commission, by and through its authorized agent, has caused its signature to be affixed hereto and Southern Water & Sewer District, by and through its authorized agent has caused its signature to be affixed hereto.

Prestonsburg City’s Utilities Commission

Brian Music, Superintendent
Prestonsburg City’s Utilities Commission

ATTEST:

Jimmy A. Calhoun, Chairman

Southern Water & Sewer District

Jeff Prater, Chairman