

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

Electronic Application of Bluegrass Water)
Utility Operating Company, LLC for an)
Adjustment of Rates and Approval of)
Construction)

Case No. 2020-00290

**Response to
Commission Staff's Third Request for Information**

Applicant Bluegrass Water Utility Operating Company, LLC (hereinafter "Bluegrass"), herewith submits its response to the Commission Staff's Third Request for Information. A signed, notarized verification for this Response appears on the following page. The undersigned counsel is responsible for any objection noted for a particular response.

Bluegrass has requested an extension to and including Friday, March 26, 2021, in which to complete this Response by providing a response to items 3-4, 7-8, 10-14, and 22-23 in the Staff's Third Request.

Respectfully Submitted,

/s/ Kathryn A. Eckert


Katherine K. Yunker
Kathryn A. Eckert
McBrayer PLLC
201 East Main St., Suite 900
Lexington, KY 40507
(859) 231-8780
kyunker@mcbrayerfirm.com
keckert@mcbrayerfirm.com

*Counsel for Bluegrass Water Utility Operating
Company*

VERIFICATION


STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS)

I, Mike Duncan, Vice President of Central States Water Resources, Inc., the manager of Applicant Bluegrass Water Utility Operating Company, LLC, being duly sworn, state that I prepared or supervised the preparation of the following responses to Commission Staff's Third Request for Information, and that the matters and things set forth in the responses are true and correct to the best of my knowledge, information and belief formed after reasonable inquiry.


Mike Duncan

Subscribed and sworn to this 10th day of March 2021, before me a Notary Public in and before said County and State.



Notary Public
(SEAL) 

MERANDA K. KEUBLER
My Commission Expires
November 13, 2022
St. Louis County
Commission #14631487

My Commission expires: 11/13/2022

Request

1. Refer to the Direct Testimony of Jacob Freeman (Freeman Testimony).
 - a. For each capital project described, starting from the time of acquisition, provide the monthly budget to actual capital expenditure comparisons, and explain any material differences.
 - b. Confirm that Bluegrass Water intends to capitalize the costs labeled “Construction Design and Investigative Services.” If confirmed provide the estimated life that will be used to capitalize the costs.
-

Response

- a. Projects are not tracked on a monthly projected budget, but rather are tracked as progress and cost to complete against progress billing by the contractor. Billing is based on the percentage completion, so amounts billed to date always correspond directly to percentage of the project that is complete, with remaining budget tracking in-kind relative to the total budget in the progress billing agreements. For this reason, barring significant change orders or unexpected events, the nature of the billing and contract agreements means there are no material differences between budget and actual capital expenditure on projects once a contractor is awarded work. Projects are scheduled and executed at the contractor’s discretion, do not always proceed linearly (insofar as a percentage completion), and Bluegrass is not prescriptive in the order or rate a contractor tackles project tasks, so no monthly budget is set for these projects.
- b. The Construction Design and Investigative Services costs relate to specific components of the construction projects. The costs are allocated to those construction components and the NARUC asset accounts used to capitalize them. The useful lives correspond to the NARUC account.

Request

2. Refer to BGUOC2020RateCase-IncomeStatement_(Sewer).xlsx and BGUOC2020RateCase-IncomeStatement_(Water).xlsx filed by Bluegrass Water in response to Commission Staff's First Request for Information (Staff's First Request).
 - a. Explain the difference between the services received by Bluegrass Water in consideration for the expenses for Allocated Overhead and the expenses for Administrative Services and why it is reasonable for Bluegrass Water's customers to pay both.
 - b. Explain how Bluegrass Water allocated the Administrative Services expenses and its portion of the overhead costs between its water and sewer services.
 - c. Explain what expenses are included within Sewer – Maintenance and Water – Maintenance, e.g., only amounts paid to Midwest Operators in excess of monthly obligations.
-

Response

- a. The Administrative Services expenses line items include direct expenses related to Bluegrass Water and its customers. Specifically, these line items include legal expenses, tax preparation and accounting expenses, subscription services for certain software and various expenses for consulting services. All of these services are provided by external, third-party vendors who are engaged specifically to provide stand-alone services to Bluegrass Water. Allocated Overhead includes salaries, benefits, office expense and similar costs by Bluegrass Water's parent, CSWR, LLC. CSWR, LLC provides executive leadership, legal general counsel, accounting, financial, customer service, construction operations oversight and information technology services, in addition to other services, that benefit Bluegrass Water and its customers.
- b. Bluegrass Water allocates the Administrative Services and Allocated Overhead between water and sewer on the basis of customer connection count.

- c. The expenses that are included within Sewer-Maintenance and Water-Maintenance include amounts paid to operators for services to maintain systems which are outside the basic scope of the operations contracts. Additionally, expenses for materials and supplies used in maintenance activities are included in these expense categories.

Request

5. Refer to BGUOC2020RateCase-RateBase_(Sewer).xlsx filed by Bluegrass Water in response to Staff's First Request at tab Dep – B3.1.
 - a. Explain each basis for Bluegrass Water's contention that a negative 10 percent net salvage value is reasonable for plant in NARUC Acct. No. 311.
 - b. Explain each basis for Bluegrass Water's contention that a negative 10 percent net salvage value is reasonable for plant in NARUC Acct. No. 372.
 - c. Provide any estimates of decommissioning or removal costs that support the negative net salvage values.
-

Response

- a. Bluegrass Water has used net salvage values that were approved for its affiliates in other jurisdictions. This is the same basis for determining the depreciable lives of the assets.
- b. Please see Bluegrass Water's answer to 3 PSC 5(a).
- c. Bluegrass Water has obtained no estimates of decommissioning or removal costs.

Request

6. Refer to BGUOC2020RateCase-RateBase_(Water).xlsx filed by Bluegrass Water in response to Staff's First Request at tab Dep – B3.1. Provide any estimates of decommissioning or removal costs that support the negative net salvage values for NARUC Acct. No. 304 and NARUC Acct. No. 333.
-

Response

Bluegrass Water has obtained no estimates of decommissioning or removal costs for NARUC Acct. No. 304 or NARUC Acct. No. 333.

Request

9. Refer to confidential attachment PSC 2-14.xlsx, at tabs “FY 2018,” “FY 2019,” and “FY 2020,” filed by Bluegrass Water in response to Staff’s Second Request, Item 14.
 - a. Provide an explanation for the high levels of variation in employer contributions to healthcare premiums.
 - b. Provide a detailed list of all healthcare plans available to employees. Clearly indicate any and all plans that are available only to executive employees.
-

Response

- a. The variations in employee contributions to healthcare premiums result from the difference in premiums charged for individual employees. CSWR, LLC pays 99% of employee premiums and employees are responsible to pay 1%. This includes healthcare coverage for families. The variation in premiums charged and employer contribution is directly dependent on the number of employee dependents covered.
- b. CSWR, LLC’s employees have only one plan available to them. Please see the attachment to 2 AG 11, labeled with ID#s KY2020-00290_BW_0450 to 0461 for a detailed explanation of that plan. There are no plans available only to executive employees.

Request

15. Refer to Bluegrass Water's response to Staff's Second Request, Item 9.
 - a. Confirm that Bluegrass Water is indicating that neither it nor any affiliated entity with which it files a consolidated tax return immediately expense any expenditures that are capitalized in Bluegrass Water's books and that neither it nor any affiliated entity with which it files a consolidated tax return uses accelerated tax depreciation for Bluegrass Water's plant. If Bluegrass Water is not able to confirm, explain each basis for why it is unable to do so.
 - b. Confirm that the immediate expensing of expenditures for tax purposes that are capitalized in Bluegrass Water's books, such as certain repairs and the use of accelerated tax depreciation for Bluegrass Water's plant gives Bluegrass Water access to no cost capital analogous to a zero interest loan from the government. If Bluegrass Water is not able to confirm, explain each basis for why it is unable to do so.
 - c. Explain why Bluegrass Water does not immediately expense expenditures that are capitalized for book purposes but may be expensed for tax purposes, such as expenses for certain repairs.
 - d. Explain why Bluegrass Water does not use accelerated depreciation for tax purposes.
-

Response

- a. Bluegrass Water is indicating that neither it nor any affiliated entity with which it files a consolidated tax return immediately expenses any capitalized cost or expenditure. No accelerated tax depreciation is used for Bluegrass Water or any affiliate with which it files a consolidated tax return. Please note that Bluegrass Water Utility Operating Company, LLC files a consolidated return with and only with Bluegrass Water Utility Holding Company, LLC.
- b. Immediate expensing of capitalized expenditures for tax purposes would theoretically provide no cost capital from governmental sources. In reality, this requires income sufficient to produce tax liability, which Bluegrass Water is yet to achieve.

- c. It is the policy of Bluegrass Water and all CSWR, LLC subsidiaries to use straight-line depreciation for both book and tax depreciation. This policy provides for more simplified record keeping and is in keeping with the accounting matching principle, which seeks to match expenses with the period in which the related revenue occurs. Over the long term, this provides for more predictable financial operations and financial results.
- d. Please refer to the answer to 3 PSC 15(c).

Request

16. Refer to Bluegrass Water's response to the Joint Intervenor's Initial Request for Information, Items 5 and 7.
- a. State whether the potential financing referred to in response to Item 7b is conditional upon completion of this rate case.
 - b. The potential financing referred to in Item 7b is to expire on a date certain identified confidentially. Explain whether Bluegrass Water will be entering into a contract, and if so, when Bluegrass Water anticipates filing with the commission the proposed financing.
-

Response

- a. The term sheet/offer related to potential financing for Bluegrass Water contains no condition expressly related to this rate case or its outcome. However, because *pro forma* financial data provided to the potential lender included projections related to Bluegrass Water's current and future rate cases, and because any loan would be contingent on a representation that Bluegrass Water has experienced no material adverse change to its financial condition, a negative rate case outcome could adversely affect the company's ability to secure debt financing and/or the interest rate for such financing.
- b. Bluegrass Water hopes to finalize terms for a contingent loan agreement within the next few weeks. The company expects to file its financing application with the Commission as soon as possible thereafter.

Request

17. Identify those portions of the itemized costs for capital projects in the Freeman Testimony that are attributable to the decommissioning or removal of existing plant or any portion thereof. If no such costs can be separately identified, explain whether Bluegrass Water contends that no portion of the costs are attributable to removing portions of existing plant to install new plant or upgrades to existing plant.

Response

The only items attributable to removal or decommissioning of components or the entirety of an existing plant are removal of the nonfunctioning contact chamber at the Airview treatment facility (“Remove contact chamber from creek - \$5,000”), and closure of the lagoon at the Brocklyn facility (“Lagoon Closure - \$199,000”).

The Airview contact chamber was abandoned in the creek bed of the receiving waters by previous ownership, with effluent pooling over the top of the contact chamber. This led to sludge accumulation in and around the abandoned structure. The structure also was preventing the rebuilding of the outfall structure, which was needed as the existing effluent pipe was damaged.

The Brocklyn lagoon was out of service and the facility will require the addition of new processes to properly function. There is no space on the property for the new equipment, so the out of service lagoon has been cleaned out and decommissioned so new equipment can be installed there.

Request

18. Explain the criteria under which CSWR's employees are entitled to receive 401(k) profit sharing contributions, and if there is a written policy governing the payment of 401(k) profit sharing contributions, provide a copy of that policy.
-

Response

All CSWR employees are entitled to participate in and make contributions to the company's 401(k) plan and receive matching employer contributions. The 401(k) plan is a "safe harbor" plan in which CSWR has committed to make a contribution equal to 3% of any participating employee's compensation; additional contributions to be distributed among all plan participants are at the discretion of CSWR's executive management. A copy of the *Central States Water Resources, LLC Retirement Savings Plan: Summary Plan Description* is attached to this response, marked as KY2020-00290_BW_0754 to Y2020-00290_BW_0773.

The request suggests the phrase "profit sharing" as used in in regards to the 401(k) plan may have created a misimpression regarding the nature of and basis for employer contributions. Under federal law (and as explained at the IRS's website <https://www.irs.gov/retirement-plans/choosing-a-retirement-plan-profit-sharing-plan>), a profit sharing plan is simply a plan that allows an employer to match a portion of contributions made by an employee. And as is expressly stated at the link provided in the preceding sentence, a business "does not need profits to make contributions to a profit-sharing plan."

CENTRAL STATES WATER RESOURCES, LLC RETIREMENT SAVINGS PLAN
SUMMARY PLAN DESCRIPTION

TABLE OF CONTENTS

INTRODUCTION TO YOUR PLAN

What kind of Plan is this?..... 1
What information does this Summary provide?..... 1

**ARTICLE I
PARTICIPATION IN THE PLAN**

How do I participate in the Plan?..... 1
What happens if I'm a Participant, terminate employment and then I'm rehired? 2

**ARTICLE II
EMPLOYEE CONTRIBUTIONS**

What are salary deferrals and how do I contribute them to the Plan? 2
What are "rollover" contributions? 3

**ARTICLE III
EMPLOYER CONTRIBUTIONS**

What is the safe harbor contribution? 3
What is the Employer profit sharing contribution and how is it allocated? 3

**ARTICLE IV
COMPENSATION AND ACCOUNT BALANCE**

What compensation is used to determine my Plan benefits? 3
Is there a limit on the amount of compensation which can be considered?..... 4
Is there a limit on how much can be contributed to my account each year? 4
How is the money in the Plan invested? 4
Will Plan expenses be deducted from my account balance? 5

**ARTICLE V
VESTING**

What is my vested interest in my account?..... 5
What happens if the Plan becomes a "top-heavy plan"? 5

**ARTICLE VI
DISTRIBUTIONS PRIOR TO TERMINATION**

Can I withdraw money from my account while working? 5

**ARTICLE VII
BENEFITS AND DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT**

When can I get money out of the Plan? 6
What happens if I terminate employment before death, disability or retirement?..... 6
What happens if I terminate employment at Normal Retirement Date? 7
What happens if I terminate employment due to disability?..... 7
How will my benefits be paid to me? 7

**ARTICLE VIII
BENEFITS AND DISTRIBUTIONS UPON DEATH**

What happens if I die while working for the Employer? 7
Who is the beneficiary of my death benefit? 7
How will the death benefit be paid to my beneficiary?..... 8
When must the last payment be made to my beneficiary? 8
What happens if I'm a Participant, terminate employment and die before receiving all my benefits? 8

**ARTICLE IX
TAX TREATMENT OF DISTRIBUTIONS**

What are my tax consequences when I receive a distribution from the Plan?..... 8
Can I elect a rollover to reduce or defer tax on my distribution?..... 8

**ARTICLE X
LOANS**

Is it possible to borrow money from the Plan? 9
What are the loan rules and requirements? 9

**ARTICLE XI
PROTECTED BENEFITS AND CLAIMS PROCEDURES**

Are my benefits protected? 10
Are there any exceptions to the general rule? 10
Can the Plan be amended?..... 10
What happens if the Plan is discontinued or terminated? 11
How do I submit a claim for Plan benefits?..... 11
What if my benefits are denied? 11
What is the Claims Review Procedure?..... 12
What are my rights as a Plan Participant?..... 14
What can I do if I have questions or my rights are violated? 15

**ARTICLE XII
GENERAL INFORMATION ABOUT THE PLAN**

Plan Name 15
Plan Number 15
Plan Effective Dates 15
Other Plan Information 15
Employer Information 15
Administrator Information 15
Plan Trustee Information and Plan Funding Medium 16

CENTRAL STATES WATER RESOURCES, LLC RETIREMENT SAVINGS PLAN

SUMMARY PLAN DESCRIPTION

INTRODUCTION TO YOUR PLAN

What kind of Plan is this?

Central States Water Resources, LLC Retirement Savings Plan ("Plan") has been adopted to provide you with the opportunity to save for retirement on a tax-advantaged basis. This Plan is a type of qualified retirement plan commonly referred to as a 401(k) Plan.

What information does this Summary provide?

This Summary Plan Description ("SPD") contains information regarding when you may become eligible to participate in the Plan, your Plan benefits, your distribution options, and many other features of the Plan. You should take the time to read this SPD to get a better understanding of your rights and obligations under the Plan.

In this Summary, your Employer has addressed the most common questions you may have regarding the Plan. If this SPD does not answer all of your questions, please contact the Administrator or other Plan representative. The Administrator is responsible for responding to questions and making determinations related to the administration, interpretation, and application of the Plan. The name and address of the Administrator can be found at the end of this SPD in the Article entitled "General Information About the Plan."

This SPD describes the Plan's benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language and is designed to comply with applicable legal requirements. If the non-technical language in this SPD and the technical, legal language of the Plan document conflict, the Plan document always governs. If you wish to receive a copy of the legal Plan document, please contact the Administrator.

The Plan and your rights under the Plan are subject to federal laws, such as the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code, as well as some state laws. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS) or Department of Labor (DOL). Your Employer may also amend or terminate this Plan. Your Employer will notify you if the provisions of the Plan that are described in this SPD change.

Types of contributions. The following types of contributions may be made under this Plan:

- Employee salary deferrals including Roth 401(k) deferrals
- Employer safe harbor contributions
- Employer profit sharing contributions
- Employee "rollover" contributions

ARTICLE I PARTICIPATION IN THE PLAN

How do I participate in the Plan?

Provided you are not an Excluded Employee, you may become a "Participant" in the Plan once you have satisfied the eligibility requirements and reached your "Entry Date." The following describes the eligibility requirements and Entry Dates that apply. You should contact the Administrator if you have questions about the timing of your Plan participation.

All Contributions

Excluded Employees. If you are a member of a class of employees identified below, you are an Excluded Employee and you are not entitled to participate in the Plan. The Excluded Employees are:

- union employees whose employment is governed by a collective bargaining agreement under which retirement benefits were the subject of good faith bargaining, unless the collective bargaining agreement requires the employee to be included within the Plan
- certain nonresident aliens who have no earned income from sources within the United States

- part-time, temporary or seasonal employees (employees whose regularly scheduled service is less than 1,000 hours of service per computation period) (However, if as a part-time, temporary or seasonal employee, you complete one (1) Year of Service in any year of employment, you will no longer be part of this excluded class.)
- Interns

Eligibility conditions. You will be eligible to participate in the Plan when you have satisfied the following eligibility condition(s). However, you will actually become a Participant in the Plan once you reach the Entry Date as described below.

- attainment of age 21.

Entry Date. Your Entry Date will be the date on which you satisfy the eligibility requirements.

Safe Harbor Contributions

Participants who are eligible to make salary deferrals to the Plan are eligible for the safe harbor contribution described in the Article entitled "Employer Contributions" in this SPD.

What happens if I'm a Participant, terminate employment and then I'm rehired?

If you are no longer a Participant because you terminated employment, and you are rehired, then you will be able to participate in the Plan on your date of rehire provided you are otherwise eligible to participate in the Plan.

ARTICLE II EMPLOYEE CONTRIBUTIONS

What are salary deferrals and how do I contribute them to the Plan?

Salary deferrals. Effective April 1, 2015, as a Participant under the Plan, you may elect to reduce your compensation by a specific percentage or dollar amount and have that amount contributed to the Plan as a salary deferral. There are two types of salary deferrals: Pre-Tax 401(k) deferrals and Roth 401(k) deferrals. For purposes of this SPD, "salary deferrals" generally means both Pre-Tax 401(k) deferrals and Roth 401(k) deferrals. Regardless of the type of deferral you make, the amount you defer is counted as compensation for purposes of Social Security taxes.

Pre-Tax 401(k) deferrals. If you elect to make Pre-Tax 401(k) deferrals, then your taxable income is reduced by the deferral contributions so you pay less in federal income taxes. Later, when the Plan distributes the deferrals and earnings, you will pay the taxes on those deferrals and the earnings. Therefore, with a Pre-Tax 401(k) deferral, federal income taxes on the deferral contributions and on the earnings are only postponed. Eventually, you will have to pay taxes on these amounts.

Roth 401(k) deferrals. If you elect to make Roth 401(k) deferrals, the deferrals are subject to federal income taxes in the year of deferral. However, the deferrals and, in most cases, the earnings on the deferrals are not subject to federal income taxes when distributed to you. In order for the earnings to be tax free, you must meet certain conditions. See "What are my tax consequences when I receive a distribution from the Plan?" below.

Deferral procedure. The amount you elect to defer will be deducted from your pay in accordance with a procedure established by the Administrator. The procedure will require that you enter into a salary deferral agreement after you satisfy the Plan's eligibility requirements. You may elect to defer a portion of your salary as of your Entry Date or on the first day of any payroll period. Such election will become effective as soon as administratively feasible after it is received by the Administrator. Your election will generally remain in effect until you modify or terminate it.

