

Response 10
Witness - Debbra Dalber
(Total 9 pages)

THIRD AMENDED
MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT

THIS THIRD AMENDED MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT ("Agreement") is made and entered into effective this 18th day of March, 2021 by and between the BULLOCK PEN WATER DISTRICT, a duly created and operating water authority pursuant to the provisions of KRS Chapter 74 by and through Charles Givin, its Chairman, One Farrell Drive, Crittenden, Kentucky 41030 ("BPWD"), and GRANT COUNTY SANITARY SEWER DISTRICT, a duly created sewer utility pursuant to KRS Chapter 67 by and through Charles Givin, its Chairman, One Farrell Drive, Crittenden, Kentucky 41030 ("GCSSD").

WHEREAS, GCSSD is an operating sewer district providing sanitary sewer services within portions of Grant County, Kentucky, having been created by Ordinance of the Grant County Fiscal Court pursuant to the provisions of KRS Chapters 74 and 67, and

WHEREAS, BPWD is an operating water authority created pursuant to the provisions of KRS Chapter 74, and

WHEREAS, pursuant to the Grant County Fiscal Court Ordinance creating GCSSD, BPWD was directed pursuant to the provisions of KRS Chapter 74 to provide various management services for GCSSD, and

WHEREAS, by Agreement dated June 17, 2004; First Amended Management and Operational Services Agreement dated August 19, 2010; and Second Amended Management and Operational Services Agreement dated September 20, 2018, BPWD provided various management and operational services for GCSSD, and

WHEREAS, over time BPWD and GCSSD have determined that various modifications to the First and Second Amended Management and Operational Services Agreement are in order and,

WHEREAS, the parties hereto intend to amend the original Management and Operational Services Agreement and the First and Second Amended Management and Operational Services Agreement consistent with the foregoing.

NOW, THEREFORE, in consideration of the foregoing premises and mutual promises and undertakings hereinafter specified, the parties agree as follows:

I. INTENT AND PURPOSE

It is the intent and purpose of this Agreement to allow BPWD to continue providing management, employee, maintenance and operational services for GCSSD including but not limited to operational personnel (both field and office), maintenance and operational equipment and office facilities to assist GCSSD in the day-to-day operation of its sanitary sewer systems located in Grant County. It is acknowledged by the parties hereto that GCSSD does not have adequate staff, employees and/or equipment for the day-to-day operation of its sanitary sewer system. In addition to field personnel, the parties also intend that BPWD will continue to provide office space, office personnel and the necessary office equipment for GCSSD to conduct its day-to-day operations. In consideration therefore, the parties desire to provide a compensation system whereby BPWD may receive fair and reasonable compensation for services rendered.

II. EMPLOYEE SERVICES

1. Field Services

A. BPWD shall provide field labor and maintenance employee services reasonably necessary to meet the minimal day-to-day operational requirements of GCSSD. In consideration therefore, GCSSD shall pay to BPWD a monthly fee of \$8,702.00 as reasonable compensation for all ordinary and customary employee services. For purposes of this Agreement, BPWD shall provide adequate field personnel and staff to provide the basic services necessary to operate GCSSD which shall include but not be limited to the following:

- (a) Sewer Treatment Plant operation and maintenance;
- (b) All pump and lift station operation and maintenance;
- (c) General purchasing requirements for the purchase of materials, chemicals and related supplies for GCSSD;
- (d) All sewer treatment plant and lift station inspections;
- (e) All day-to-day line inspections;
- (f) Completing and filing all reports and tests required to be maintained by GCSSD per all federal, state or local governmental authority;
- (g) All lawn and related maintenance at the sewer treatment plant and all lift stations;
- (h) General maintenance of all Sewer District equipment, including but not limited to trucks, motor vehicles, generators and the like;
- (i) Contracting of all outside and third-party maintenance repair and related service contracts reasonably necessary for the maintenance and operation of GCSSD sanitary sewer system and collection system;
- (j) Completion and filing of all reports and other documentation as may be required by any federal, state, local or other governmental agencies;
- (k) Any and all other services reasonably necessary or required in the day-to-day operations of the GCSSD sanitary sewer treatment system;
- (l) In the event GCSSD hires any employee(s) subsequent hereto, BPWD shall provide all supervisory and managerial control over such employee(s); and
- (m) Prepare and submit all Public Service Commission filings.

B. In the event extraordinary services are required to be performed by BPWD personnel, it is agreed that reasonable charges for extraordinary services shall be assessed to GCSSD on an "as-needed" basis. For purposes of this Agreement, "extraordinary services" shall include but not be limited to the following:

- (a) Special construction projects;
- (b) Repair or replacement of Sewer District systems not contemplated in the ordinary course of business;
- (c) Special supervisory and/or inspection services required for any sanitary sewer line extensions and/or plant improvement and expansions;

- (d) Sanitary sewer line replacement not contemplated in the ordinary course of business;
- (e) Repair and/or replacement of lift station systems not contemplated in the ordinary course of business; and
- (f) Any and all other services of an extraordinary nature which are generally not anticipated or contemplated in the ordinary course of business.