Deferral modifications. You are permitted to revoke your salary deferral election at any time during the Plan Year. You may make any other modification as of each payroll period or in accordance with any other procedure that your Employer provides. Any modification will become effective as soon as administratively feasible after it is received by the Administrator.

Deferral Limit. As a Participant, you may elect to defer a percentage of your compensation each year instead of receiving that amount in cash. Your total deferrals in any taxable year may not exceed a dollar limit which is set by law. The limit for 2020 is \$19,500. After 2020, the dollar limit may increase for cost-of-living adjustments. See the paragraph below on Annual dollar limit. The Administrator will notify you of the maximum percentage you may defer.

Catch-up contributions. If you are at least age 50 or will attain age 50 before the end of a calendar year, then you may elect to defer additional amounts (called "catch-up contributions") to the Plan as of the January 1st of that year. The additional amounts may be deferred regardless of any other limitations on the amount that you may defer to the Plan. The maximum "catch-up contribution" that you can make in 2020 is \$6,500. After 2020, the maximum may increase for cost-of-living adjustments.

Annual dollar limit. You should also be aware that each separately stated annual dollar limit on the amount you may defer (the annual deferral limit and the "catch-up contribution" limit) is a separate aggregate limit that applies to all such similar salary deferral amounts and "catch-up contributions" you may make under this Plan and any other cash or deferred arrangements (including tax-sheltered 403(b) annuity contracts, simplified employee pensions or other 401(k) plans) in which you may be participating. Generally, if an annual dollar limit is exceeded, then the excess must be returned to you in order to avoid adverse tax consequences. For this reason, it is desirable to request in writing that any such excess salary deferral amounts and "catch-up contributions" be returned to you.

If you are in more than one plan, you must decide which plan or arrangement you would like to return the excess. If you decide that the excess should be distributed from this Plan, you must communicate this in writing to the Administrator not later than the March 1st following the close of the calendar year in which such excess deferrals were made. However, if the entire dollar limit is exceeded in this Plan or any other plan your Employer maintains, then you will be deemed to have notified the Administrator of the excess. The Administrator will then return the excess deferrals and any earnings to you by April 15th.

Allocation of deferrals. The Administrator will allocate the amount you elect to defer to an account maintained on your behalf. You will always be 100% vested in this account (see the Article in this SPD entitled "Vesting"). This means that you will always be entitled to all amounts that you defer. This money will, however, be affected by any investment gains or losses. If there is an investment gain, then the balance in your account will increase. If there is an investment loss, then the balance in your account will decrease.

Distribution of deferrals. The rules regarding distributions of amounts attributable to your salary deferrals are explained later in this SPD.

What are "rollover" contributions?

Rollover contributions. At the discretion of the Administrator, if you are a Participant who is currently employed or an Eligible Employee, you may be permitted to deposit into the Plan distributions you have received from other retirement plans and certain IRAs. Such a deposit is called a "rollover" contribution and may result in tax savings to you. You may ask the Administrator or Trustee of the other plan or IRA to directly transfer (a "direct rollover") to this Plan all or a portion of any amount that you are entitled to receive as a distribution from such plan. Alternatively, you may elect to deposit any amount eligible to be rolled over within 60 days of your receipt of the distribution. You should consult qualified counsel to determine if a rollover is in your best interest.

Rollover account. Your "rollover" contribution will be accounted for in a "rollover account." You will always be 100% vested in your "rollover account" (see the Article in this SPD entitled "Vesting"). This means that you will always be entitled to all amounts in your "rollover account." Rollover contributions will be affected by any investment gains or losses.

Withdrawal of "rollover" contributions. You may withdraw the amounts in your "rollover account" at any time.

ARTICLE III EMPLOYER CONTRIBUTIONS

In addition to any deferrals you elect to make, your Employer will make additional contributions to the Plan. This Article describes Employer contributions that will be made to the Plan and how your share of the contribution is determined.

What is the safe harbor contribution?

Safe harbor 401(k) plan. This Plan is referred to as a safe harbor 401(k) plan. If your Employer elects to satisfy the "safe harbor" rules, then before the beginning of each Plan Year, you will be provided with a comprehensive notice of your rights and obligations under the Plan. However, if you become eligible to participate in the Plan after the beginning of the Plan Year, then the notice will be provided to you on or before the date you are eligible. A safe harbor 401(k) plan is a plan design where your Employer commits to making certain contributions described below. This commitment to make contributions enables your Employer to simplify the administration of the Plan by ensuring that nondiscrimination regulations are met, which is why it is called a "safe harbor" plan.

Safe harbor nonelective contribution. In order to maintain "safe harbor" status, your Employer will make a contribution equal to 3% of your compensation. This contribution is 100% vested (see the Article in this SPD entitled "Vesting").

What is the Employer profit sharing contribution and how is it allocated?

Profit sharing contribution. Each year, your Employer may make a discretionary profit sharing contribution to your account.

Allocation conditions. You will always share in the profit sharing contribution regardless of the amount of service you complete during the Plan Year.

ARTICLE IV COMPENSATION AND ACCOUNT BALANCE

What compensation is used to determine my Plan benefits?

Definition of compensation. For the purposes of the Plan, compensation has a special meaning. Compensation is generally defined as your total compensation that is subject to income tax and paid to you by your Employer during the Plan Year. In addition, salary reductions to this Plan and to any other plan or arrangement (such as a cafeteria plan) will be included in Compensation. If you are a self-employed individual, your compensation will be equal to your earned income. The following describes the adjustments to compensation that may apply for the different types of contributions provided under the Plan.

All Contributions

Adjustments to compensation. The following adjustments to compensation will be made:

- compensation paid after you terminate employment is generally excluded for Plan purposes. However, the following amounts will be included in compensation even though they are paid after you terminate employment, provided these amounts would otherwise have been considered compensation as described above and provided they are paid within 2 1/2 months after you terminate employment, or if later, the last day of the Plan Year in which you terminate employment:
 - compensation for services performed during your regular working hours, or for services outside your regular working hours (such as overtime or shift differential) or other similar payments that would have been made to you had you continued employment
 - compensation paid for unused accrued bona fide sick, vacation or other leave, if such amounts would have been included in compensation if paid prior to your termination of employment and you would have been able to use the leave if employment had continued
 - nonqualified unfunded deferred compensation if the payment is includible in gross income and would have been paid to you had you continued employment

Is there a limit on the amount of compensation which can be considered?

The Plan, by law, cannot recognize annual compensation in excess of a certain dollar limit. The limit for the Plan Year beginning in 2020 is \$285,000. After 2020, the dollar limit may increase for cost-of-living adjustments.

Is there a limit on how much can be contributed to my account each year?

Generally, the law imposes a maximum limit on the amount of contributions (excluding "catch-up contributions") that may be made to your account and any other amounts allocated to any of your accounts during the Plan Year, excluding earnings. Beginning in 2020, this total cannot exceed the lesser of \$57,000 or 100% of your annual compensation. After 2020, the dollar limit may increase for cost-of-living adjustments.

How is the money in the Plan invested?

The Trustee of the Plan has been designated to hold the assets of the Plan for the benefit of Plan Participants and their beneficiaries in accordance with the terms of this Plan. The Trust Fund established by the Plan's Trustee will be the funding medium used for the accumulation of assets from which Plan benefits will be distributed.

Participant directed investments. You will be able to direct the investment of your entire interest in the Plan. The Administrator will provide you with information on the investment choices available to you, the procedures for making investment elections, the frequency with which you can change your investment choices and other important information. You need to follow the procedures for making investment elections and you should carefully review the information provided to you before you give investment directions. If you do not direct the investment of your applicable Plan accounts, then your accounts will be invested in accordance with the default investment alternatives established under the Plan. These default investments will be made in accordance with specific rules under which the fiduciaries of the Plan, including the Employer, the Trustee and the Administrator, will be relieved of any legal liability for any losses resulting from the default investments. The Administrator has or will provide you with a separate notice which details these default investments and your right to switch out of the default investment if you so desire.

The Plan is intended to comply with Section 404(c) of ERISA (the Employee Retirement Income Security Act). If the Plan complies with Section 404(c), then the fiduciaries of the Plan, including your Employer, the Trustee and the Administrator, will be relieved of any legal liability for any losses which are the direct and necessary result of the investment directions that you give.

Earnings or losses. When you direct investments, your accounts are segregated for purposes of determining the earnings or losses on these investments. Your account does not share in the investment performance of other Participants who have directed their own investments. You should remember that the amount of your benefits under the Plan will depend in part upon your choice of investments. Gains as well as losses can occur and your Employer, the Administrator, and the Trustee will not provide investment advice or guarantee the performance of any investment you choose.

Periodically, you will receive a benefit statement that provides information on your account balance and your investment returns. It is your responsibility to notify the Administrator of any errors you see on any statements within 30 days after the statement is provided or made available to you.

Will Plan expenses be deducted from my account balance?

Expenses allocated to all accounts. The Plan permits the payment of Plan expenses to be made from the Plan's assets. If expenses are paid using the Plan's assets, then the expenses will generally be allocated among the accounts of all Participants in the Plan. These expenses will be allocated either proportionately based on the value of the account balances or as an equal dollar amount based on the number of Participants in the Plan. The method of allocating the expenses depends on the nature of the expense itself. For example, certain administrative (or recordkeeping) expenses would typically be allocated proportionately to each Participant. If the Plan pays \$1,000 in expenses and there are 100 Participants, your account balance would be charged \$10 (\$1,000/100) of the expense.

Terminated employee. After you terminate employment, your Employer reserves the right to charge your account for your pro rata share of the Plan's administration expenses, regardless of whether your Employer pays some of these expenses on behalf of current employees.

Expenses allocated to individual accounts. There are certain other expenses that may be paid just from your account. These are expenses that are specifically incurred by, or attributable to, you. For example, if you are married and get divorced, the Plan may incur additional expenses if a court mandates that a portion of your account be paid to your ex-spouse. These additional expenses may be paid directly from your account (and not the accounts of other Participants) because they are directly attributable to you under the Plan. The Administrator will inform you when there will be a charge (or charges) directly to your account.

Your Employer may, from time to time, change the manner in which expenses are allocated.

ARTICLE V VESTING

What is my vested interest in my account?

100% vested contributions. You are always 100% vested (which means that you are entitled to all of the amounts) in your accounts attributable to the following contributions:

- salary deferrals including Roth 401(k) deferrals and "catch-up contributions"
- safe harbor contributions
- Employer profit sharing contributions
- "rollover" contributions

What happens if the Plan becomes a "top-heavy plan"?

Top-heavy plan. A retirement plan that primarily benefits "key employees" is called a "top-heavy plan." "Key employees" are certain owners or officers of your Employer. A plan is generally a "top-heavy plan" when more than 60% of the plan assets are attributable to "key employees." Each year, the Administrator is responsible for determining whether the Plan is a "top-heavy plan."

Top-heavy rules. If the Plan becomes top-heavy in any Plan Year, then non-key employees may be entitled to certain "top-heavy minimum benefits," and other special rules will apply. These top-heavy rules include the following:

- Your Employer may be required to make a contribution on your behalf in order to provide you with at least "top-heavy minimum benefits."
- If you are a Participant in more than one Plan, you may not be entitled to "top-heavy minimum benefits" under both Plans.

ARTICLE VI DISTRIBUTIONS PRIOR TO TERMINATION

Can I withdraw money from my account while working?

In-service distributions. You may be entitled to receive an in-service distribution. However, this distribution is not in addition to your other benefits and will therefore reduce the value of the benefits you will receive at retirement. This distribution is made at your election and will be made in accordance with the forms of distributions available under the Plan.

Conditions and limitations. Generally you may receive a distribution from the Plan from certain accounts prior to your termination of employment provided you satisfy the condition described below:

- you have attained age 59 1/2

The following limitations apply to in-service distributions from certain accounts:

- The minimum amount you can receive as an in-service distribution is \$1,000.

Also, the law restricts any in-service distributions from certain accounts which are maintained for you under the Plan before you reach age 59 1/2. These accounts are the ones set up to receive your salary deferral contributions and other Employer contributions which are used to satisfy special rules for 401(k) plans (such as safe harbor contributions). Ask the Administrator if you need more details.

Qualified reservist distributions. If you were/are: (i) a reservist or national guardsman; (ii) called to active duty after September 11, 2001; and (iii) called to duty for at least 180 days or for an indefinite period, you may take a distribution of your elective deferrals under the Plan while you are on active duty, regardless of your age. The 10% premature distribution penalty tax, normally applicable to Plan distributions made before you reach age 59 1/2, will not apply to the distribution. You also may repay the distribution to an IRA, without limiting amounts you otherwise could contribute to the IRA, provided you make the repayment within 2 years following your completion of active duty.

ARTICLE VII BENEFITS AND DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT

When can I get money out of the Plan?

You may receive a distribution of the vested portion of some or all of your accounts in the Plan for the following reasons:

- termination of employment for reasons other than death, disability or retirement
- normal retirement
- disability
- death

This Plan is designed to provide you with retirement benefits. However, distributions are permitted if you die or become disabled. In addition, certain payments are permitted when you terminate employment for any other reason. The rules under which you can receive a distribution are described in this Article. The rules regarding the payment of death benefits to your beneficiary are described in "Benefits and Distributions Upon Death."

You may also receive distributions while you are still employed with the Employer. (See the Article entitled "Distributions Prior to Termination" for a further explanation.)

Military service. If you are a veteran and are reemployed under the Uniformed Services Employment and Reemployment Rights Act of 1994, your qualified military service may be considered service with the Employer. There may also be benefits for employees who die or become disabled while on active duty. Employees who receive wage continuation payments while in the military may benefit from various changes in the law. If you think you may be affected by these rules, ask the Administrator for further details.

Distributions for deemed severance of employment. If you are on active duty for more than 30 days, then the Plan generally treats you as having severed employment for distribution purposes. This means that you may request a distribution from the Plan. If you request a distribution on account of this deemed severance of employment, then you are not permitted to make any contributions to the Plan for six (6) months after the date of the distribution.

What happens if I terminate employment before death, disability or retirement?

If your employment terminates for reasons other than normal retirement, you will be entitled to receive only the "vested percentage" of your account balance.

You may elect to have your vested account balance distributed to you as soon as administratively feasible following your termination of employment. However, if the value of your vested account balance does not exceed \$5,000, then a distribution will be made to you regardless of whether you consent to receive it. (See the question entitled "How will my benefits be paid to me?" for additional information.)

Treatment of "rollover" contributions for consent to distribution. In determining if the value of your vested account balance exceeds the \$5,000 threshold described above used to determine whether you must consent to a distribution, your "rollover account" will not be considered as part of your benefit.

What happens if I terminate employment at Normal Retirement Date?

Normal Retirement Date. You will attain your Normal Retirement Age when you reach age 65. Your Normal Retirement Date is the date on which you attain your Normal Retirement Age.

Payment of benefits. You will become 100% vested in all of your accounts under the Plan once you attain your Normal Retirement Age. However, the actual payment of benefits generally will not begin until you have terminated employment and reached your Normal Retirement Date. In such event, a distribution will be made, at your election, as soon as administratively feasible. If you remain employed past your Normal Retirement Date, you may generally defer the receipt of benefits until you actually terminate employment. In such event, benefit payments will begin as soon as feasible at your request, but generally not later than age 70 1/2. (See the question entitled "How will my benefits be paid to me?" for an explanation of how these benefits will be paid.)

What happens if I terminate employment due to disability?

Definition of disability. Under the Plan, disability is defined as a physical or mental condition resulting from bodily injury, disease, or mental disorder which renders you incapable of continuing any gainful occupation and which has lasted or can be expected to last for a continuous period of at least twelve (12) months. Your disability must be determined by a licensed physician. However, if your condition constitutes total disability under the federal Social Security Act, then the Administrator may deem that you are disabled for purposes of the Plan.

Payment of benefits. If you become disabled while an employee, you will be entitled to your vested account balance under the Plan. Payment of your disability benefits will be made to you as if you had retired. However, if the value of your vested account balance does not exceed \$5,000, then a distribution of your vested account balance will be made to you, regardless of whether you consent to receive it. (See the question entitled "How will my benefits be paid to me?" for an explanation of how these benefits will be paid.)

How will my benefits be paid to me?

Lump-sum distributions. All distributions from the Plan will be made in a single lump-sum payment. If your vested account balance exceeds \$5,000, you must consent to the distribution before it may be made.

Delaying distributions. You may delay the distribution of your vested account balance unless a distribution is required to be made, as explained earlier, because your vested account balance does not exceed \$5,000. However, if you elect to delay the distribution of your vested account balance, there are rules that require that certain minimum distributions be made from the Plan. If you are a 5% owner, distributions are required to begin not later than the April 1st following the end of the year in which you reach age 70 1/2. If you are not a 5% owner, distributions are required to begin not later than the April 1st following the later of the end of the year in which you reach age 70 1/2 or retire. You should contact the Administrator if you think you may be affected by these rules.

Medium of payment. Benefits under the Plan will generally be paid to you in cash only.

ARTICLE VIII BENEFITS AND DISTRIBUTIONS UPON DEATH

What happens if I die while working for the Employer?

If you die while still employed by the Employer, then your vested account balance will be used to provide your beneficiary with a death benefit.

Who is the beneficiary of my death benefit?

Married Participant. If you are married at the time of your death, your spouse will be the beneficiary of the entire death benefit unless an election is made to change the beneficiary. IF YOU WISH TO DESIGNATE A BENEFICIARY OTHER THAN YOUR SPOUSE, YOUR SPOUSE (IF YOU ARE MARRIED) MUST IRREVOCABLY CONSENT TO WAIVE ANY RIGHT TO THE DEATH BENEFIT. YOUR SPOUSE'S CONSENT MUST BE IN WRITING, BE WITNESSED BY A NOTARY OR A PLAN REPRESENTATIVE AND ACKNOWLEDGE THE SPECIFIC NONSPOUSE BENEFICIARY.

If you are married and you change your designation, then your spouse must again consent to the change. In addition, you may elect a beneficiary other than your spouse without your spouse's consent if your spouse cannot be located.

Unmarried Participant. If you are not married, you may designate a beneficiary on a form to be supplied to you by the Administrator.

Divorce. If you have designated your spouse as your beneficiary for all or a part of your death benefit, then upon your divorce, the designation is no longer valid. This means that if you do not select a new beneficiary after your divorce, then you are treated as not having a beneficiary for that portion of the death benefit (unless you have remarried).

No beneficiary designation. At the time of your death, if you have not designated a beneficiary or your beneficiary is also not alive, the death benefit will be paid in the following order of priority to:

- (a) your surviving spouse
- (b) your children, including adopted children in equal shares (and if a child is not living, that child's share will be distributed to that child's heirs)
- (c) your surviving parents, in equal shares
- (d) your estate

How will the death benefit be paid to my beneficiary?

Lump-sum distributions. The death benefit will be paid to your beneficiary in a single lump-sum payment.

When must the last payment be made to my beneficiary?

The law generally restricts the ability of a retirement plan to be used as a method of retaining money for purposes of your death estate. Thus, there are rules that are designed to ensure that death benefits are distributable to beneficiaries within certain time periods.

Your death benefit must generally be paid to your beneficiary by the end of the fifth year following the year of your death. However, if your spouse is your designated beneficiary, then your spouse can elect to delay the payment until the year in which you would have attained age 70 1/2.

Since your spouse has certain rights to the death benefit, you should immediately report any change in your marital status to the Administrator.

What happens if I'm a Participant, terminate employment and die before receiving all my benefits?

If you terminate employment with the Employer and subsequently die, your beneficiary will be entitled to your remaining interest in the Plan at the time of your death.

**ARTICLE IX
TAX TREATMENT OF DISTRIBUTIONS**

What are my tax consequences when I receive a distribution from the Plan?

Generally, you must include any Plan distribution in your taxable income in the year in which you receive the distribution. The tax treatment may also depend on your age when you receive the distribution. Certain distributions made to you when you are under age 59 1/2 could be subject to an additional 10% tax.

You will not be taxed on distributions of your Roth 401(k) deferrals. In addition, a distribution of the earnings on the Roth 401(k) deferrals will not be subject to tax if the distribution is a "qualified distribution." A "qualified distribution" is one that is made after you have attained age 59 1/2 or is made on account of your death or disability. In addition, in order to be a "qualified distribution," the distribution cannot be made prior to the expiration of a 5-year participation period. The 5-year participation period is the 5-year period beginning on the calendar year in which you first make a Roth 401(k) deferral to our Plan (or to another 401(k) plan or 403(b) plan if such amount was rolled over into our Plan) and ending on the last day of the calendar year that is 5 years later.

Qualified reservist distributions. If you were/are: (i) a reservist or National Guardsman; (ii) called to active duty after September 11, 2001; and (iii) called to duty for at least 180 days or for an indefinite period, you may take a distribution of your elective deferrals under the Plan while you are on active duty, regardless of your age. The 10% premature distribution penalty tax, normally applicable to Plan distributions made before you reach age 59 1/2, will not apply to the distribution. You also may repay the distribution to an IRA, without limiting amounts you otherwise could contribute to the IRA, provided you make the repayment within 2 years following your completion of active duty.

Can I elect a rollover to reduce or defer tax on my distribution?

Rollover or direct transfer. You may reduce, or defer entirely, the tax due on your distribution through use of one of the following methods:

60-day rollover. The rollover of all or a portion of the distribution to an individual retirement account or annuity (IRA) or another employer retirement plan willing to accept the rollover. This will result in no tax being due until you begin withdrawing funds from the IRA or other qualified employer plan. The rollover of the distribution, however, MUST be made within strict time frames (normally, within 60 days after you receive your distribution). Under certain circumstances, all or a portion of a distribution may not qualify for this rollover treatment. In addition, most distributions will be subject to mandatory federal income tax withholding at a rate of 20%. This will reduce the amount you actually receive. For this reason, if you wish to roll over all or a portion of your distribution amount, then the direct transfer option described below would be the better choice.

Direct rollover. For most distributions, you may request that a direct transfer (sometimes referred to as a "direct rollover") of all or a portion of a distribution be made to either an individual retirement account or annuity (IRA) or another employer retirement plan willing to accept the transfer. A direct transfer will result in no tax being due until you withdraw funds from the IRA or other employer plan. Like the rollover, under certain circumstances all or a portion of the amount to be distributed may not qualify for this direct transfer. If you elect to actually receive the distribution rather than request a direct transfer, then in most cases 20% of the distribution amount will be withheld for federal income tax purposes.

Automatic IRA rollover. If a mandatory distribution is being made to you because your vested interest in the Plan exceeds \$1,000 but does not exceed \$5,000, then the Plan will rollover your distribution to an IRA if you do not make an affirmative election to either receive or roll over the distribution. The IRA provider selected by the Plan will invest the rollover funds in a type of investment designed to preserve principal and provide a reasonable rate of return and liquidity (e.g., an interest-bearing account, a certificate of deposit or a money market fund). The IRA provider will charge your account for any expenses associated with the establishment and maintenance of the IRA and with the IRA investments. You may transfer the IRA funds to any other IRA you choose. You will be provided with details regarding the IRA at the time you are entitled to a distribution. However, you may contact the Administrator at the address and telephone number indicated in this SPD for further information regarding the Plan's automatic rollover provisions, the IRA provider, and the fees and expenses associated with the IRA.

Tax notice. WHENEVER YOU RECEIVE A DISTRIBUTION THAT IS AN ELIGIBLE ROLLOVER DISTRIBUTION, THE ADMINISTRATOR WILL DELIVER TO YOU A MORE DETAILED EXPLANATION OF THESE OPTIONS. HOWEVER, THE RULES WHICH DETERMINE WHETHER YOU QUALIFY FOR FAVORABLE TAX TREATMENT ARE VERY COMPLEX. YOU SHOULD CONSULT WITH QUALIFIED TAX COUNSEL BEFORE MAKING A CHOICE.

ARTICLE X LOANS

Is it possible to borrow money from the Plan?

Yes, you may request a Participant loan using an application form provided by the Administrator. Your ability to obtain a Participant loan depends on several factors. The Administrator will determine whether you satisfy these factors.

What are the loan rules and requirements?

There are various rules and requirements that apply to any loan, which are outlined in this question. In addition, your Employer has established a written loan program which explains these requirements in more detail. You can request a copy of the loan program from the Administrator. Generally, the rules for loans include the following:

- Loans are available to Participants on a reasonably equivalent basis. Each loan requires an application which specifies the amount of the loan desired, the requested duration for the loan and the source of security for the loan. All loan applications will be considered by the Administrator within a reasonable time after the Participant applies for the loan. The Administrator may request that you provide additional information to make a determination.
- All loans must be adequately secured. You must sign a promissory note along with a loan pledge. Generally, you must use your vested interest in the Plan as security for the loan, provided the outstanding balance of all your loans does not exceed 50% of your vested interest in the Plan. In certain cases, the Administrator may require you to provide additional collateral to receive a loan.
- You will be charged an interest rate equal to 1% above the prime rate. The interest rate will be fixed for the duration of the loan.
- Loan refinancing is not permitted.
- If approved, your loan will provide for level amortization with payments to be made not less frequently than quarterly. Generally, the term of your loan may not exceed five (5) years. However, if the loan is for the purchase of your principal residence, the Administrator may permit a longer repayment term. Generally, the Administrator will require that you repay your loan by agreeing to either payroll deduction or payment by check (for prepayments only). If you have an unpaid leave of absence or go on military leave while you have an outstanding loan, please contact the Administrator to find out your repayment options.
- All loans will be considered a directed investment of your account under the Plan. All payments of principal and interest by you on a loan will be credited to your account.

- The amount the Plan may loan to you is limited by rules under the Internal Revenue Code. Any new loans, when added to the outstanding balance of all other loans from the Plan, will be limited to the lesser of:
 - (a) \$50,000 reduced by the excess, if any, of your highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date of the new loan over your current outstanding balance of loans as of the date of the new loan; or
 - (b) 1/2 of your vested interest in the Plan.
- No loan in an amount less than \$1,000 will be made.
- The maximum number of Plan loans that you may have outstanding at any one time is one.
- If you fail to make payments when they are due under the terms of the loan, you will be considered to be "in default." The Administrator will consider your loan to be in default if any scheduled loan repayment is not made by the end of the calendar quarter following the calendar quarter in which the missed payment was due. The Plan would then have authority to take all reasonable actions to collect the balance owed on the loan. This could include filing a lawsuit or foreclosing on the security for the loan. Under certain circumstances, a loan that is in default may be considered a distribution from the Plan and could be considered taxable income to you. In any event, your failure to repay a loan will reduce the benefit you would otherwise be entitled to from the Plan.
- If you terminate employment, your loan generally becomes due and payable in full immediately. You may repay the entire outstanding balance of the loan (including any accrued interest). If you do not repay the entire outstanding loan balance, your vested account balance will be reduced by the remaining outstanding balance of the loan. Contact the Administrator for additional details.
- Loans will only be permitted from the following accounts:
 - pre-tax deferral accounts
 - Roth 401(k) deferral accounts

The Administrator may periodically revise the Plan's loan program. If you have any questions on Participant loans or the current loan program, please contact the Administrator.

ARTICLE XI PROTECTED BENEFITS AND CLAIMS PROCEDURES

Are my benefits protected?

As a general rule, your interest in your account, including your "vested interest," may not be alienated. This means that your interest may not be sold, used as collateral for a loan (other than for a Plan loan), given away or otherwise transferred. In addition, your creditors (other than the IRS) may not attach, garnish or otherwise interfere with your benefits under the Plan.

Are there any exceptions to the general rule?

There are three exceptions to this general rule. The Administrator must honor a "qualified domestic relations order." A "qualified domestic relations order" is defined as a decree or order issued by a court that obligates you to pay child support or alimony, or otherwise allocates a portion of your assets in the Plan to your spouse, former spouse, children or other dependents. If a "qualified domestic relations order" is received by the Administrator, all or a portion of your benefits may be used to satisfy that obligation. The Administrator will determine the validity of any domestic relations order received. You and your beneficiaries can obtain from the Administrator, without charge, a copy of the procedure used by the Administrator to determine whether a "qualified domestic relations order" is valid.

The second exception applies if you are involved with the Plan's operation. If you are found liable for any action that adversely affects the Plan, the Administrator can offset your benefits by the amount that you are ordered or required by a court to pay the Plan. All or a portion of your benefits may be used to satisfy any such obligation to the Plan.

The last exception applies to federal tax levies and judgments. The federal government is able to use your interest in the Plan to enforce a federal tax levy and to collect a judgment resulting from an unpaid tax assessment.

Can the Plan be amended?

Your Employer has the right to amend the Plan at any time. In no event, however, will any amendment authorize or permit any part of the Plan assets to be used for purposes other than the exclusive benefit of Participants or their beneficiaries. Additionally, no amendment will cause any reduction in the amount credited to your account.

What happens if the Plan is discontinued or terminated?

Although your Employer intends to maintain the Plan indefinitely, your Employer reserves the right to terminate the Plan at any time. Upon termination, no further contributions will be made to the Plan and all amounts credited to your accounts will continue to be 100% vested. Your Employer will direct the distribution of your accounts in a manner permitted by the Plan as soon as practicable. (See the question entitled "How will my benefits be paid to me?" for a further explanation.) You will be notified if the Plan is terminated.

How do I submit a claim for Plan benefits?

You may file a claim for benefits by submitting a written request for benefits to the Plan Administrator. You should contact the Plan Administrator to see if there is an applicable distribution form that must be used. If no specific form is required or available, then your written request for a distribution will be considered a claim for benefits. In the case of a claim for disability benefits, if disability is determined by the Plan Administrator (rather than by a third party such as the Social Security Administration), then you must also include with your claim sufficient evidence to enable the Plan Administrator to make a determination on whether you are disabled.

Decisions on the claim will be made within a reasonable period of time appropriate to the circumstances. "Days" means calendar days. If the Plan Administrator determines the claim is valid, then you will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

For purposes of the claims procedures described below, "you" refers to you, your authorized representative, or anyone else entitled to benefits under the Plan (such as a beneficiary). A document, record, or other information will be considered relevant to a claim if it:

- was relied upon in making the benefit determination;
- was submitted, considered, or generated in the course of making the benefit determination, without regard to whether it was relied upon in making the benefit determination;
- demonstrated compliance with the administrative processes and safeguards designed to ensure and to verify that benefit determinations are made in accordance with Plan documents and Plan provisions have been applied consistently with respect to all claimants; or
- constituted a statement of policy or guidance with respect to the Plan concerning the denied treatment option or benefit.

The Plan may offer additional voluntary appeal and/or mandatory arbitration procedures other than those described below. If applicable, the Plan will not assert that you failed to exhaust administrative remedies for failure to use the voluntary procedures, any statute of limitations or other defense based on timeliness is tolled during the time a voluntary appeal is pending; and the voluntary process is available only after exhaustion of the appeals process described in this section. If mandatory arbitration is offered by the Plan, the arbitration must be conducted instead of the appeal process described in this section, and you are not precluded from challenging the decision under ERISA §501(a) or other applicable law.

What if my benefits are denied?

Your request for Plan benefits will be considered a claim for Plan benefits, and it will be subject to a full and fair review. If your claim is wholly or partially denied, the Administrator will provide you with a written or electronic notification of the Plan's adverse determination. This written or electronic notification must be provided to you within a reasonable period of time, but not later than 90 days (except as provided below for disability claims) after the receipt of your claim by the Administrator, unless the Administrator determines that special circumstances require an extension of time for processing your claim. If the Administrator determines that an extension of time for processing is required, written notice of the extension will be furnished to you prior to the termination of the initial 90-day period. In no event will such extension exceed a period of 90 days from the end of such initial period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

In the case of a claim for disability benefits, if disability is determined by the Plan Administrator (rather than a third party such as the Social Security Administration), then instead of the above, the initial claim must be resolved within 45 days of receipt by the Plan. A Plan may, however, extend this decision-making period for an additional 30 days for reasons beyond the control of the Plan. The Plan will notify you of the extension prior to the end of the 45-day period. If, after extending the time period for a first period of 30 days, the Plan Administrator determines that it will still be unable, for reasons beyond the control of the Plan, to make a decision within the extension period, the Plan may extend decision making for a second 30-day period. Appropriate notice will be provided to you before the end of the first 45 days and again before the end of each succeeding 30-day period. This notice will explain the circumstances requiring the extension and the date the Plan Administrator expects to render a decision. It will explain the standards on which entitlement to the benefits is based, the unresolved issues that prevent a decision, the additional issues that prevent a decision, and the additional information needed to resolve the issues. You will have 45 days from the date of receipt of the Plan Administrator's notice to provide the information required.

If the Plan Administrator determines that all or part of the claim should be denied (an "adverse benefit determination"), it will provide a notice of its decision in written or electronic form explaining your appeal rights. An "adverse benefit determination" also includes a rescission, which is a retroactive cancellation or termination of entitlement to disability benefits. The notice will be provided in a culturally and linguistically appropriate manner and will state:

- (a) The specific reason or reasons for the adverse determination.
- (b) Reference to the specific Plan provisions on which the determination was based.
- (c) A description of any additional material or information necessary for you to perfect the claim and an explanation of why such material or information is necessary.
- (d) A description of the Plan's review procedures and the time limits applicable to such procedures. This will include a statement of your right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review.
- (e) In the case of a claim for disability benefits if disability is determined by the Plan Administrator (rather than a third party such as the Social Security Administration), then the following additional information will be provided:
 - (i) A discussion of the decision, including an explanation of the basis for disagreeing with or not following:
 - The views you presented to the Plan of health care professionals treating the claimant and vocational professionals who evaluated you;
 - The views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with an adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; or
 - A disability determination made by the Social Security Administration and presented by you to the Plan.
 - (ii) Either the internal rules, guidelines, protocols, or other similar criteria relied upon to make a determination, or a statement that such rules, guidelines, protocols, or other criteria do not exist.
 - (iii) If the adverse benefit determination is based on a medical necessity or experimental treatment and/or investigational treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to your medical circumstances. If this is not practical, a statement will be included that such explanation will be provided to you free of charge, upon request.
 - (iv) A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

If your claim has been denied, and you want to submit your claim for review, you must follow the Claims Review Procedure in the next question.

What is the Claims Review Procedure?

Upon the denial of your claim for benefits, you may file your claim for review, in writing, with the Administrator.

- (a) YOU MUST FILE THE CLAIM FOR REVIEW NOT LATER THAN 60 DAYS (EXCEPT AS PROVIDED BELOW FOR DISABILITY CLAIMS) AFTER YOU HAVE RECEIVED WRITTEN NOTIFICATION OF THE DENIAL OF YOUR CLAIM FOR BENEFITS.

IF YOUR CLAIM IS FOR DISABILITY BENEFITS AND DISABILITY IS DETERMINED BY THE PLAN ADMINISTRATOR (RATHER THAN A THIRD PARTY SUCH AS THE SOCIAL SECURITY ADMINISTRATION), THEN INSTEAD OF THE ABOVE, YOU MUST FILE THE CLAIM FOR REVIEW NOT LATER THAN 180 DAYS FOLLOWING RECEIPT OF NOTIFICATION OF AN ADVERSE BENEFIT DETERMINATION. IN THE CASE OF AN ADVERSE BENEFIT DETERMINATION REGARDING A RESCISSION OF COVERAGE, YOU MUST REQUEST A REVIEW WITHIN 90 DAYS OF THE NOTICE.

- (b) You may submit written comments, documents, records, and other information relating to your claim for benefits.

(c) You will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits.

(d) Your claim for review must be given a full and fair review. This review will take into account all comments, documents, records, and other information submitted by you relating to your claim, without regard to whether such information was submitted or considered in the initial benefit determination.

In addition to the Claims Review Procedure above, if your claim is for disability benefits and disability is determined by the Plan Administrator (rather than a third party such as the Social Security Administration), then:

(a) Your claim will be reviewed without deference to the initial adverse benefit determination and the review will be conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual.

(b) If the initial adverse benefit determination was based on a medical judgment, including determinations with regard to whether a particular treatment, drug, or other item is experimental, investigational, or not medically necessary or appropriate, the fiduciary will consult with a health care professional who was neither involved in or subordinate to the person who made the original benefit determination. This health care professional will have appropriate training and experience in the field of medicine involved in the medical judgment. Additionally, medical or vocational experts whose advice was obtained on behalf of the Plan in connection with the initial determination will be identified.

(c) Any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with your adverse benefit determination will be identified, without regard to whether the advice was relied upon in making the benefit determination.

(d) If the Plan considers, relies upon or creates any new or additional evidence during the review of the adverse benefit determination, the Plan will provide such new or additional evidence to you, free of charge, as soon as possible and sufficiently in advance of the time within which a determination on review is required to allow you time to respond.

(e) Before the Plan issues an adverse benefit determination on review that is based on a new or additional rationale, the Plan Administrator must provide you with a copy of the rationale at no cost to you. The rationale must be provided as soon as possible and sufficiently in advance of the time within which a final determination on appeal is required to allow you time to respond.

The Administrator will provide you with written or electronic notification of the Plan's benefit determination on review. The Administrator must provide you with notification of this denial within 60 days (45 days with respect to claims relating to the determination of disability benefits) after the Administrator's receipt of your written claim for review, unless the Administrator determines that special circumstances require an extension of time for processing your claim. In such a case, you will be notified, before the end of the initial review period, of the special circumstances requiring the extension and the date a decision is expected. If an extension is provided, the Plan Administrator must notify you of the determination on review no later than 120 days (or 90 days with respect to claims relating to the determination of disability benefits).

The Plan Administrator will provide written or electronic notification to you in a culturally and linguistically appropriate manner. If the initial adverse benefit determination is upheld on review, the notice will include:

(a) The specific reason or reasons for the adverse determination.

(b) Reference to the specific Plan provisions on which the benefit determination was based.

(c) A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits.

(d) In the case of a claim for disability benefits, if disability is determined by the Plan Administrator (rather than a third party such as the Social Security Administration):

(i) Either the specific internal rules, guidelines, protocols, or other similar criteria relied upon to make the determination, or a statement that such rules, guidelines, protocols, or criteria do not exist.

(ii) If the adverse benefit determination is based on a medical necessity or experimental treatment and/or investigational treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to your medical circumstances. If this is not practical, a statement will be included that such explanation will be provided to you free of charge, upon request.

(iii) A statement of your right to bring a civil action under section 502(a) of ERISA and, if the Plan imposes a contractual limitations period that applies to your right to bring such an action, a statement to that effect which includes the calendar date on which such limitation expires on the claim.

If the Plan offers voluntary appeal procedures, a description of those procedures and your right to obtain sufficient information about those procedures upon request to enable you to make an informed decision about whether to submit to such voluntary appeal. These procedures will include a description of your right to representation, the process for selecting the decision maker and the circumstances, if any, that may affect the impartiality of the decision maker. No fees or costs will be imposed on you as part of the voluntary appeal. A decision whether to use the voluntary appeal process will have no effect on your rights to any other Plan benefits.

(iv) A discussion of the decision, including an explanation of the basis for disagreeing with or not following:

- the views presented by the claimant to the Plan of health care professionals treating you and vocational professionals who evaluated you;
- the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with an adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; or
- a disability determination made by the Social Security Administration and presented by you to the Plan.

If you have a claim for benefits which is denied, then you may file suit in a state or federal court. However, in order to do so, you must file the suit not later than 180 days after the Administrator makes a final determination to deny your claim.

What are my rights as a Plan Participant?

As a Participant in the Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants are entitled to:

- (a) Examine, without charge, at the Administrator's office and at other specified locations, all documents governing the Plan and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- (b) Obtain, upon written request to the Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Administrator may make a reasonable charge for the copies.
- (c) Receive a summary of the Plan's annual financial report. The Administrator is required by law to furnish each Participant with a copy of this summary annual report.

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and pay you up to \$110.00 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in federal court. You and your beneficiaries can obtain, without charge, a copy of the "qualified domestic relations order" (QDRO) procedures from the Administrator.

If it should happen that the Plan's fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. The court may order you to pay these costs and fees if you lose or if, for example, it finds your claim is frivolous.

What can I do if I have questions or my rights are violated?

If you have any questions about the Plan, you should contact the Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

**ARTICLE XII
GENERAL INFORMATION ABOUT THE PLAN**

There is certain general information which you may need to know about the Plan. This information has been summarized for you in this Article.

Plan Name

The full name of the Plan is Central States Water Resources, LLC Retirement Savings Plan.

Plan Number

Your Employer has assigned Plan Number 001 to your Plan.

Plan Effective Dates

Effective Date. The provisions of the Plan become effective on January 1, 2015.

Other Plan Information

Valuation date. Valuations of the Plan assets are generally made every business day. Certain distributions are based on the Anniversary Date of the Plan. This date is the last day of the Plan Year.

Plan Year. The Plan's records are maintained on a twelve-month period of time. This is known as the Plan Year. The Plan Year begins on January 1st and ends on December 31st.

The Plan and Trust will be governed by the laws of Missouri to the extent not governed by federal law.

Benefits provided by the Plan are NOT insured by the Pension Benefit Guaranty Corporation (PBGC) under Title IV of the Employee Retirement Income Security Act of 1974 because the insurance provisions under ERISA are not applicable to this type of Plan.

Service of legal process may be made upon your Employer. Service of legal process may also be made upon the Trustee or Administrator.