C. It is agreed by the parties that reasonable charges for "extraordinary services" may be assessed to GCSSD by BPWD based upon time and material expenditures incurred by BPWD in providing such extraordinary services. Where practical, BPWD's superintendent shall submit a request for pre-approval of any and all extraordinary services prior to those services being rendered. In those instances where prior approval for extraordinary services is impractical, BPWD's superintendent shall, as soon as practical after providing such extraordinary services, submit an itemized request for payment to the GCSSD Board of Commissioners for approval and payment, but in no event later than that date set forth in IID herein.

D. BPWD shall submit a monthly invoice to GCSSD for the fixed monthly expense set forth in paragraph II I (a) through (m) no later than the 5th day of each month representing payment for services incurred in the preceding month. GCSSD shall pay the fixed monthly fee no later than the last day of the month in which the invoice is received. BPWD shall not be required to submit an itemized bill for the fixed monthly fees set forth in paragraph II 1A.

On or before the 5th day of each month following the delivery of "extraordinary services", BPWD's superintendent shall submit an itemized invoice to GCSSD outlining the nature and extent of extraordinary services rendered and the cost therefore. Payment for extraordinary services shall be made no later than the last day of the month in which those services are billed.

2. Office/Administrative Personnel

A. BPWD shall provide all office and administrative personnel reasonably necessary to meet the minimal day-to-day operational requirements of GCSSD relating to office maintenance and operations. In consideration for providing office administrative and personnel services, GCSSD shall pay to BPWD the sum of \$6,877.00 per month as compensation therefore. For purposes of this Agreement, office/administrative services to be provided in the basic monthly payment shall include but not be limited to the following:

- (a) Conduct of customer relations and handling of customer inquiries;
- (b) Maintenance of all files which may be required by any governmental agency, whether federal, state or local;
- (c) Performance of all reporting as may be required by the Kentucky Public Service Commission; and
- (d) Attendance at all regular scheduled monthly meetings.

- (e) Completion and filing of all reports and other documentation as may be required by any federal, state, local or other governmental agency;
- (f) Maintaining and conducting all financial operations of GCSSD including but not limited to the payment of its monthly obligations and debts, establishing and maintaining all bank accounts;
- (g) Billing and collection for all sanitary sewer service charges;
- (h) Maintaining all financial records including bank accounts, income and expense statements, financial statements and any and all other financial records reasonably necessary or required in the day-to-day conduct of the Grant County's sewer system;
- (i) Any and all other services reasonably necessary or required in the day-to-day operations of the GCSSD sanitary sewer treatment system;
- (j) Performing all customer relation functions, monitoring phones, receiving and handling customer complaints in the day-to-day operation of the GCSSD sanitary sewer treatment system;
- (k) In the event GCSSD hires any employee(s) subsequent hereto, BPWD shall provide all supervisory and managerial control over such employeec(s);

B. It is agreed by the parties that reasonable charges for "extraordinary services" may be assessed to GCSSD by BPWD based upon time and material expenditures incurred by BPWD in providing such extraordinary services. Where practical, BPWD's office manager shall submit a request for pre-approval of any and all extraordinary services prior to those services being rendered. In those instances where prior approval for extraordinary services is impractical, BPWD's office manager shall, as soon as practical after providing such extraordinary services, submit an itemized request for payment to the GCSSD Board of Commissioners for approval and payment.

C. BPWD shall submit a monthly invoice to GCSSD for the fixed monthly expense set forth in paragraph II A no later than the 5th day of each month representing payment for services incurred in the preceding month. GCSSD shall pay the fixed monthly fee no later than the last day of the month in which the invoice is received. BPWD shall not be required to submit an itemized bill for the fixed monthly fees set forth in paragraph II 2 (a) through (k).

On or before the 5th day of each month following the delivery of "extraordinary services", BPWD's office manager shall submit an itemized invoice to GCSSD outlining the nature and extent of extraordinary services rendered and the cost therefore. Payment for extraordinary services shall be made no later than the last day of the month in which those services are billed.

III. EQUIPMENT

I. Fields Services Equipment

It is acknowledged that BPWD owns various equipment, machinery, tools, etc. (excluding dump truck) which are necessary for GCSSD to utilize in providing the day-to-day operations of its sanitary sewer collection and treatment system. The use of all such equipment

shall be included in the monthly fee for services rendered and provided for in paragraph II 1A above. Equipment costs specifically not included in the base monthly fee shall include the following:

- (a) The purchase and cost of maintenance for any equipment which is unique or specific to GCSSD (e.g. sewer snake, sewer line camera equipment system, etc.);
- (b) Any and all motor vehicles purchased for exclusive use by GCSSD; and
- (c) Any cost of rental equipment obtained for use by BPWD personnel in providing services unique to GCSSD.