Employer Information

Your Employer's name, contact information and identification number are:

First Round Central States Water Resources, LLC
500 Northwest Plaza Drive, Suite 500
St. Ann, Missouri 63074
46-4754176
Telephone: 314-238-7316

Administrator Information

The Administrator is responsible for the day-to-day administration and operation of the Plan. For example, the Administrator maintains the Plan records, including your account information, provides you with the forms you need to complete for Plan participation, and directs the payment of your account at the appropriate time. The Administrator will also allow you to review the formal Plan document and certain other materials related to the Plan. If you have any questions about the Plan or your participation, you should contact the Administrator. The Administrator may designate other parties to perform some duties of the Administrator.

The Administrator has the complete power, in its sole discretion, to determine all questions arising in connection with the administration, interpretation, and application of the Plan (and any related documents and underlying policies). Any such determination by the Administrator is conclusive and binding upon all persons.

Your Administrator's name and contact information are:

Employer at the address above and Retirement Plan Services, LLC as Co-Plan Administrator at the address below.
1699 S. Hanley Rd, Suite 300
St. Louis, Missouri 63144
Telephone: (800) 840-4396

Plan Trustee Information and Plan Funding Medium

All money that is contributed to the Plan is held in a Trust Fund. The Trustee is responsible for the safekeeping of the Trust Fund. The Trust Fund is the funding medium used for the accumulation of assets from which benefits will be distributed. While all the Plan assets are held in a Trust Fund, the Administrator separately accounts for each Participant's interest in the Plan.

The Plan's Trustee is:

Josiah Cox, Trustee

500 Northwest Plaza Drive, Suite 500
St. Ann, Missouri 63074
Telephone: 314-238-7316

**APPENDIX
ROLLOVERS FROM OTHER PLANS**

The Plan will accept Participant "rollover" contributions and/or "direct rollovers" of distributions from the types of plans specified below: (check all that apply)

Direct Rollovers. The Plan will accept a "direct rollover" of an eligible rollover distribution from:

- a qualified plan described in Section 401(a) of the Internal Revenue Code (including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan), **excluding** after-tax voluntary contributions.
- a qualified plan described in Section 401(a) of the Internal Revenue Code (including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan), **including** after-tax voluntary contributions.
- a qualified plan described in Section 403(a) of the Internal Revenue Code (an annuity plan), **excluding** after-tax voluntary contributions.
- a qualified plan described in Section 403(a) of the Internal Revenue Code (an annuity plan), **including** after-tax voluntary contributions.
- an annuity contract described in Section 403(b) of the Internal Revenue Code (a tax-sheltered annuity), **excluding** after-tax voluntary contributions.
- an annuity contract described in Section 403(b) of the Internal Revenue Code (a tax-sheltered annuity), **including** after-tax voluntary contributions.
- a plan described in Section 457(b) of the Internal Revenue Code (eligible deferred compensation plan).
- a Roth 401(k) deferral account under a qualified plan described in Section 401(a) of the Internal Revenue Code (a 401(k) plan).
- a Roth 401(k) deferral account under an annuity contract described in Section 403(b) of the Internal Revenue Code (a tax-sheltered annuity).
- a Participant loan from another plan.

Participant Rollover Contributions from Other Plans. The Plan will accept a Participant "rollover" contribution of an eligible rollover distribution from:

- a qualified plan described in Section 401(a) of the Internal Revenue Code (including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan).
- a qualified plan described in Section 403(a) of the Internal Revenue Code (an annuity plan).
- an annuity contract described in Section 403(b) of the Internal Revenue Code (a tax-sheltered annuity).
- a governmental plan described in Section 457(b) of the Internal Revenue Code (eligible deferred compensation plan).

Participant Rollover Contributions from IRAs:

- The Plan will accept a Participant "rollover" contribution of the portion of a distribution from a traditional IRA that is eligible to be rolled over and would otherwise be includible in gross income. Rollovers from Roth IRAs or a Coverdell Education Savings Account (formerly known as an Education IRA) are not permitted because they are not traditional IRAs. A rollover from a SIMPLE IRA is allowed if the amounts are rolled over after the Participant has been in the SIMPLE IRA for at least two years.

Request

19. Explain why including the expense for 401(k) profit sharing contributions in the share overhead allocated to Bluegrass Water customers is reasonable given the Commission's previous decisions indicating that compensation tied to increased share prices or other earnings measures are intended to benefit owners and, therefore, are not recoverable.
-

Response

As explained in the response to 3 PSC 18, CSWR's matching contributions to the 401(k) plan are not literally "profit-sharing" contributions. To date, neither Bluegrass Water nor CSWR has made a profit, so employer contributions made thus far were not tied to company earnings. Because neither Bluegrass Water nor CSWR is market-traded, those contributions also are not dependent on increased share price. As noted in the response to 3 PSC 18, CSWR need not have profits to make contributions to a "profit-sharing" plan. CSWR has no fixed benefit pension plan, and the 401(k) plan is the vehicle the company has provided employees to enable and encourage them to save for retirement and to enhance those savings through employer contributions. The contributions CSWR makes to that plan therefore should be considered akin to payments other utilities make to fixed benefit pension plans, and which the Commission routinely allows to be included in the revenue requirement used for ratemaking purposes.

Request

20. Provide all requests for proposals and similar requests for a bid sent to persons or entities other than Midwest Water Operation, LLC, when soliciting operation and maintenance services for Bluegrass Water’s sewage systems; any responses thereto; and any written correspondence between Bluegrass Water and the persons or entities regarding or relating to the requests for proposals or any proposal or bid offered in response thereto.

Response

Please see the attachments (KY2020-00290_BW_0685 to BW_0748) for the requests for qualifications (RFQ), requests for proposals (RFP), and related documents soliciting bids to provide operation and maintenance services for Bluegrass Water’s sewage systems. RFQs and RFPs were sent to three entities: Midwest Operations, Veolia, and Woodard & Curran. However, responses were received only from Midwest Operations and Woodard & Curran; no response to the solicitations was received from Veolia.

The attachments are grouped as to one of four rounds of requests, followed by the bids/proposals submitted by Woodard & Curran (BW_0749 to 0753).

Group	starts at BW_
1st Round	0685
2nd Round	0701
3rd Round	0721
4th Round	0728
Woodard & Curran bids ¹	0749

There is some overlap between the attached documents and those attached in response to 2 PSC 15b, marked as KY2020-00290_BW_0408 to 0440.

¹ The dollar amounts have been redacted from the Woodard & Curran bids. Bluegrass Water is seeking confidential treatment for this information in a concurrently filed Motion for Confidential Treatment.



August 13, 2019

Mr. Robert Nicholas
Veolia

Dear Mr. Nicholas,

This letter is a request for a proposal to operate and maintain the wastewater facilities included in the Blue Grass Utility Operating Company. The facilities located in Kentucky include:

- Persimmon Ridge -KY0090956 - wastewater only, located in Shelby County.
- LH Treatment Plant -KY0081591 - wastewater only, located in Scott County.
- Great Oaks -KY0080845 - wastewater only, located in McCracken County.
- Golden Acres -KY0044164 - wastewater only, located in Marshall County.
- Airview Estates -KY0045390 - wastewater only, located in Hardin County.
- Brocklyn Utilities, LLC -KY0081299 - wastewater only, located in Madison County.
- Hunter's Trace – KY0086976 wastewater only, located in Franklin County.
- Lake Columbia -KY0077674 - wastewater only, located in Bullitt County.
- Kingswood Subdivision WWTP -KY0101419 - wastewater only, located in Bullitt County.

Attached to this letter is a list a sample agreement that outlines the basic responsibilities for the Operations and Maintenance contractor and RFP response sheet. Please respond by August 25, 2019 with a proposal to provide operations and maintenance services to these facilities according to the requirements of their permits and the scope of services attached.

Wastewater – Below is a link to Kentucky DEP's Issued Approvals page on eSearch. This page will give you up-to-date information on permits, registrations, registered-permits-by-rule, general permits and other approvals the Department has issued.

http://dep.gateway.ky.gov/eSearch/Search_Issued_Approvals.aspx?Program=Wastewater=30

If you have any questions, please feel free to call or email me at 314-240-2377 or jfavor@cswrgroup.com.

Sincerely,

Jay Favor
Central States Water Resources

Date:

Central States Water Resources, Inc. RFQ Response Sheet – Blue Grass UOC

Please fill in the blanks below in pen. Scan and send to jfavor@cswrgroupo.com.

Due Date – August 31, 2019

Name of responding Company _____

Date _____

Price per month for Standard Operations of Blue Grass \$ _____/month

Written out _____dollars/month

Price per hour operator to perform additional duties outside of scope\$ _____/hr

Price per hour for operator overtime to perform additional duties outside of scope\$ _____/hr

Price per hour for operator emergency callouts to address operational issues. \$ _____/hr

Name of Company Representative _____

Signature of Company Representative _____

Date signed _____

**AGREEMENT REGARDING OPERATION OF
UTILITY TREATMENT FACILITIES
WATER / WASTEWATER/ WATER & WASTEWATER**

This Agreement Regarding Operation of Utility Treatment Facilities (“Agreement”) is entered into and shall be effective as of the ***** (“Effective Date”), by and between, a ***** (“Owner”) and ***** a Missouri limited liability company (“Operator”), collectively the “Parties”.

RECITALS

WHEREAS, or its affiliate, is the Owner for the operation, maintenance, and modernization of the wastewater and water treatment facilities) located in **** known as, and as more particularly identified under wastewater

WHEREAS, *****, provides the services of an Operator, certified by the appropriate regulatory authority, as required, for utility treatment facilities; and

WHEREAS, the Owner, wishes to retain Operator, and Operator desires to provide services to the Owner related to the operation of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the Parties agree as follows:

ENGAGEMENT; TERM; TERMINATION

1. **Engagement**. The Owner hereby engages Operator to provide services to the Owner related to the operation of the Facilities, as more particularly described herein, subject to the terms and conditions of this Agreement. Operator hereby accepts such engagement and agrees (i) to perform all services, including, without being limited to, those services specifically set forth in this Agreement and any attachment hereto; and (ii) to use reasonable and diligent efforts and to exercise the highest degree of professional competence in the performance of such services, in all cases, subject to the terms of this Agreement and any requirements of the Owner with regard to the operation of the Facilities.

2. **Term**. The term of this Agreement shall be effective as of the Effective Date and shall continue in full force and effect, unless sooner terminated as provided for herein, for a period of two (2) years.

3. **Termination of Agreement Without Cause**. The Owner may terminate this Agreement for any reason upon thirty (30) day prior written notice to the other Party of their desire to terminate the relationship and this Agreement.

4. **Termination of Agreement with Cause**. The Owner may terminate this Agreement upon written notice in the event of the failure by the other Party to perform in accordance with the terms of this Agreement. The nonperforming Party shall have ten (10) days from the date of the termination notice to cure or submit a plan for cure acceptable to the other Party.

5. Delay in Performance. Neither Owner nor Operator shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the nonperforming Party. For purposes of this Agreement, such circumstances include, but are not limited to, abnormal weather conditions, floods, earthquakes, fire, epidemics, war, riot, and other civil disturbances, strikes, lockouts, work slowdowns, and other labor disturbances, sabotage, judicial restraint, and inability to procure permits, licenses, or authorizations from any local, state or federal agency for any of the permissions, supplies, materials, accesses, or services required to be provided by either Owner or Operator under this Agreement. Should such circumstances occur, the nonperforming Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance of this Agreement.

6. Termination Duties. Upon the termination of this Agreement, Operator shall render to the Owner a final accounting which shall cover the period from the date of the last statement rendered to the Owner. The Operator shall also forthwith (i) deliver copies of all records and reporting documents not already provided to the Owner, as well as, all materials, supplies, contracts, documents, accountings, papers and any and all other reports pertaining to the operation of the Facilities or this Agreement in the possession or under the control of Operator, and (ii) assign to the Owner, or its designee, existing contracts (previously approved by the Owner) in Operator's name, if any, relating to the operation of the Facilities. Within ten (10) days of the effective date of termination of this Agreement, the Owner shall forthwith pay to Operator all compensation then due Operator.

COMPENSATION TO OPERATOR

7. Operator Fee for Basic Services. In connection with Operator providing those services to the Owner related to the operation of the Facilities, and as more particularly described hereinbelow, and incorporated herein by this reference, the Owner shall pay to Operator a monthly fee of *****. Cost included in the term "Basic Services" are the following:
- a. Salary costs for those workers associated with the facility. Costs include benefits, bonuses, training and other discretionary payments.
 - b. Cost of chemicals, with no mark up under the Chemical limits identified in Exhibit A.
 - c. Cost of Maintenance and Repair items under the M&R limits identified in Exhibit A and not identified in the Capital Improvement plan.
 - d. Laboratory supplies and cost. Cost to include outside lab services.
 - e. Vehicle operation cost. Cost to include repairs, fuel and insurance.
 - f. Contractor to submit monthly invoice by the 10th of each month. Receipts for expenditures over \$200.00 for Operation and Maintenance must be attached to monthly invoice with brief explanation of cost incurred.

8. Additional Fee Charged for Services Outside of Basic Scope of Services. In the event the Owner requests Operator to provide additional services not included under the Basic Scope of Services as described herein below, Operator shall be compensated for such additional services in accordance with Operator's Prevailing Fee Schedule as follows:

Engineer Fee \$***/Hour
Technician Fee \$***/Hour

9. Reimbursement of Out-of-Pocket Expenses. Operator shall be eligible for reimbursement for any and all documented costs outside the Basic Scope of Services paid by Operator associated with the, electrical, mechanical and/or other parts purchased to repair and/or maintain the Facilities, and other out-of-pocket expenses required for the operation of the Facilities that are outside of the scope of the services for which the Operator is being paid the Fee for Basic Services. Prior approval by the Owner is required for all reimbursable expenses. Operator agrees there will be no mark-up, management fee, handling charge or other such service fee(s), related to out-of-pocket expenditures and that a copy of the original receipt(s) or other proof of purchase acceptable to Owner will be furnished with the reimbursement invoice. Reimbursement requests that were not approved in advance or are not accompanied by suitable proof of purchase may not be honored by Owner.

10. Payment of Fee and Reimbursable Costs. Operator shall submit to the Owner invoices for all Operator fees and claimed reimbursable costs on a monthly basis. All such invoices shall be due and payable to Operator by the Owner within thirty (30) days of the date of the invoice. Operator agrees that payment for claims for reimbursable expenses not received by Owner within sixty (60) days of the date incurred are at the discretion of the Owner. Invoices will be delivered to: ap@csrgroup.com, or as provided in Section 20.

11. Collection Costs. If the Owner fails to make payments when due, Operator shall provide written notice to the Owner allowing the Owner fifteen (15) days to cure the default in payment. However, if after the fifteen (15) day cure period the Owner continues to fail to make payment to Operator, and Operator incurs any costs in order to collect the overdue sums from the Owner, the Owner agrees that all such documented collection costs incurred by Operator shall immediately become due and payable to Operator.

RESPONSIBILITIES - OWNER

12. Maintaining Permits. Owner shall keep all required permits up to date for the Facilities.

13. Payment of Fees Required by Government Authorities. Owner shall pay the annual operating fees, permit renewal fees, construction fees, testing fees, and any and all other fees as required by the governmental authorities for the operation of the Facilities.

14. Damages Caused by Bypass. Owner shall be responsible for and shall hold Operator harmless from liability for damages caused by a bypass of the Facilities or failure of the Facilities to meet the required effluent limits.

15. Maintenance of Records. Owner shall maintain all records on the operation and maintenance of the Facilities for a period of five (5) years or such additional time period required by State law.

16. Owner shall be responsible for agreed upon cost identified in the annual Capital Improvement Plan.

17. Owner shall be responsible for creating assets, workflows and uploading equipment in the CMMS.

18. Owner shall be responsible for creating Regulatory Data Base.

RESPONSIBILITIES - OPERATOR

19. Basic Services. Operator shall provide to Owner the services set forth on the attached **EXHIBIT B**, which by this reference is incorporated herein.

20. Additional or Emergency Services. Any services not listed above shall be considered additional or emergency services. Additional Services are not included as part of the Basic Services and shall be paid for by Owner in accordance with the Operator's fee schedule set forth hereinabove.

21. Emergency Response Plan. Operator shall maintain and implement an emergency response plan that shall be in compliance with all Applicable law. The plan shall be reviewed and updated annually.

22. Safety Training Program. Create and Maintain a safety training program that meets current safety standards for the industry as established by OSHA. The program should be reviewed and updated annually.

23. Standard of Care. The standard of care of all services performed or furnished by Operator under this Agreement will be the care and skill ordinarily used by operators practicing under similar conditions at the same time and in the same locality.

24. Insurance. Operator shall procure and maintain in effect throughout the duration of the term of this Agreement insurance coverage not less than the types and amounts specified below. The Operator also agrees to furnish the Owner, from time to time and on demand, with suitable evidence that such insurance is in force. In the event that additional insurance, not specified herein, is required by Owner during the course of the services covered by this Agreement, Operator shall supply such insurance and all additional costs shall be borne by Owner. Policies containing a self-insured retention will not be acceptable to Owner. A company with an A- or better rating must issue all insurance policies. All coverage required herein shall list Owner as an additional insured including ongoing operations and completed operations on a primary and non-contributory basis using form CG 20 10 11 85 or its equivalent, and Operator shall maintain all coverage in force continuously without interruption for a period of three (3) years after the term of this Agreement. In addition, each coverage required herein shall include a waiver of subrogation (where allowable by law).

- (a) Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual

aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.

- (b) Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.
- (c) Worker's Compensation and Employers Liability in the amount required by law.
- (d) Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.
- (e) Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is discontinued for any reason by Operator after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.
- (f) Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

In addition, Operator is required and shall require any contractors, subcontractors, vendors or any other party performing work or providing services at or for the operation of the facilities to carry the above insurance.

The policies listed above shall include within their certificate an endorsement that the policy may not be canceled until sixty (60) days prior written notice of cancellation has been served upon Owner by registered or certified mail.

Indemnification: Operator shall to the fullest extent of the law defend, indemnify and hold harmless Owner and all of its parent companies, subsidiaries, affiliates and subcontractors, including their respective officers, directors, employees, principals, partners, agents, successors and assigns, (collectively "Indemnitees") from and against any and all actions, suits, arbitrations, administrative proceedings, demands and claims for any and all damages, injunctive or any other relief based on any cause of action whatsoever (sometimes individually "Claim" and sometimes collectively "Claims"), that may be brought or made against, or incurred by, Indemnitees on account of liabilities, damages, losses, cost, expenses, settlements, judgments, awards, and governmental penalties and sanctions, including reasonable attorneys' fees and experts' fees, including those attributable to bodily injury (including death), personal injury and property damage (sometimes individually "Liability" and sometimes collectively "Liabilities"), caused by, arising out of, or contributed to by any negligence, acts, errors, omissions or conduct of Operator, its

employees, subcontractors, or agents, related in any way to the performance of any and all services described herein, except to the extent the Claims or Liabilities are determined to have been caused by the negligent or the willful misconduct of the Owner. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Agreement.

Operator shall provide to Owner at execution of this Agreement a certificate of insurance showing all required endorsements and additional insureds.

It is further mutually agreed between the parties hereto, that no payment made under this Agreement shall be deemed as conclusive evidence of the performance of this Agreement, either in whole or in part, and that no payment shall be construed to be an acceptance of defective work or improper performance or materials. The Operator is to insure its own risk in and about the property, unless special agreement is made to the contrary, said risk to be considered as the unpaid balance due at any time.

NOTICES

20. Notices. Any notice, demand, consent, approval, request or other communication, required or permitted to be given hereunder, shall be in writing and shall be deemed to have been delivered (i) on the day personally delivered, (ii) upon receipt if sent by overnight courier, (iii) on the third business day following its mailing by registered or certified mail (return receipt requested), postage prepaid, by deposit in the United States mail, or (iv) on the day received (if received by 5:00 p.m. local time on a business day at the location of the recipient [i.e., any day other than a Saturday or Sunday or Missouri state (depending on the recipient's location) or federal holiday] and if not so received then on the next business day) if sent by facsimile or electronic transmission with proof of successful transmission.

Owner:

500 Northwest Plaza Dr., Suite 500
St. Ann, MO 63074
Attn: Josiah Cox, President
Phone: (314) 736-4672
Facsimile: (314) 736-4743
Email: jcox@cswrgroup.com

Operator:

Either party may, by notice given as aforesaid, designate a different address or addresses for notices to be given to it.

GENERAL PROVISIONS

21. Information Provided by Others. Owner shall furnish, at Owner's expense, all information, requirements, reports, data, surveys and instructions required by this Agreement. Operator may use such information, requirements, reports, data, surveys and instructions in performing its services and is entitled to rely upon the accuracy and completeness thereof.

22. Relationship of Parties. The Operator is and will remain for the term of this Agreement an independent contractor completely responsible for its own acts and for the manner in which, and the form by which, it performs this Agreement, and as such shall set its own hours and means and methods and shall not be subject to the supervision and control of the Owner except as to the results obtained. In no event shall the relationship created by this Agreement constitute a joint venture or partnership between the Owner and the Operator. Neither Party is authorized to assume or create any obligation or responsibility on behalf of, or in the name of, the other or bind the other in any manner whatsoever whether as agent, legal representative or otherwise.

23. Third Party Rights. Nothing contained in this Agreement shall be construed to give any rights or benefits to anyone other than Owner and Operator.

24. Waiver. A waiver by either Owner or Operator of any breach of this Agreement shall be in writing. Such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

25. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement or the occurrence of any event rendering any portion or provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Section shall not prevent this entire Agreement from being void should a provision, which is of the essence of this Agreement, be determined void.

26. Survival. Notwithstanding completion or termination of this Agreement for any reason, all rights, duties and obligations of the parties to this Agreement shall survive such completion or termination and remain in full force and effect until fulfilled.

27. Successors and Assigns. Owner and Operator each binds itself and its successors, assigns, and legal representatives to the other party to this Agreement and to the successors, assigns, and legal representatives of such other party in respect to all provisions of this Agreement.

28. Assignment. The Operator shall assign any rights or duties under this Agreement without the prior written consent of the Owner, which shall not be unreasonably withheld. However, the Owner shall be free to assign the rights and/or duties under this Agreement to any successor in interest by providing written notice to the Operator setting forth the name and contact information for the assignee and the date that the assignment will become effective. Nothing contained in this Section shall prevent Operator from employing independent Operators, associates, and subcontractors to assist in the performance of the Services.

29. Controlling Law. The laws of the State of Missouri shall govern this Agreement.

30. Anti-bribery, Anti-corruption and OFAC Compliance. The Owner takes a zero-tolerance approach to bribery and corruption. By executing this Agreement the Operator expressly acknowledges that all employees, agents, contractors and sub-contractors of the Company must at all times comply with all applicable anti-bribery and anti-corruption laws and Company policies and related procedures in relation to anti bribery and anti-corruption as set out herein or as may be implemented or amended from time to time and which will be made available for review upon request. Operator agrees to comply with the following policies:

- Operator may not provide or receive anything of value to obtain or retain business or favored treatment from public officials; candidates for office; employees of state-owned enterprises; employees or officers of counterparties, clients/customers, or suppliers; any agent of the aforementioned parties; or any other person with whom the Company or Operator does or anticipates doing business.
- The prohibition against providing “anything of value” to obtain or retain business or favored treatment includes improper payments, such as cash bribes or kickbacks, but also may include other direct or indirect benefits and advantages, such as inappropriate gifts, meals, entertainment, charitable contributions, and offers of employment or internships.

In addition, the Company is committed to combating money laundering, terrorist financing, securities fraud and other financial crimes (collectively “money laundering”) and complying fully with all applicable laws and regulations relating to combating money laundering. The Company is also committed to complying with economic and trade sanctions administered and enforced by governments and supranational bodies, including, among others, the sanctions programs and designated sanctions lists administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), the United Nations Security Council, the European Union and Her Majesty’s Treasury. Compliance by employees, agents, contractors and sub-contractors of the Company with all applicable anti-money laundering laws and regulations and sanctions programs and lists (collectively, “AML”) is strictly required as a condition of this Agreement. Operator’s participation with any employee, agent, contractor and/or sub-contractor of the Company to engage in money laundering, or to fail to comply with all applicable AML laws, regulations, and Company’s AML policies, will be a breach of this Agreement, and will be cause for immediate termination of this Agreement by the Company.

31. Executed Counterparts/Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. This Agreement may be executed by a Party’s signature transmitted by facsimile or electronic transmission, and copies of this Agreement executed and delivered with facsimile signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. The Parties hereto may rely upon facsimile

signatures as if such signatures were originals. The Parties hereto agree that a facsimile signature page may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

32. Further Assurances. From time to time, each Party shall execute and deliver such further documents and shall take such other action as the other Party reasonably may request in order to discharge and perform their obligations and agreements hereunder.

33. Time. Time is of the essence of each provision of this Agreement in which time is an element. Time in which any act provided by this Agreement is to be done shall be computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or legal holiday under the laws of the States of Missouri or the United States of America, and then it is also excluded. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. Central Time on that day or date and references to “days” shall refer to calendar days.

34. Attorneys’ Fees. In the event of any legal proceeding between the Parties arising out of the subject matter of this Agreement, in addition to any other award to which it shall be entitled, the prevailing party shall be entitled to an award for the reasonable attorneys’ fees and costs incurred by its in connection with such proceedings.

35. Entire Agreement. This Agreement, and all attachments hereto, is the entire Agreement between Owner and Operator. It supersedes all prior communications, understandings and agreements, whether oral or written. The paragraph titles used in this Agreement are for general reference only and are not part of the Agreement. Amendments to this Agreement must be in writing and signed by both the Owner and the Operator.

IN WITNESS WHEREOF, Owner and Operator have executed this Agreement, effective on the date first above written.

OWNER:

OPERATOR:

By _____

By _____

Title: _____

Title: Managing Member

OPTION 1

EXHIBIT B

Operator Services – Water and/or Wastewater

1. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
2. Submit 5-year Capital Improvement Plan (CIP) to Owner by December 1 of each year. CIP to have cost estimate for each identified item.
3. Operate the Facilities in order to assure the Facilities comply with all required regulations of the governing authorities and those set forth in this Agreement or any attachments hereto;
4. Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations. ;
5. Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations. ;
6. Maintain all facility records included in CMMS;
7. Perform all work orders generated through CMMS;
8. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
9. Maintain Compliance in an OSHA approved safety training program.
10. Maintain Safety training records in accordance with OSHA standards.
11. **Permit.** Operator shall submit Owner Permit application for approval and maintain and keep on file on the Owners Sharepoint. Prepare renewal applications and submit to Owner 200 days prior expiration of current permit.
12. Sample within accordance to the requirements for testing by the government regulators and/or the Owner;
13. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - a. Provide all test results to the Owner as early as possible, but no later than five (5) business days after such results are received.
 - b. Notify the Owner immediately via email and phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
14. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events;
15. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification;
16. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month;

Wastewater Treatment Plant will be Operated (including, without limitation, cleaned, maintained and repaired) in manner to:

- i. Maintain existing NPDES Permit requirements at all Wastewater Treatment Plants. Acceptable level of service is one or less excursion and zero Notices of Violation. Assist Owner in renewal of Permits as applicable;
- ii. On a daily or as per NPDES Permit requirements:
 1. Clean plant to maintain a high level of physical appearance;
 2. Adjust treatment process as needed to maintain acceptable limits;
 3. Inspect plant discharge sites to assure proper treatment is occurring;
 4. Eliminate or minimize potential source of odors emanating from the plants;
 5. Inspect blowers and run them efficiently. Operate blowers on a proper schedule to obtain maximum service life of all blowers;
 6. Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm
- iii. Inspect disinfection process and clean or adjust to maintain proper NPDES levels;
- iv. Monitor plants sludge accumulation levels and remove excess sludge as a required to operate the plants successfully. Excess sludge shall be hauled to approved site for further treatment;
- v. Operate standby and portable generators weekly to ensure proper working needed; and
- vi. Provide supervision to meet and answer questions during Regulatory Sanitary Surveys. Reply to surveys and remediate issues or concerns as result of the survey.

2. **Wastewater Collection Facilities.** Operator will operate the wastewater collection Facilities in such a manner to extend their useful life, to provide maximum capabilities, to prevent unnecessary damage to public and private property, to minimize inconveniences by handling interruptions in service and to prevent public health hazards. Operator will provide 24-hour per day, seven days per week emergency service and will use best, and in all cases, commercially reasonable, efforts to maintain uninterrupted service to customers.

The wastewater collection Facilities will be Operated (including without limitations, cleaning maintaining, and repairing sanitary sewers, force mains and lift stations on a regular basis) in manner to:

- a) Identify sources of problems within the sewer Facilities through inspection, monitoring and investigation;
- b) Ensure that wastewater is transported to a wastewater treatment Facilities.

- c) Prevent sewage from bypassing to waters of the State and to protect the collection Facilities from flooding due to high water, in accordance with water Pollution Control Acts Amendments, Public Law 92-500 and the Clean Water Act Amendment, and all other Applicable Laws;
- d) Eliminate and/or minimize potential sources of odors;
- e) Inspect lift stations weekly, review pump status and float positions, adjust as necessary.
- f) Identify sources of problems within the sewer Facilities through inspection, monitoring and investigation;
- g) Prevent sewage from bypassing to waters of the State and to protect the collection Facilities from flooding due to high water, in accordance with water Pollution Control Acts Amendments, Public Law 92-500 and the Clean Water Act Amendment, and all other Applicable Laws;
- h) Eliminate and/or minimize potential sources of odors;
- i) At all time, Operator shall maintain a high standard of physical appearance for the entire wastewater collection Facilities;
- j) Inspect lift stations weekly, review pump status and float positions, adjust as necessary.
- k) Monitor all system alarms and remote controls of the Facilities' and contact Owner in the event of an alarm



February 19, 2020

Mr. Terry Merritt
Midwest Operations

Dear Mr. Merritt,

This letter is a request for a proposal to operate and maintain the water and wastewater facilities included in the Blue Grass Utility Operating Company. The facilities include and are known as:

- Central Ridge Water System – KY0180549 – Calloway County - AI:33828
- Central Ridge Water District No. 2 – KY0180509 - Calloway County - AI:33828
- Central Ridge Water District No. 3 – KY0180502 - Calloway County – AI:33828
- Central Ridge Water District No. 4 – KY0183106 - Calloway County – AI:33835
- JE – Timberland Subdivision WWTP – KY0083755 – McCracken County – AI:3070
- JE - Wilmington Chiles Subdivision WWTP – KY0078336 - McCracken County – AI:3080
- River Bluffs WWTP – KY0043150 – Oldham County – AI:3367

Attached to this letter is a sample agreement that outlines the basic responsibilities for the Operations and Maintenance contractor and RFP response sheet. Please respond by March 20th, 2020 with a proposal to provide operations and maintenance services to these facilities according to the requirements of their permits and the scope of services attached.

Please refer to the Kentucky Public Service Committee for water and wastewater inspection procedures and requirements for operations and maintenance.

<https://psc.ky.gov/Home/Utilities>

Wastewater/Water – Below is a link to Kentucky DEP's Issued Approvals page on eSearch. This page will give you up-to-date information on permits, registrations, registered-permits-by-rule, general permits and other approvals the Department has issued.

http://dep.gateway.ky.gov/eSearch/Search_Issued_Approvals.aspx?Program=Wastewater=30

If you have any questions, please feel free to call or email me at 314-240-2377 or jfavor@cswrgroup.com.

Sincerely,

Jay Favor
Central States Water Resources



February 19, 2020

Mr. Robert Nicholas
Veolia

Dear Mr. Nicholas,

This letter is a request for a proposal to operate and maintain the water and wastewater facilities included in the Blue Grass Utility Operating Company. The facilities include and are known as:

- Central Ridge Water System – KY0180549 – Calloway County - AI:33828
- Central Ridge Water District No. 2 – KY0180509 - Calloway County - AI:33828
- Central Ridge Water District No. 3 – KY0180502 - Calloway County – AI:33828
- Central Ridge Water District No. 4 – KY0183106 - Calloway County – AI:33835
- JE – Timberland Subdivision WWTP – KY0083755 – McCracken County – AI:3070
- JE - Wilmington Chiles Subdivision WWTP – KY0078336 - McCracken County – AI:3080
- River Bluffs WWTP – KY0043150 – Oldham County – AI:3367

Attached to this letter is a sample agreement that outlines the basic responsibilities for the Operations and Maintenance contractor and RFP response sheet. Please respond by March 20th, 2020 with a proposal to provide operations and maintenance services to these facilities according to the requirements of their permits and the scope of services attached.

Please refer to the Kentucky Public Service Committee for water and wastewater inspection procedures and requirements for operations and maintenance.

<https://psc.ky.gov/Home/Utilities>

Wastewater/Water – Below is a link to Kentucky DEP's Issued Approvals page on eSearch. This page will give you up-to-date information on permits, registrations, registered-permits-by-rule, general permits and other approvals the Department has issued.

http://dep.gateway.ky.gov/eSearch/Search_Issued_Approvals.aspx?Program=Wastewater=30

If you have any questions, please feel free to call or email me at 314-240-2377 or jfavor@cswrgroup.com.

Sincerely,

Jay Favor
Central States Water Resources



February 19, 2020

Mr. Brian Bzdawka
Woodard & Curran

Dear Mr. Bzdawka,

This letter is a request for a proposal to operate and maintain the water and wastewater facilities included in the Blue Grass Utility Operating Company. The facilities include and are known as:

- Central Ridge Water System – KY0180549 – Calloway County - AI:33828
- Central Ridge Water District No. 2 – KY0180509 - Calloway County - AI:33828
- Central Ridge Water District No. 3 – KY0180502 - Calloway County – AI:33828
- Central Ridge Water District No. 4 – KY0183106 - Calloway County – AI:33835
- JE – Timberland Subdivision WWTP – KY0083755 – McCracken County – AI:3070
- JE - Wilmington Chiles Subdivision WWTP – KY0078336 - McCracken County – AI:3080
- River Bluffs WWTP – KY0043150 – Oldham County – AI:3367

Attached to this letter is a sample agreement that outlines the basic responsibilities for the Operations and Maintenance contractor and RFP response sheet. Please respond by March 20th, 2020 with a proposal to provide operations and maintenance services to these facilities according to the requirements of their permits and the scope of services attached.

Please refer to the Kentucky Public Service Committee for water and wastewater inspection procedures and requirements for operations and maintenance.

<https://psc.ky.gov/Home/Utilities>

Wastewater/Water – Below is a link to Kentucky DEP's Issued Approvals page on eSearch. This page will give you up-to-date information on permits, registrations, registered-permits-by-rule, general permits and other approvals the Department has issued.

http://dep.gateway.ky.gov/eSearch/Search_Issued_Approvals.aspx?Program=Wastewater=30

If you have any questions, please feel free to call or email me at 314-240-2377 or jfavor@cswrgroup.com.

Sincerely,

Jay Favor
Central States Water Resources

Date:

Central States Water Resources, Inc. RFQ Response Sheet – Blue Grass UOC Second Rd.

For facilities known as: Central Ridge Water System – KY0180549, Central Ridge Water District No. 2 – KY0180509, Central Ridge Water District No. 3 – KY0180502, Central Ridge Water District No. 4 – KY0183106, JE – Timberland Subdivision WWTP – KY0083755, JE - Wilmington Chiles Subdivision WWTP – KY0078336, and River Bluffs WWTP – KY0043150.

Please fill in the blanks below in pen. Scan and send to jfavor@cswrgroupo.com.

Due Date – March 20th, 2020

Name of responding Company _____

Date _____

Price per month for Standard Operations of Blue Grass \$ _____/month

Written out _____dollars/month

Price per hour operator to perform additional duties outside of scope\$ _____/hr

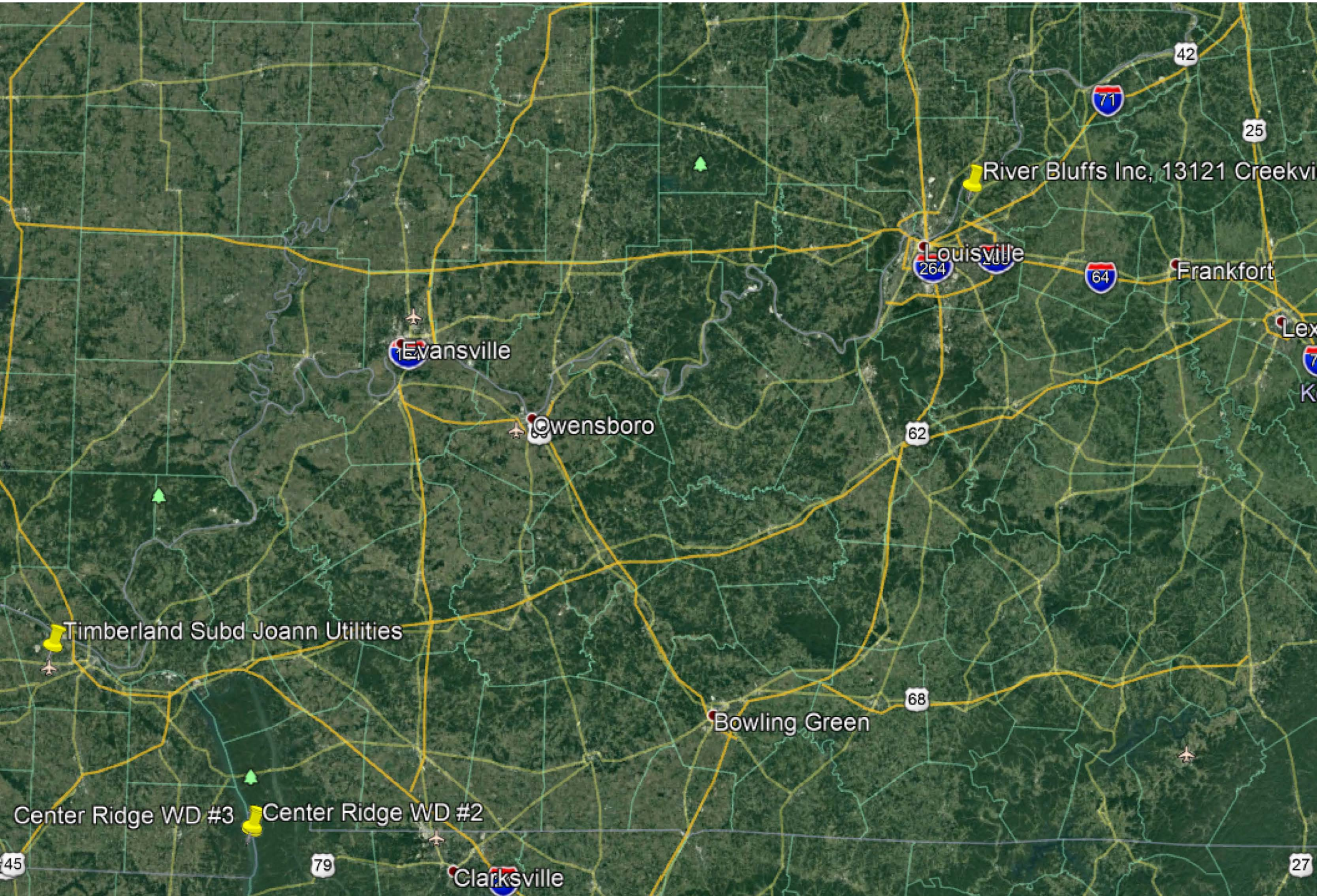
Price per hour for operator overtime to perform additional duties outside of scope\$ _____/hr

Price per hour for operator emergency callouts to address operational issues. \$ _____/hr

Name of Company Representative _____

Signature of Company Representative _____

Date signed _____



**AGREEMENT REGARDING OPERATION OF
UTILITY TREATMENT FACILITIES
WATER / WASTEWATER/ WATER & WASTEWATER**

This Agreement Regarding Operation of Utility Treatment Facilities (“Agreement”) is entered into and shall be effective as of the 15th day of May 2019 (“Effective Date”), by and between **UTILITY OPERATING COMPANY, LLC.**, a Arkansas limited liability company (“Owner”) and **Contracting Firm**, a Missouri limited liability company (“Operator”), collectively the “Parties”.

RECITALS

WHEREAS, UTILITY OPERATING COMPANY, LLC., or its affiliate, is the Owner for the operation, maintenance, and modernization of the water and wastewater treatment facilities, located in Missouri known as, and as more particularly identified under wastewater, and water facilities identified under (Facilities).

WHEREAS, Contracting Firm, provides the services of an Operator, certified by the appropriate regulatory authority, as required, for utility treatment facilities; and

WHEREAS, the Owner, wishes to retain Operator, and Operator desires to provide services to the Owner related to the operation of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the Parties agree as follows:

ENGAGEMENT; TERM; TERMINATION

1. **Engagement**. The Owner hereby engages Operator to provide services to the Owner related to the operation of the Facilities, as more particularly described herein, subject to the terms and conditions of this Agreement. Operator hereby accepts such engagement and agrees (i) to perform all services, including, without being limited to, those services specifically set forth in this Agreement and any attachment hereto; and (ii) to use reasonable and diligent efforts and to exercise the highest degree of professional competence in the performance of such services, in all cases, subject to the terms of this Agreement and any requirements of the Owner with regard to the operation of the Facilities.

2. **Term**. The term of this Agreement shall be effective as of the Effective Date and shall continue in full force and effect, unless sooner terminated as provided for herein, for a period of two (2) years.

3. **Termination of Agreement Without Cause**. The Owner or Operator may terminate this Agreement for any reason upon thirty (30) day prior written notice to the other Party of their desire to terminate the relationship and this Agreement.

4. **Termination of Agreement With Cause**. The Owner or Operator may terminate this Agreement upon written notice in the event of the failure by the other Party to perform in

accordance with the terms of this Agreement. The nonperforming Party shall have ten (10) days from the date of the termination notice to cure or submit a plan for cure acceptable to the other Party.

5. Delay in Performance. Neither Owner nor Operator shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the nonperforming Party. For purposes of this Agreement, such circumstances include, but are not limited to, abnormal weather conditions, floods, earthquakes, fire, epidemics, war, riot, and other civil disturbances, strikes, lockouts, work slowdowns, and other labor disturbances, sabotage, judicial restraint, and inability to procure permits, licenses, or authorizations from any local, state or federal agency for any of the permissions, supplies, materials, accesses, or services required to be provided by either Owner or Operator under this Agreement. Should such circumstances occur, the nonperforming Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance of this Agreement.

6. Termination Duties. Upon the termination of this Agreement, Operator shall render to the Owner a final accounting which shall cover the period from the date of the last statement rendered to the Owner. The Operator shall also forthwith (i) deliver copies of all records and reporting documents not already provided to the Owner, as well as, all materials, supplies, contracts, documents, accountings, papers and any and all other reports pertaining to the operation of the Facilities or this Agreement in the possession or under the control of Operator, and (ii) assign to the Owner, or its designee, existing contracts (previously approved by the Owner) in Operator's name, if any, relating to the operation of the Facilities. Within ten (10) days of the effective date of termination of this Agreement, the Owner shall forthwith pay to Operator all compensation then due Operator.

COMPENSATION TO OPERATOR

7. Operator Fee for Basic Services. In connection with Operator providing those services to the Owner related to the operation of the Facilities, and as more particularly described hereinbelow, and incorporated herein by this reference, the Owner shall pay to Operator a monthly fee of \$\$\$\$\$.

8. Additional Fee Charged for Services Outside of Basic Scope of Services. In the event the Owner requests Operator to provide additional services not included under the Scope of Services as described herein below, Operator shall be compensated for such additional services in accordance with Operator's Prevailing Fee Schedule as follows:

Engineer Fee	\$110.00/Hour
Technician Fee	\$60.00/Hour

9. Reimbursement of Out-of-Pocket Expenses. Operator shall be eligible for reimbursement for any and all documented costs paid by Operator associated with the testing services, electrical, mechanical and/or other parts purchased to repair and/or maintain the Facilities, chemicals required to operate the Facilities, and other out-of-pocket expenses required for the operation of the Facilities that are outside of the scope of the services for which the Operator is being paid the

Fee for Basic Services. Prior approval by the Owner is required for all reimbursable expenses. Operator agrees there will be no mark-up, handling charge or other such service fee(s), related to out-of-pocket expenditures and that a copy of the original receipt(s) or other proof of purchase acceptable to Owner will be furnished with the reimbursement invoice. Reimbursement requests that were not approved in advance or are not accompanied by suitable proof of purchase may not be honored by Owner.

10. Payment of Fee and Reimbursable Costs. Operator shall submit to the Owner invoices for all Operator fees and claimed reimbursable costs on a monthly basis. All such invoices shall be due and payable to Operator by the Owner within thirty (30) days of the date of the invoice. Operator agrees that payment for claims for reimbursable expenses not received by Owner within sixty (60) days of the date incurred are at the discretion of the Owner. Invoices will be delivered to: ap@cswrgroup.com, or as provided in Section 20.

11. Collection Costs. If the Owner fails to make payments when due, Operator shall provide written notice to the Owner allowing the Owner fifteen (15) days to cure the default in payment. However, if after the fifteen (15) day cure period the Owner continues to fail to make payment to Operator, and Operator incurs any costs in order to collect the overdue sums from the Owner, the Owner agrees that all such documented collection costs incurred by Operator shall immediately become due and payable to Operator.

RESPONSIBILITIES - OWNER

12. Maintaining Permits. Owner shall keep all required permits up to date for the Facilities.

13. Payment of Fees Required by Government Authorities. Owner shall pay the annual operating fees, permit renewal fees, construction fees, testing fees, and any and all other fees as required by the governmental authorities for the operation of the Facilities.

14. Damages Caused by Bypass. Owner shall be responsible for and shall hold Operator harmless from liability for damages caused by a bypass of the Facilities or failure of the Facilities to meet the required effluent limits.

15. Maintenance of Records. Owner shall maintain all records on the operation and maintenance of the Facilities for a period of five (5) years or such additional period of time required by Missouri State law.

RESPONSIBILITIES - OPERATOR

16. Basic Services. Operator shall provide to Owner the services set forth on the attached **EXHIBIT A**, which by this reference is incorporated herein.

17. Additional or Emergency Services. Any services not listed above shall be considered additional or emergency services. Additional Services are not included as part of the Basic Services and shall be paid for by Owner in accordance with the Operator's fee schedule set forth hereinabove.

18. Standard of Care. The standard of care of all services performed or furnished by Operator under this Agreement will be the care and skill ordinarily used by operators practicing under similar conditions at the same time and in the same locality.

19. Insurance. Operator shall procure and maintain in effect throughout the duration of the term of this Agreement insurance coverage not less than the types and amounts specified below. The Operator also agrees to furnish the Owner, from time to time and on demand, with suitable evidence that such insurance is in force. In the event that additional insurance, not specified herein, is required by Owner during the course of the services covered by this Agreement, Operator shall supply such insurance and all additional costs shall be borne by Owner. Policies containing a self-insured retention will not be acceptable to Owner. A company with an A- or better rating must issue all insurance policies. All coverage required herein shall list Owner as an additional insured including ongoing operations and completed operations on a primary and non-contributory basis using form CG 20 10 11 85 or its equivalent, and Operator shall maintain all coverage in force continuously without interruption for a period of three (3) years after the term of this Agreement. In addition, each coverage required herein shall include a waiver of subrogation (where allowable by law).

- (a) Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.
- (b) Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.
- (c) Worker's Compensation and Employers Liability in the amount required by law.
- (d) Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.
- (e) Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is discontinued for any reason by Operator after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.
- (f) Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

In addition, Operator is required and shall require any contractors, subcontractors, vendors or any other party performing work or providing services at or for the operation of the facilities to carry the above insurance.

The policies listed above shall include within their certificate an endorsement that the policy may not be canceled until sixty (60) days prior written notice of cancellation has been served upon Owner by registered or certified mail.

Indemnification: Operator shall to the fullest extent of the law defend, indemnify and hold harmless Owner and all of its parent companies, subsidiaries, affiliates and subcontractors, including their respective officers, directors, employees, principals, partners, agents, successors and assigns, (collectively "Indemnitees") from and against any and all actions, suits, arbitrations, administrative proceedings, demands and claims for any and all damages, injunctive or any other relief based on any cause of action whatsoever (sometimes individually "Claim" and sometimes collectively "Claims"), that may be brought or made against, or incurred by, Indemnitees on account of liabilities, damages, losses, cost, expenses, settlements, judgments, awards, and governmental penalties and sanctions, including reasonable attorneys' fees and experts' fees, including those attributable to bodily injury (including death), personal injury and property damage (sometimes individually "Liability" and sometimes collectively "Liabilities"), caused by, arising out of, or contributed to by any negligence, acts, errors, omissions or conduct of Operator, its employees, subcontractors, or agents, related in any way to the performance of any and all services described herein, except to the extent the Claims or Liabilities are determined to have been caused by the negligent or the willful misconduct of the Owner. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Agreement.

Operator shall provide to Owner at execution of this Agreement a certificate of insurance showing all required endorsements and additional insureds.

It is further mutually agreed between the parties hereto, that no payment made under this Agreement shall be deemed as conclusive evidence of the performance of this Agreement, either in whole or in part, and that no payment shall be construed to be an acceptance of defective work or improper performance or materials. The Operator is to insure its own risk in and about the property, unless special agreement is made to the contrary, said risk to be considered as the unpaid balance due at any time.

NOTICES

20. Notices. Any notice, demand, consent, approval, request or other communication, required or permitted to be given hereunder, shall be in writing and shall be deemed to have been delivered (i) on the day personally delivered, (ii) upon receipt if sent by overnight courier, (iii) on the third business day following its mailing by registered or certified mail (return receipt requested), postage prepaid, by deposit in the United States mail, or (iv) on the day received (if received by 5:00 p.m. local time on a business day at the location of the recipient [i.e., any day other than a Saturday or Sunday or Missouri state (depending on the recipient's location) or federal holiday] and if not so received then on the next business day) if sent by facsimile or electronic transmission with proof of successful transmission.

Owner: CONFLUENCE RIVER UTILITY
OPERATING COMPANY, LLC.
500 Northwest Plaza Dr., Suite 500
St. Ann, MO 63074
Attn: Josiah Cox, President
Phone: (314) 736-4672
Facsimile: (314) 736-4743
Email: jcox@cswrgroup.com

Operator: Contractor
1351 Jefferson St,
Washington, MO 63090
Phone:
Email:

Either party may, by notice given as aforesaid, designate a different address or addresses for notices to be given to it.

GENERAL PROVISIONS

21. Information Provided by Others. Owner shall furnish, at Owner's expense, all information, requirements, reports, data, surveys and instructions required by this Agreement. Operator may use such information, requirements, reports, data, surveys and instructions in performing its services and is entitled to rely upon the accuracy and completeness thereof.

22. Relationship of Parties. The Operator is and will remain for the term of this Agreement an independent contractor completely responsible for its own acts and for the manner in which, and the form by which, it performs this Agreement, and as such shall set its own hours and means and methods and shall not be subject to the supervision and control of the Owner except as to the results obtained. In no event shall the relationship created by this Agreement constitute a joint venture or partnership between the Owner and the Operator. Neither Party is authorized to assume or create any obligation or responsibility on behalf of, or in the name of, the other or bind the other in any manner whatsoever whether as agent, legal representative or otherwise.

23. Third Party Rights. Nothing contained in this Agreement shall be construed to give any rights or benefits to anyone other than Owner and Operator.

24. Waiver. A waiver by either Owner or Operator of any breach of this Agreement shall be in writing. Such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

25. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement or the occurrence of any event rendering any portion or provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this agreement shall be construed and enforced as if this Agreement did not contain the particular

portion or provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Section shall not prevent this entire Agreement from being void should a provision, which is of the essence of this Agreement, be determined void.

26. Survival. Notwithstanding completion or termination of this Agreement for any reason, all rights, duties and obligations of the parties to this Agreement shall survive such completion or termination and remain in full force and effect until fulfilled.

27. Successors and Assigns. Owner and Operator each binds itself and its successors, assigns, and legal representatives to the other party to this Agreement and to the successors, assigns, and legal representatives of such other party in respect to all provisions of this Agreement.

28. Assignment. The Operator shall assign any rights or duties under this Agreement without the prior written consent of the Owner, which shall not be unreasonably withheld. However, the Owner shall be free to assign the rights and/or duties under this Agreement to any successor in interest by providing written notice to the Operator setting forth the name and contact information for the assignee and the date that the assignment will become effective. Nothing contained in this Section shall prevent Operator from employing independent Operators, associates, and subcontractors to assist in the performance of the Services.

29. Controlling Law. The laws of the State of Missouri shall govern this Agreement.

30. Anti-bribery, Anti-corruption and OFAC Compliance. The Owner takes a zero-tolerance approach to bribery and corruption. By executing this Agreement the Operator expressly acknowledges that all employees, agents, contractors and sub-contractors of the Company must at all times comply with all applicable anti-bribery and anti-corruption laws and Company policies and related procedures in relation to anti bribery and anti-corruption as set out herein or as may be implemented or amended from time to time and which will be made available for review upon request. Operator agrees to comply with the following policies:

- Operator may not provide or receive anything of value to obtain or retain business or favored treatment from public officials; candidates for office; employees of state-owned enterprises; employees or officers of counterparties, clients/customers, or suppliers; any agent of the aforementioned parties; or any other person with whom the Company or Operator does or anticipates doing business.
- The prohibition against providing “anything of value” to obtain or retain business or favored treatment includes improper payments, such as cash bribes or kickbacks, but also may include other direct or indirect benefits and advantages, such as inappropriate gifts, meals, entertainment, charitable contributions, and offers of employment or internships.

In addition, the Company is committed to combating money laundering, terrorist financing, securities fraud and other financial crimes (collectively “money laundering”) and complying fully with all applicable laws and regulations relating to combating money laundering. The Company

is also committed to complying with economic and trade sanctions administered and enforced by governments and supranational bodies, including, among others, the sanctions programs and designated sanctions lists administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the United Nations Security Council, the European Union and Her Majesty's Treasury. Compliance by employees, agents, contractors and sub-contractors of the Company with all applicable anti-money laundering laws and regulations and sanctions programs and lists (collectively, "AML") is strictly required as a condition of this Agreement. Operator's participation with any employee, agent, contractor and/or sub-contractor of the Company to engage in money laundering, or to fail to comply with all applicable AML laws, regulations, and Company's AML policies, will be a breach of this Agreement, and will be cause for immediate termination of this Agreement by the Company.

31. Executed Counterparts/Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. This Agreement may be executed by a Party's signature transmitted by facsimile or electronic transmission, and copies of this Agreement executed and delivered with facsimile signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. The Parties hereto may rely upon facsimile signatures as if such signatures were originals. The Parties hereto agree that a facsimile signature page may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

32. Further Assurances. From time to time, each Party shall execute and deliver such further documents and shall take such other action as the other Party reasonably may request in order to discharge and perform their obligations and agreements hereunder.

33. Time. Time is of the essence of each provision of this Agreement in which time is an element. Time in which any act provided by this Agreement is to be done shall be computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or legal holiday under the laws of the States of Missouri or the United States of America, and then it is also excluded. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. Central Time on that day or date and references to "days" shall refer to calendar days.

34. Attorneys' Fees. In the event of any legal proceeding between the Parties arising out of the subject matter of this Agreement, in addition to any other award to which it shall be entitled, the prevailing party shall be entitled to an award for the reasonable attorneys' fees and costs incurred by its in connection with such proceedings.

35. Entire Agreement. This Agreement, and all attachments hereto, is the entire Agreement between Owner and Operator. It supersedes all prior communications, understandings and agreements, whether oral or written. The paragraph titles used in this Agreement are for general reference only and are not part of the Agreement. Amendments to this Agreement must be in writing and signed by both the Owner and the Operator.

IN WITNESS WHEREOF, Owner and Operator have executed this Agreement, effective on the date first above written.

OWNER:

UTILITY
OPERATING COMPANY, LLC

By _____

Title: _____

OPERATOR:

OPERATIONS, LLC

By _____

Title: Managing Member _____

EXHIBIT A
Operator Services – Wastewater

1. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
2. Make weekly or more frequent visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
3. Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
4. Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
5. Maintain all facility records included in CMMS;
6. Perform all routine scheduled work orders generated through CMMS;
7. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
8. Obtain the sampling requirements for testing by the government regulators and/or the Owner;
9. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
10. Contact and direct appropriate contractors to make repairs to the system as needed for operation;
11. Meter readings;
12. Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm;
13. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events;
14. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification;
15. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month;
16. Perform Utility Locates.
17. Perform Operation and Maintenance Tasks (tracked via work orders in the CMMS system), for time and material, which may include but are not limited to:
 - a. Sewer main, or manhole repair and maintenance

- b. Service and utility construction inspections
- c. Sewer main flushing, rodding, or jetting
- d. Lift station maintenance and repair
- e. Cleaning and vaccing of manholes
- f. Lagoon repair/maintenance requiring excavating equipment (e.g. backhoe, loader, etc.)
- g. Mowing and trimming of plant, lagoon and right of way areas
- h. Chemical application to lagoon cells
- i. Fence repair & upkeep
- j. Sewer main video inspection and recording
- k. Sewer main repair and/or replacement
- l. Customer service issues requiring action on behalf of the utility
- m. Pavement repairs

Operator Services – Water

1. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
2. Make weekly or more frequent visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
3. Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
4. Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
5. Maintain all facility records included in CMMS;
6. Perform all routine scheduled work orders generated through CMMS;
7. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
8. Obtain the sampling requirements for testing by the government regulators and/or the Owner;
9. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.

10. Contact and direct appropriate contractors to make repairs to the system as needed for operation;
11. Provide monthly water bac-T results;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
12. Meter readings;
13. Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm;
14. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events;
15. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification;
16. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month;
17. Perform Utility Locates.
18. Perform Operation and Maintenance Tasks (tracked via work orders in the CMMS system), for time and material which may include but are not limited to:
 - a. Water main repair and maintenance
 - b. Service and utility construction inspections
 - c. Water main flushing
 - d. Booster station maintenance and repair
 - e. Mowing and trimming of plant and right of way areas
 - f. Fence repair & upkeep
 - g. Customer service issues requiring action on behalf of the utility
 - h. Pavement repairs



March 9th, 2020

Mr. Terry Merritt
Midwest Water Ops

Dear Mr. Merritt,

This letter is a request for a proposal to operate and maintain the wastewater facilities included in the Blue Grass Utility Operating Company. The facilities include:

- Arcadia Pines – No discharge lagoon – McCracken County, KY
- Carriage Park – No discharge lagoon – West Paducah, KY
- Marshall Ridge – No discharge lagoon – West Paducah, KY
- Randview – No discharge lagoon – Graves, KY

Attached to this letter is a list a sample agreement that outlines the basic responsibilities for the Operations and Maintenance contractor and RFP response sheet. Please respond by March 31, 2020 with a proposal to provide operations and maintenance services to these facilities according to the requirements of their permits and the scope of services attached.

Wastewater – Below is a link to Kentucky DEP's Issued Approvals page on eSearch. This page will give you up-to-date information on permits, registrations, registered-permits-by-rule, general permits and other approvals the Department has issued.

http://dep.gateway.ky.gov/eSearch/Search_Issued_Approvals.aspx?Program=Wastewater=30

If you have any questions, please feel free to call or email me at 314-240-2377 or jfavor@cswrgroup.com.

Sincerely,

Jay Favor
Central States Water Resources



March 9th, 2020

Mr. Robert Nicholas
Veolia

Dear Mr. Nicholas,

This letter is a request for a proposal to operate and maintain the wastewater facilities included in the Blue Grass Utility Operating Company. The facilities include:

- Arcadia Pines – No discharge lagoon – McCracken County, KY
- Carriage Park – No discharge lagoon – West Paducah, KY
- Marshall Ridge – No discharge lagoon – West Paducah, KY
- Randview – No discharge lagoon – Graves, KY

Attached to this letter is a list a sample agreement that outlines the basic responsibilities for the Operations and Maintenance contractor and RFP response sheet. Please respond by March 31, 2020 with a proposal to provide operations and maintenance services to these facilities according to the requirements of their permits and the scope of services attached.

Wastewater – Below is a link to Kentucky DEP’s Issued Approvals page on eSearch. This page will give you up-to-date information on permits, registrations, registered-permits-by-rule, general permits and other approvals the Department has issued.

http://dep.gateway.ky.gov/eSearch/Search_Issued_Approvals.aspx?Program=Wastewater=30

If you have any questions, please feel free to call or email me at 314-240-2377 or jfavor@cswrgroup.com.

Sincerely,

Jay Favor
Central States Water Resources



March 9th, 2020

Mr. Brian Bzdawka
Woodard & Curran

Dear Mr. Bzdawka,

This letter is a request for a proposal to operate and maintain the wastewater facilities included in the Blue Grass Utility Operating Company. The facilities include:

- Arcadia Pines – No discharge lagoon – McCracken County, KY
- Carriage Park – No discharge lagoon – West Paducah, KY
- Marshall Ridge – No discharge lagoon – West Paducah, KY
- Randview – No discharge lagoon – Graves, KY

Attached to this letter is a list a sample agreement that outlines the basic responsibilities for the Operations and Maintenance contractor and RFP response sheet. Please respond by March 31, 2020 with a proposal to provide operations and maintenance services to these facilities according to the requirements of their permits and the scope of services attached.

Wastewater – Below is a link to Kentucky DEP’s Issued Approvals page on eSearch. This page will give you up-to-date information on permits, registrations, registered-permits-by-rule, general permits and other approvals the Department has issued.

http://dep.gateway.ky.gov/eSearch/Search_Issued_Approvals.aspx?Program=Wastewater=30

If you have any questions, please feel free to call or email me at 314-240-2377 or jfavor@cswrgroup.com.

Sincerely,

Jay Favor
Central States Water Resources

Date:

Central States Water Resources, Inc. RFQ Response Sheet – Blue Grass UOC, for facilities known as Arcadia Pines, Carriage Park, Marshall Ridge, and Randview.

Please fill in the blanks below in pen. Scan and send to jfavor@cswrgroupo.com.

Due Date – March 31, 2020

Name of responding Company _____

Date _____

Price per month for Standard Operations of Blue Grass-Round 3 \$ _____/month

Written out _____ dollars/month

Price per hour operator to perform additional duties outside of scope \$ _____/hr

Price per hour for operator overtime to perform additional duties outside of scope \$ _____/hr

Price per hour for operator emergency callouts to address operational issues. \$ _____/hr

Name of Company Representative _____

Signature of Company Representative _____

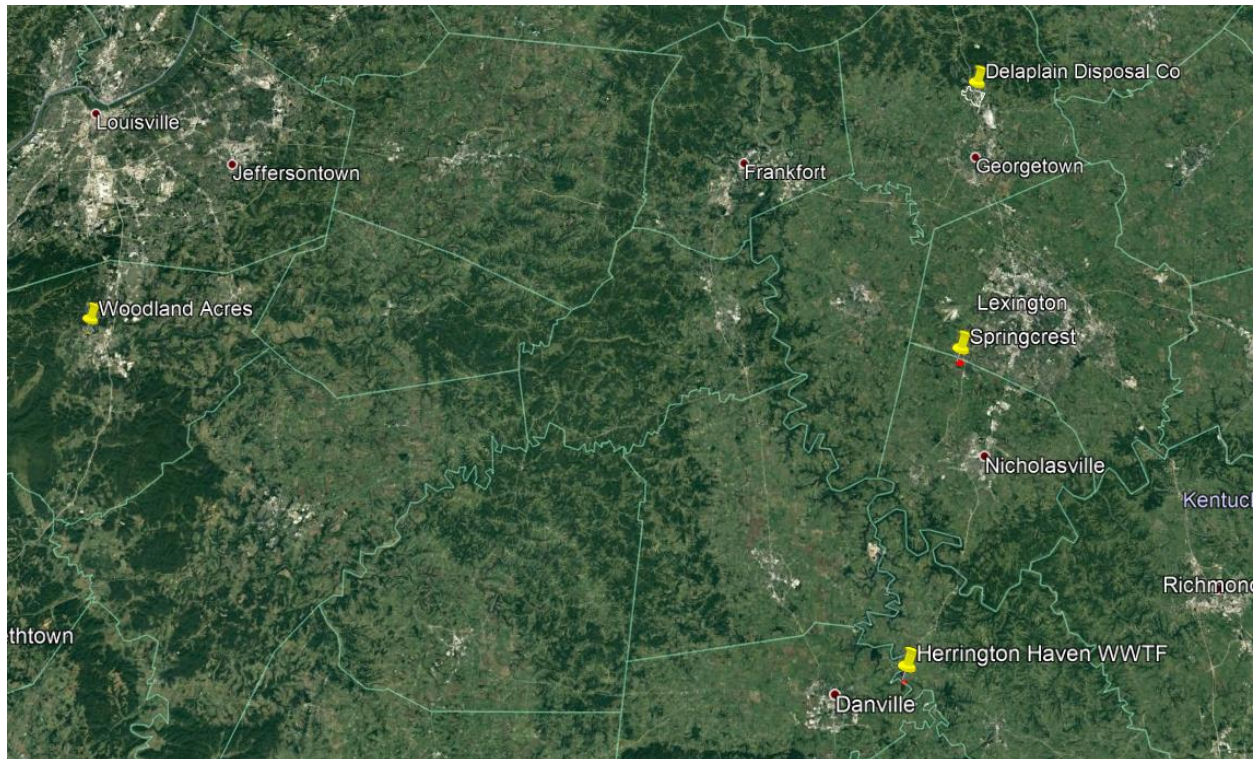
Date signed _____

Your firm is invited to submit a proposal on project outlined below related to community water and wastewater treatment plants.

Bluegrass UOC: Phase 4

Is made up of facilities known as:

- Delaplain WWTP – KY0079049
- Herrington Haven WWTP – KY0053431
- Springcrest Wastewater Disposal
- Woodland Acres WWTP – KY0096100



Use the links below to utilize State Databases for additional information about these facilities.

- Wastewater Database: <https://dep.gateway.ky.gov/eSearch/>

Sincerely,

Jay Favor

Director of EH&S

Enclosure

FACILITY COMPONENTS

Delaplain WWTP – KY0079049

- Mechanical facility: 2 influent lines (1 gravity and 1 pressurized), comminutor, manual bar screen, aeration tank, two 50hp blowers, circular clarifier w/ RAS/WAS collection box, aerobic digester, and Chlorine/De-Chlorination systems.
- 5 lift station in the collection system
- Authorized to treat 240,000 gpd.
- 55% residential, 45% industrial.
- 38° 17'10.25"N, 84° 33'22.59"W

Springcrest Wastewater Disposal

- Resident septic tank system with irrigation disposal system.
- 4' force mains from septic tanks to wet wells.
- Four wet well zones with single control panel for irrigation disposal.
- 37° 58'55.14"N, 84° 36'5.46"W

Herrington Haven WWTP – KY0053431

- Extended Aeration Package Plant with mechanically cleaned bar rack screen, single aeration basin, two hopper clarifiers, and a chlorine contact tank.
- 8" and 10" gravity collection system.
- 9,800 gpd facility.
- 37° 39'40.67"N, 84° 41'23.89"W

Woodland Acres WWTP – KY0096100

- Extended Aeration Package plant containing mechanically cleaned bar rack screen, single aeration basin, equalization tank with two pumps, aerobic digestion, rapid sand filter, and chlorine contact chamber. De-chlorination is utilized downstream.
- 25,000 gpd facility.
- Gravity collection system: 8" and 10" lines.
- 38° 0'28.37"N, 85° 43'51.79"W

INTRODUCTION & BACKGROUND

Central States Water Resources (“CSWR,LLC”) owns and provides professional and managerial services to several private, regulated water and wastewater utility companies that the services of one or more outside firms capable of providing operation and maintenance services and or managing construction projects related to the company’s water and wastewater treatment plants. Therefore, CSWR is accepting proposals in response to this Request for Proposal (“RFP”) in order to find firms willing and qualified to provide these services. Our goal with operating and maintaining water and wastewater treatment facilities is to serve local communities with modern, EPA-compliant water and wastewater treatment facilities that ensure our customers receive reliable and safe service.

The objective of this RFP is to identify one or more firms that will provide the best overall value to CSWR. While price is a significant factor, other criteria will form the basis of our award decision, as more fully described in the Evaluation Factors section of this RFP below.

SUBMISSION GUIDELINES & REQUIREMENTS

The following submission guidelines and requirements apply to this RFP:

- First and foremost, only qualified individuals or firms with prior experience on projects such as this should submit proposals in response to this RFP.
- **Bidders intent on submitting a proposal should so notify CSWR staff no later than 11/13/2020.**
- Bidders may complete a “Company Narrative”, providing up to a 4-page narrative listing their companies experience with similar projects, expertise, and why they should be selected by CSWR. Please include references for each example provided. This narrative is optional.
- Bidders must complete the “RFP Response Page” at the end of this RFP that outline the require submittal documents and pricing.
- Proposals must be signed by a representative that is authorized to commit bidder’s company.
- **Proposals must be received prior to 12/15/2020 to be considered.**
- Proposals must remain valid for a period of 60 days.
- CSWR anticipates selecting at least two individuals or firms to have more in-depth discussions with and will make an award to one of these “down-selected” individuals or firms.
- Each bidder must read the “Agreement Regarding Operation of Utility Treatment Facilities Water/Wastewater” presented in **Attachment A**.
- Each bidder must provide proof of insurance coverage, including all inclusions and exclusions to the policy. For information regarding insurance requirements, please refer to **Insurance Requirements** below.
- Each bidder must provide a staffing plan for each of the facilities and include the key personnel’s biography, resume and certifications.

PROJECT DESCRIPTION

CSWR seeks to transform local water and wastewater treatment facilities across the central United States to improve the quality of water and therefore the quality of life in the region.

Project Purpose

To transform how water utilities, work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards. By restoring communities water infrastructure to applicable regulatory standards, we ensure all CSWR's serviced communities have access to safe, clean, and reliable water resources while protecting the aquifers, lakes, rivers, and streams that are essential to our world. In addition, restoring water infrastructure to applicable regulatory standards will foster new investment into the communities leading to community revitalization in desperate regions.

Project Description

CSWR is looking to procure a qualified group to operate and maintain CSWR's water and wastewater treatment facilities across the United States. This includes all maintenance and construction projects needed to guarantee the highest quality product to CSWR's serviced communities while maintaining safe policies and best practices to comply with regulatory standards.

SITE VISIT (OPTIONAL)

CSWR will conduct an optional site visit at for prospective bidder, **upon request**, to examine the system. The site visit[s] will be schedule for the date[s] and time[s] below:

Site	Date	Time
Site 1		
Site 2		

PROJECT SCOPE

Provided below is CSWR's Project Scope focused on administrative duties and field operations which are comprised of both operator services for the water treatment facilities and wastewater treatment facilities. In addition to the scope of the above noted duties, requirements are provided for each.

Scope and Requirements:

Bidder shall provide a monthly fee in its response to this RFP to maintain the system(s), as described below. No additional charges will be allowed for the routine testing, reporting, operations and maintenance of the Facilities. All costs including, but not limited to, routine labor, materials, profit, meter reading and travel shall be included in the monthly fee. Costs for items such as equipment replacement, emergencies, or other non-routine repairs are not included in this scope item.

Administrative

The successful bidder shall maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities and provide copies of such to the Owner. Each bidder must provide a staffing plan for each of the facilities and include the key personnel's biography, resume and certifications.

The successful bidder shall maintain insurance meeting or exceeding the requirements listed below. Certificates of insurance showing that the Bidder meets the minimum requirements must be provided with the Bidder's response to this Request for Proposal (RFP). Failure to include the necessary certificates will result in the Bidder's proposal being disqualified from consideration.

Customer Service Requirement

The successful bidder shall be responsible for the accurate and timely reading of customer meters, including rereads at CSWR's request. Each bidder must identify a single point of contact who will be responsible for communications between CSWR Customer Service Staff and the bidder's field staff.

Insurance Requirement

Certificates of Insurance ("COI"), as outlined herein, shall be furnished to CSWR upon receipt of approval of the award of the contract. COI shall provide a minimum of a thirty (30) day notice of cancellation to CCPS and shall name CSWR as an additional insured as follows:

Comprehensive General Liability Insurance

Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.

Automobile Liability Insurance

Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.

Worker's Compensation and Employers Liability Insurance

Worker's Compensation and Employers Liability in the amount required by law.

Commercial Umbrella Coverage

Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.

Pollution Legal Liability

Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is

discontinued for any reason by Operator after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Professional Liability Error and Omissions

Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Duration of Insurance Policies

All insurance policies herein specified shall be in force for the term of the contract and contain a Rider that the insurance policies cannot be cancelled without a thirty (30) day prior written notice to the parties insured.

Insurance Policy Review

Insurance policies may be submitted for review to CSWR. Said policies shall be in form and content satisfactory to CSWR's said representatives. Said policies shall also name CSWR as an additional insured party where specified herein.

Wastewater Field Operations – Included in Monthly Fee

Tasks listed below are routine tasks expected for the operation of a wastewater facility and shall be included in the monthly fee. The monthly fee shall include all labor, materials, and costs to complete the following tasks.

- Make minimum of 3 (for mechanical plants) or 1 (for lagoons) weekly visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto.
- Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Create and perform all routine scheduled work orders generated through CMMS.
- Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner.
- Utilize owner provided regulatory results database. Maintain/upload certified test results into the database by the last business day of each month.
- Obtain the sampling requirements for testing by the government regulators and/or the Owner and perform the necessary sampling.
- Maintain all facility records included in CMMS.

- Contact appropriate laboratories to provide adequate testing and reporting services for Owner.
- Provide all test results to the Owner as early as possible.
- Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public. Any fee or fines resulting from a delay in notifying the Owner will be the responsibility of the successful Bidder.
- Contact and direct appropriate contractors to make repairs to the system as needed for operation.
- Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm.
- Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events.
- Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification.
- Provide a 24-Hour on-call emergency utility service response for operations.
- Perform Utility Locates.

Wastewater Field Operations – Additional Work

Tasks listed below are non-routine tasks expected for the operation of a wastewater facility and shall be billed in addition to the monthly fee. The Bidder shall provide a list of labor rates and cost markup that will be charged.

- Sewer main, or manhole repair and maintenance
- Service and utility construction inspections
- Sewer main flushing, rodding, or jetting
- Lift station maintenance and repair
- Cleaning and vacuuming of manholes
- Lagoon repair/maintenance requiring excavating equipment (e.g. backhoe, loader, etc.)
- Mowing and trimming of plant, lagoon and right of way areas
- Chemical application to lagoon cells
- Fence repair & upkeep
- Sewer main video inspection and recording
- Sewer main repair and/or replacement
- Customer service issues requiring action on behalf of the utility
- Pavement repairs
- Items identified during start-up by Operator as inoperable or concerning conditions of the facility that would affect treatment performance. Owner to review items and grant approval prior to repair work beginning.
- Electrical Repair Services
- Tree trimming/brush removal services
- Mechanical repair services

- Structural repair services

RFP & PROJECT TIMELINES

The estimated RFP timeline is as follows

RFP Issuance	11/06/2020
Selection of Top Bidders/Notification to Unsuccessful Bidder	12/18/2020
Start of Negotiation	12/18/2020
Contract Award/Notification to Unsuccessful Bidder	12/28/2020

EVALUATION FACTORS

CSWR will rate proposals based on the following factors, with cost being the most important factor:

1. Responsiveness to the requirements set forth in this RFP.
2. Relevant past performance/experience.
3. Samples of work.
4. Cost, including an assessment of total cost of ownership
5. Technical expertise/experience of bidder and bidder's staff.
6. Response to CSWR's "RFP Response Page."

CSWR reserves the right to award to the bidder that presents the best value to CSWR as determined solely by CSWR in its absolute discretion.

RFP RESPONSE SHEET

Please complete each part of the Central States Water Resources RFP Response Sheet presented below by _____ no later than 11:59 PM CST.

Please complete each part in its entirety either electronically or with an ink pen with the exception of the affirmed by portion at the bottom of the sheet. The RFP Response sheet affirmed by portion must be signed by an ink.

Firm Name:		Firm Address	
Contact Phone:		Contact Email:	

Monthly Cost

Standard operations include all basic maintenance needed to operate and maintain the facility including all scheduled and/or annual repairs and replacement of consumables (i.e. lightbulbs, air filters, flex couplings, and other ancillary components that assist with safe and compliant operations)

and minor products necessary for proper operation of equipment. Basic maintenance also includes any maintenance recommended by the manufacturer, general housekeeping, and administrative work.

Monthly Cost – Wastewater Field Operations	\$
Monthly Cost – Water Field Operations	\$

Additional and Emergency Services

Additional services include all major repairs, replacements, and failures that are unanticipated and unscheduled. Emergency services will be for major materials that need repair or replacement due to a potential threat to public/worker safety, health, and welfare. The labor rate should include all ancillary tools and materials necessary to perform the emergency service. This cost should account for any perceived or expected overtime that may be required due to required emergency services.

Additional Services – Hourly Rate	\$
Emergency Services – Hourly Rate	\$
Cost Markup	%

Company Narrative (Optional)

Respondent must attach Company Narrative here. Please discuss the firm’s experience with similar projects, expertise, and why they should be selected by CSWR. Must include references for each example provided. The company narrative may be up to 4 pages in length.

Staffing Plan

Respondent must provide a staffing plan for each of the facilities and include the key personnel’s biography, resume and certifications.

Insurance

Respondent must attach a copy of the Certificate of Insurance showing evidence of meeting the required insurance limits.

Affirmation

The person undersigned affirms that all information contained within this Statement of Qualifications is true and accurate. Providing false or misleading or omitting relevant information may result in the Respondent’s firm being disqualified for any current or future work for Central States Water Resources.

Affirmed by (signature): _____

Name: _____

Title: _____

Date: _____

ATTACHMENT A – SAMPLE AGREEMENT

**AGREEMENT REGARDING OPERATION OF
UTILITY TREATMENT FACILITIES
WASTEWATER**

This Agreement Regarding Operation of Utility Treatment Facilities (“Agreement”) is entered into and shall be effective as of the 15th day of May 2019 (“Effective Date”), by and between **UTILITY OPERATING COMPANY, LLC.**, a limited liability company (“Owner”) and **Contracting Firm**, a [State] limited liability company (“Operator”), collectively the “Parties”.

RECITALS

WHEREAS, UTILITY OPERATING COMPANY, LLC., or its affiliate, is the Owner for the operation, maintenance, and modernization of the water and wastewater treatment facilities, located in [State] known as, and as more particularly identified under wastewater, and water facilities identified under (Facilities).

WHEREAS, Contracting Firm, provides the services of an Operator, certified by the appropriate regulatory authority, as required, for utility treatment facilities; and

WHEREAS, the Owner, wishes to retain Operator, and Operator desires to provide services to the Owner related to the operation of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the Parties agree as follows:

ENGAGEMENT; TERM; TERMINATION

1. **Engagement.** The Owner hereby engages Operator to provide services to the Owner related to the operation of the Facilities, as more particularly described herein, subject to the terms and conditions of this Agreement. Operator hereby accepts such engagement and agrees (i) to perform all services, including, without being limited to, those services specifically set forth in this Agreement and any attachment hereto; and (ii) to use reasonable and diligent efforts and to exercise the highest degree of professional competence in the performance of such services, in all cases, subject to the terms of this Agreement and any requirements of the Owner with regard to the operation of the Facilities.

ATTACHMENT A

2. Term. The term of this Agreement shall be effective as of the Effective Date and shall continue in full force and effect, unless sooner terminated as provided for herein, for a period of two (2) years.

3. Termination of Agreement Without Cause. The Owner or Operator may terminate this Agreement for any reason upon thirty (30) day prior written notice to the other Party of their desire to terminate the relationship and this Agreement.

4. Termination of Agreement With Cause. The Owner or Operator may terminate this Agreement upon written notice in the event of the failure by the other Party to perform in accordance with the terms of this Agreement. The nonperforming Party shall have ten (10) days from the date of the termination notice to cure or submit a plan for cure acceptable to the other Party.

5. Delay in Performance. Neither Owner nor Operator shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the nonperforming Party. For purposes of this Agreement, such circumstances include, but are not limited to, abnormal weather conditions, floods, earthquakes, fire, epidemics, war, riot, and other civil disturbances, strikes, lockouts, work slowdowns, and other labor disturbances, sabotage, judicial restraint, and inability to procure permits, licenses, or authorizations from any local, state or federal agency for any of the permissions, supplies, materials, accesses, or services required to be provided by either Owner or Operator under this Agreement. Should such circumstances occur, the nonperforming Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance of this Agreement.

6. Termination Duties. Upon the termination of this Agreement, Operator shall render to the Owner a final accounting which shall cover the period from the date of the last statement rendered to the Owner. The Operator shall also forthwith (i) deliver copies of all records and reporting documents not already provided to the Owner, as well as, all materials, supplies, contracts, documents, accountings, papers and any and all other reports pertaining to the operation of the Facilities or this Agreement in the possession or under the control of Operator, and (ii) assign to the Owner, or its designee, existing contracts (previously approved by the Owner) in Operator's name, if any, relating to the operation of the Facilities. Within ten (10) days of the effective date of termination of this Agreement, the Owner shall forthwith pay to Operator all compensation then due Operator.

COMPENSATION TO OPERATOR

7. Operator Fee for Basic Services. In connection with Operator providing those services to the Owner related to the operation of the Facilities, and as more particularly described hereinbelow, and incorporated herein by this reference, the Owner shall pay to Operator a monthly fee of \$\$\$\$\$.

8. Additional Fee Charged for Services Outside of Basic Scope of Services. In the event the Owner requests Operator to provide additional services not included under the Scope of Services as described herein below, Operator shall be compensated for such additional services in accordance with Operator's Prevailing Fee Schedule as follows:

Engineer Fee	\$110.00/Hour
--------------	---------------

Technician Fee

\$60.00/Hour

9. Reimbursement of Out-of-Pocket Expenses. Operator shall be eligible for reimbursement for any and all documented costs paid by Operator associated with the testing services, electrical, mechanical and/or other parts purchased to repair and/or maintain the Facilities, chemicals required to operate the Facilities, and other out-of-pocket expenses required for the operation of the Facilities that are outside of the scope of the services for which the Operator is being paid the Fee for Basic Services. Prior approval by the Owner is required for all reimbursable expenses. Operator agrees there will be no mark-up, handling charge or other such service fee(s), related to out-of-pocket expenditures and that a copy of the original receipt(s) or other proof of purchase acceptable to Owner will be furnished with the reimbursement invoice. Reimbursement requests that were not approved in advance or are not accompanied by suitable proof of purchase may not be honored by Owner.

10. Payment of Fee and Reimbursable Costs. Operator shall submit to the Owner invoices for all Operator fees and claimed reimbursable costs on a monthly basis. All such invoices shall be due and payable to Operator by the Owner within thirty (30) days of the date of the invoice. Operator agrees that payment for claims for reimbursable expenses not received by Owner within sixty (60) days of the date incurred are at the discretion of the Owner. Invoices will be delivered to: ap@cswrgroup.com, or as provided in Section 20.

11. Collection Costs. If the Owner fails to make payments when due, Operator shall provide written notice to the Owner allowing the Owner fifteen (15) days to cure the default in payment. However, if after the fifteen (15) day cure period the Owner continues to fail to make payment to Operator, and Operator incurs any costs in order to collect the overdue sums from the Owner, the Owner agrees that all such documented collection costs incurred by Operator shall immediately become due and payable to Operator.

RESPONSIBILITIES - OWNER

12. Maintaining Permits. Owner shall keep all required permits up to date for the Facilities.

13. Payment of Fees Required by Government Authorities. Owner shall pay the annual operating fees, permit renewal fees, construction fees, testing fees, and any and all other fees as required by the governmental authorities for the operation of the Facilities.

14. Damages Caused by Bypass. Owner shall be responsible for and shall hold Operator harmless from liability for damages caused by a bypass of the Facilities or failure of the Facilities to meet the required effluent limits.

15. Maintenance of Records. Owner shall maintain all records on the operation and maintenance of the Facilities for a period of five (5) years or such additional period of time required by [State] State law.

RESPONSIBILITIES - OPERATOR

16. Basic Services. Operator shall provide to Owner the services set forth on the attached **EXHIBIT A**, which by this reference is incorporated herein.

17. Additional or Emergency Services. Any services not listed above shall be considered additional or emergency services. Additional Services are not included as part of the Basic Services and shall be paid for by Owner in accordance with the Operator's fee schedule set forth hereinabove.

18. Standard of Care. The standard of care of all services performed or furnished by Operator under this Agreement will be the care and skill ordinarily used by operators practicing under similar conditions at the same time and in the same locality.

19. Insurance. Operator shall procure and maintain in effect throughout the duration of the term of this Agreement insurance coverage not less than the types and amounts specified below. The Operator also agrees to furnish the Owner, from time to time and on demand, with suitable evidence that such insurance is in force. In the event that additional insurance, not specified herein, is required by Owner during the course of the services covered by this Agreement, Operator shall supply such insurance and all additional costs shall be borne by Owner. Policies containing a self-insured retention will not be acceptable to Owner. A company with an A- or better rating must issue all insurance policies. All coverage required herein shall list Owner as an additional insured including ongoing operations and completed operations on a primary and non-contributory basis using form CG 20 10 11 85 or its equivalent, and Operator shall maintain all coverage in force continuously without interruption for a period of three (3) years after the term of this Agreement. In addition, each coverage required herein shall include a waiver of subrogation (where allowable by law).

- (a) Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.
- (b) Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.
- (c) Worker's Compensation and Employers Liability in the amount required by law.
- (d) Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.
- (e) Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is discontinued for any reason by Operator after the termination of

ATTACHMENT A

this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

- (f) Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

In addition, Operator is required and shall require any contractors, subcontractors, vendors or any other party performing work or providing services at or for the operation of the facilities to carry the above insurance.

The policies listed above shall include within their certificate an endorsement that the policy may not be canceled until sixty (60) days prior written notice of cancellation has been served upon Owner by registered or certified mail.

Indemnification: Operator shall to the fullest extent of the law defend, indemnify and hold harmless Owner and all of its parent companies, subsidiaries, affiliates and subcontractors, including their respective officers, directors, employees, principals, partners, agents, successors and assigns, (collectively "Indemnitees") from and against any and all actions, suits, arbitrations, administrative proceedings, demands and claims for any and all damages, injunctive or any other relief based on any cause of action whatsoever (sometimes individually "Claim" and sometimes collectively "Claims"), that may be brought or made against, or incurred by, Indemnitees on account of liabilities, damages, losses, cost, expenses, settlements, judgments, awards, and governmental penalties and sanctions, including reasonable attorneys' fees and experts' fees, including those attributable to bodily injury (including death), personal injury and property damage (sometimes individually "Liability" and sometimes collectively "Liabilities"), caused by, arising out of, or contributed to by any negligence, acts, errors, omissions or conduct of Operator, its employees, subcontractors, or agents, related in any way to the performance of any and all services described herein, except to the extent the Claims or Liabilities are determined to have been caused by the negligent or the willful misconduct of the Owner. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Agreement.

Operator shall provide to Owner at execution of this Agreement a certificate of insurance showing all required endorsements and additional insureds.

It is further mutually agreed between the parties hereto, that no payment made under this Agreement shall be deemed as conclusive evidence of the performance of this Agreement, either in whole or in part, and that no payment shall be construed to be an acceptance of defective work or improper performance or materials. The Operator is to insure its own risk in and about the property, unless special agreement is made to the contrary, said risk to be considered as the unpaid balance due at any time.

NOTICES

20. Notices. Any notice, demand, consent, approval, request or other communication, required or permitted to be given hereunder, shall be in writing and shall be deemed to have been delivered (i) on the day personally delivered, (ii) upon receipt if sent by overnight courier, (iii) on the third business day following its mailing by registered or certified mail (return receipt requested), postage prepaid, by deposit in the United States mail, or (iv) on the day received (if received by 5:00 p.m. local time on a business day at the location of the recipient [i.e., any day other than a Saturday or Sunday or [State] state (depending on the recipient's location) or federal holiday] and if not so received then on the next business day) if sent by facsimile or electronic transmission with proof of successful transmission.

Owner: CONFLUENCE RIVER UTILITY
OPERATING COMPANY, LLC.
500 Northwest Plaza Dr., Suite 500
St. Ann, MO 63074
Attn: Josiah Cox, President
Phone: (314) 736-4672
Facsimile: (314) 736-4743
Email: jcox@cswrgroup.com

Operator: Contractor
1351 Jefferson St,
Washington, MO 63090
Phone:
Email:

Either party may, by notice given as aforesaid, designate a different address or addresses for notices to be given to it.

GENERAL PROVISIONS

21. Information Provided by Others. Owner shall furnish, at Owner's expense, all information, requirements, reports, data, surveys and instructions required by this Agreement. Operator may use such information, requirements, reports, data, surveys and instructions in performing its services and is entitled to rely upon the accuracy and completeness thereof.

22. Relationship of Parties. The Operator is and will remain for the term of this Agreement an independent contractor completely responsible for its own acts and for the manner in which, and the form by which, it performs this Agreement, and as such shall set its own hours and means and methods and shall not be subject to the supervision and control of the Owner except as to the results obtained. In no event shall the relationship created by this Agreement constitute a joint venture or partnership between the Owner and the Operator. Neither Party is authorized to assume or create any obligation or responsibility on behalf of, or in the name of, the other or bind the other in any manner whatsoever whether as agent, legal representative or otherwise.

ATTACHMENT A

23. Third Party Rights. Nothing contained in this Agreement shall be construed to give any rights or benefits to anyone other than Owner and Operator.

24. Waiver. A waiver by either Owner or Operator of any breach of this Agreement shall be in writing. Such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

25. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement or the occurrence of any event rendering any portion or provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Section shall not prevent this entire Agreement from being void should a provision, which is of the essence of this Agreement, be determined void.

26. Survival. Notwithstanding completion or termination of this Agreement for any reason, all rights, duties and obligations of the parties to this Agreement shall survive such completion or termination and remain in full force and effect until fulfilled.

27. Successors and Assigns. Owner and Operator each binds itself and its successors, assigns, and legal representatives to the other party to this Agreement and to the successors, assigns, and legal representatives of such other party in respect to all provisions of this Agreement.

28. Assignment. The Operator shall assign any rights or duties under this Agreement without the prior written consent of the Owner, which shall not be unreasonably withheld. However, the Owner shall be free to assign the rights and/or duties under this Agreement to any successor in interest by providing written notice to the Operator setting forth the name and contact information for the assignee and the date that the assignment will become effective. Nothing contained in this Section shall prevent Operator from employing independent Operators, associates, and subcontractors to assist in the performance of the Services.

29. Controlling Law. The laws of the State of [State] shall govern this Agreement.

30. Anti-bribery, Anti-corruption and OFAC Compliance. The Owner takes a zero-tolerance approach to bribery and corruption. By executing this Agreement the Operator expressly acknowledges that all employees, agents, contractors and sub-contractors of the Company must at all times comply with all applicable anti-bribery and anti-corruption laws and Company policies and related procedures in relation to anti bribery and anti-corruption as set out herein or as may be implemented or amended from time to time and which will be made available for review upon request. Operator agrees to comply with the following policies:

- Operator may not provide or receive anything of value to obtain or retain business or favored treatment from public officials; candidates for office; employees of state-owned enterprises; employees or officers of counterparties, clients/customers, or suppliers; any agent of

ATTACHMENT A

the aforementioned parties; or any other person with whom the Company or Operator does or anticipates doing business.

- The prohibition against providing “anything of value” to obtain or retain business or favored treatment includes improper payments, such as cash bribes or kickbacks, but also may include other direct or indirect benefits and advantages, such as inappropriate gifts, meals, entertainment, charitable contributions, and offers of employment or internships.

In addition, the Company is committed to combating money laundering, terrorist financing, securities fraud and other financial crimes (collectively “money laundering”) and complying fully with all applicable laws and regulations relating to combating money laundering. The Company is also committed to complying with economic and trade sanctions administered and enforced by governments and supranational bodies, including, among others, the sanctions programs and designated sanctions lists administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), the United Nations Security Council, the European Union and Her Majesty’s Treasury. Compliance by employees, agents, contractors and sub-contractors of the Company with all applicable anti-money laundering laws and regulations and sanctions programs and lists (collectively, “AML”) is strictly required as a condition of this Agreement. Operator’s participation with any employee, agent, contractor and/or sub-contractor of the Company to engage in money laundering, or to fail to comply with all applicable AML laws, regulations, and Company’s AML policies, will be a breach of this Agreement, and will be cause for immediate termination of this Agreement by the Company.

31. Executed Counterparts/Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. This Agreement may be executed by a Party’s signature transmitted by facsimile or electronic transmission, and copies of this Agreement executed and delivered with facsimile signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. The Parties hereto may rely upon facsimile signatures as if such signatures were originals. The Parties hereto agree that a facsimile signature page may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

32. Further Assurances. From time to time, each Party shall execute and deliver such further documents and shall take such other action as the other Party reasonably may request in order to discharge and perform their obligations and agreements hereunder.

33. Time. Time is of the essence of each provision of this Agreement in which time is an element. Time in which any act provided by this Agreement is to be done shall be computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or legal holiday under the laws of the States of [State] or the United States of America, and then it is also excluded. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. Central Time on that day or date and references to “days” shall refer to calendar days.

ATTACHMENT A

34. Attorneys' Fees. In the event of any legal proceeding between the Parties arising out of the subject matter of this Agreement, in addition to any other award to which it shall be entitled, the prevailing party shall be entitled to an award for the reasonable attorneys' fees and costs incurred by its in connection with such proceedings.

35. Entire Agreement. This Agreement, and all attachments hereto, is the entire Agreement between Owner and Operator. It supersedes all prior communications, understandings and agreements, whether oral or written. The paragraph titles used in this Agreement are for general reference only and are not part of the Agreement. Amendments to this Agreement must be in writing and signed by both the Owner and the Operator.

IN WITNESS WHEREOF, Owner and Operator have executed this Agreement, effective on the date first above written.

OWNER:

OPERATOR:

UTILITY
OPERATING COMPANY, LLC

OPERATIONS, LLC

By _____

By _____

Title: _____

Title: Managing Member

EXHIBIT A**Operator Services – Wastewater**

1. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
2. Make weekly or more frequent visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
3. Create and perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
4. Create and perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
5. Maintain all facility records included in CMMS;
6. Create and perform all routine scheduled work orders generated through CMMS;
7. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
8. Obtain the sampling requirements for testing by the government regulators and/or the Owner;
9. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
10. Contact and direct appropriate contractors to make repairs to the system as needed for operation;
11. Meter readings;
12. Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm;
13. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events;
14. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification;
15. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month;
16. Perform Utility Locates.
17. Perform Operation and Maintenance Tasks (tracked via work orders in the CMMS system), for time and material, which may include but are not limited to:
 - a. Sewer main, or manhole repair and maintenance
 - b. Service and utility construction inspections
 - c. Sewer main flushing, rodding, or jetting
 - d. Lift station maintenance and repair
 - e. Cleaning and vaccing of manholes
 - f. Lagoon repair/maintenance requiring excavating equipment (e.g. backhoe, loader, etc.)
 - g. Mowing and trimming of plant, lagoon and right of way areas
 - h. Chemical application to lagoon cells
 - i. Fence repair & upkeep

ATTACHMENT A

- j. Sewer main video inspection and recording
- k. Sewer main repair and/or replacement
- l. Customer service issues requiring action on behalf of the utility
- m. Pavement repairs

SAMPLE

2D 6

Date:

Central States Water Resources, Inc. RFQ Response Sheet – Blue Grass UOC

Please fill in the blanks below in pen. Scan and send to jfavor@cswrgroupo.com.

Due Date – August 25, 2019

Name of responding Company Woodard & Curran

Date 9/4/19

Price per month for Standard Operations of Blue Grass \$ [redacted] /month

Written out [redacted] ars/month

Price per hour operator to perform additional duties outside of scope \$ [redacted] /hr

Price per hour for operator overtime to perform additional duties outside of scope \$ [redacted] /hr

Price per hour for operator emergency callouts to address operational issues. \$ [redacted] /hr

Name of Company Representative Woodard & Curran Brian Brank

Signature of Company Representative [Signature]

Date signed 9/4/19

RLZ

Date:

Central States Water Resources, Inc. RFQ Response Sheet – Blue Grass UOC Second Rd.

For facilities known as: Central Ridge Water System – KY0180549, Central Ridge Water District No. 2 – KY0180509, Central Ridge Water District No. 3 – KY0180502, Central Ridge Water District No. 4 – KY0183106, JE – Timberland Subdivision WWTP – KY0083755, JE – ~~Wilmington Chiles Subdivision WWTP – KY0078336~~, and River Bluffs WWTP – KY0043150.

Please fill in the blanks below in pen. Scan and send to jfavor@cswrgrupo.com.

Due Date – March 20th, 2020

Name of responding Company Woodard & Curran

Date 3/20/2020

Price per month for Standard Operations of Blue Grass \$ [redacted] /month

Written out [redacted] dollars/month

Price per hour operator to perform additional duties outside of scope \$ [redacted] /hr

Price per hour for operator overtime to perform additional duties outside of scope \$ [redacted] /hr

Price per hour for operator emergency callouts to address operational issues. \$ [redacted] /hr

Name of Company Representative Brian E. Bzdawka

Signature of Company Representative Brian E. Bzdawka

Date signed 3/20/2020

RD

Date:

Central States Water Resources, Inc. RFQ Response Sheet – Blue Grass UOC, for facilities known as Arcadia Pines, Carriage Park, Marshall Ridge, and Randview.

Please fill in the blanks below in pen. Scan and send to jfavor@cswrgrupo.com.

Due Date – March 31, 2020

Name of responding Company Woodard & Curran

Date 3/20/2020

Price per month for Standard Operations of Blue Grass-Round 3 \$ [redacted] month

Written out [redacted] dollars/month

Price per hour operator to perform additional duties outside of scope \$ [redacted] /hr

Price per hour for operator overtime to perform additional duties outside of scope \$ [redacted] hr

Price per hour for operator emergency callouts to address operational issues. \$ [redacted] hr

Name of Company Representative Brian E. Bzdawka

Signature of Company Representative Brian E Bzdawka

Date signed 3/20/2020

RD 4

6. Response to CSWR's "RFP Response Page."

CSWR reserves the right to award to the bidder that presents the best value to CSWR as determined solely by CSWR in its absolute discretion.

RFP RESPONSE SHEET

Please complete each part of the Central States Water Resources RFP Response Sheet presented below by _____ no later than 11:59 PM CST.

Please complete each part in its entirety either electronically or with an ink pen with the exception of the affirmed by portion at the bottom of the sheet. The RFP Response sheet affirmed by portion must be signed by an ink.

Firm Name:	Woodard & Curran	Firm Address	1520 S. 5th St St. Charles, Mo 67303
Contact Phone:	800 426 4262	Contact Email:	bb2dawlca@woodardcurran.com

Monthly Cost

Standard operations include all basic maintenance needed to operate and maintain the facility including all scheduled and/or annual repairs and replacement of consumables (i.e. lightbulbs, air filters, flex couplings, and other ancillary components that assist with safe and compliant operations) and minor products necessary for proper operation of equipment. Basic maintenance also includes any maintenance recommended by the manufacturer, general housekeeping, and administrative work.

Monthly Cost – Wastewater Field Operations	\$	[Redacted]
Monthly Cost – Water Field Operations	\$	[Redacted]

Additional and Emergency Services

Additional services include all major repairs, replacements, and failures that are unanticipated and unscheduled. Emergency services will be for major materials that need repair or replacement due to a potential threat to public/worker safety, health, and welfare. The labor rate should include all ancillary tools and materials necessary to perform the emergency service. This cost should account for any perceived or expected overtime that may be required due to required emergency services.

Additional Services – Hourly Rate	\$	[Redacted]
Emergency Services – Hourly Rate	\$	[Redacted]
Cost Markup		12% %

Company Narrative (Optional)

Respondent must attach Company Narrative here. Please discuss the firm's experience with similar projects, expertise, and why they should be selected by CSWR. Must include references for each example provided. The company narrative may be up to 4 pages in length.

Staffing Plan

Respondent must provide a staffing plan for each of the facilities and include the key personnel's biography, resume and certifications.


Insurance

Respondent must attach a copy of the Certificate of Insurance showing evidence of meeting the required insurance limits.

Affirmation

The person undersigned affirms that all information contained within this Statement of Qualifications is true and accurate. Providing false or misleading or omitting relevant information may result in the Respondent's firm being disqualified for any current or future work for Central States Water Resources.

Affirmed by (signature):


Name: BRIAN E. BZDAWKA
Title: SVP DEVELOPMENT
Date: 11/30/20

Request

21. Provide all requests for proposals and similar requests for a bid sent to persons or entities other than Midwest Water Operation, LLC, when soliciting operation and maintenance services for Bluegrass Water's water systems; any responses thereto; and any written correspondence between Bluegrass Water and the persons or entities regarding or relating to the requests for proposals or any proposal or bid offered in response thereto.

Response

Please see the attachments to the response to 3 PSC 20, labeled KY2020-00290_BW_0701 to 0720, for all requests for qualifications (RFQ), requests for proposals (RFP), and related documents sent soliciting bids to provide operation and maintenance services for Bluegrass Water's water systems — which were in the second round of requests. Second-round RFQs and RFPs were sent to three entities: Midwest Operations, Veolia, and Woodard & Curran. Other than a response from Midwest Operations, the only proposal or bid offered in response thereto was from Woodard & Curran (BW_0750).

Request

24. State whether the rates proposed by Bluegrass Water include any expenses for the preparation of this case, and if so:
- a. Identify those expenses in the relevant schedules and workpapers;
 - b. Explain how those expenses were projected;
 - c. Provide an itemized breakdown of those expenses as projected to calculate the revenue requirement and rates in the forecasted test year;
 - d. Provide an itemized breakdown of the actual expenses incurred to date (and updates going forward); and
 - e. Provide detailed invoices and contracts with third-party vendors that support those actual costs.
-

Response

The revenue requirement proposed by Bluegrass Water did not include any costs associated with the preparation of the rate case. The Company voluntarily excluded those costs in an effort to minimize the already significant impact to customers of rates proposed in this case.

- a. Not applicable; such expenses were not included.
- b. None were projected or included.
- c. None were projected or included.
- d. Not applicable; such expenses were not included
- e. Not applicable; such expenses were not included.