It is further agreed that in the event BPWD is required to use its dump truck to provide services for GCSSD, BPWD reserves the right to charge GCSSD for such use as is reasonable. The parties agree that compensation for the use of BPWD's equipment reasonable necessary to perform services shall be charged at the following rate schedule:

<u>Equipment Identification</u>	<u>Hourly Rate</u>
1. Dump truck	\$35.00 per hour
2. Office Equipment	

It is agreed by the parties hereto that BPWD shall be responsible for the purchase of all office equipment, office supplies and related materials necessary to provide minimal day-to-day business operations for GCSSD. In consideration therefore, GCSSD shall reimburse BPWD 20% of the total cost incurred by BPWD for such goods provided. It is acknowledged that the 20% reimbursement rate provided for herein is based upon a product of the total number of customers serviced by GCSSD, divided by the total number of combined customers of GCSSD and BPWD. BPWD shall submit to GCSSD an invoice for such materials and/or equipment purchased on a quarterly basis ending March 31, June 30, September 30 and December 31. Payment of such invoice shall be made by GCSSD to BPWD on or before the 15th day following the end of the quarter.

IV. MATERIALS AND SUPPLIES

It is the intention of the parties hereto that GCSSD shall purchase in its own name all materials, supplies and related goods necessary for the full and complete day-to-day operation of its sanitary sewer collection and treatment system which are unique to GCSSD. For example, any chemicals; specialized testing equipment; and the like required for use by GCSSD shall be paid directly by GCSSD.

V. OFFICE/PHYSICAL PLANT

1. Office

BPWD shall provide adequate office space for GCSSD which is reasonably necessary to conduct the day-to-day operations of its sanitary sewer treatment system. In consideration therefore, GCSSD shall pay to BPWD the sum of \$600.00 each month representing rent for office space. BPWD shall be responsible for providing all water, sewer, electric and related utility expenses (at office and maintenance building only) for GCSSD. Provided, however, any and all phone lines uniquely dedicated to GCSSD shall be paid by GCSSD.

All utilities consumed by GCSSD in the operation of its plant and pump stations shall be paid by GCSSD.

2. Maintenance Barn

BPWD shall provide adequate space in its Maintenance Barn and related outdoor storage areas reasonably necessary for GCSSD to conduct the day-to-day operations of its sanitary sewer treatment system, including but not limited to the storage of equipment, motor vehicles and the like. Cost reimbursement by GCSSD for the use of these facilities provided by BPWD is included in the monthly rentals identified in paragraph VI above.

VI. PROFESSIONAL SERVICES

GCSSD shall be responsible for all professional services incurred by it in the operation and conduct of its sanitary sewer treatment system. Such professional services shall include but not be limited to financial, accounting, legal and engineering.

VII. MISCELLANEOUS PROVISIONS

A. GCSSD shall be responsible for any and all insurance costs associated with the operation and conduct of its sanitary sewer treatment plant, pump stations, sanitary sewer lines, and motor vehicles titled in the name of GCSSD.

B. It is the intent of the parties hereto that BPWD shall not incur any debt or other obligation in the name of GCSSD which exceeds \$1,000.00 without first obtaining the prior Written approval of GCSSD. However, it is acknowledged by the parties hereto that in emergency situations where obtaining pre-approval would be impractical or impossible, such approval shall not be required. Any such debt or obligation incurred by BPWD in the name of GCSSD shall be immediately submitted to GCSSD for approval and payment.

C. GCSSD agrees to indemnify and hold BPWD harmless from any and all claims, causes of actions or demands made by any third party against BPWD, its employees, agents and representatives regarding any and all claims that arise by, from or through BPWD's providing of services pursuant to the terms and conditions of this Agreement. Such indemnification shall include but not be limited to reimbursement to BPWD of any and all legal costs, professional fees or other expenses incurred by BPWD in the defense and/or prosecution of any such claim, cause of action or demand.

D. Nothing in this Agreement shall be construed to obligate BPWD or render BPWD financially responsible for any debts or obligations of GCSSD which shall include but not be limited to GCSSD's current bond obligation to KWRFC in the original amount of \$1,500,000. GCSSD agrees that it will remain solely responsible and liable for any and all obligations and financial payments due and owing KWRFC.

E. Notwithstanding any term, condition or covenant set forth herein, GCSSD shall be solely responsible for securing and paying for the following debts and obligations:

1. Any and all bond debt obligations due and owing KWRFC;
2. All costs and/or fees associated with insuring, permitting, and/or licensing of any BPWD employee reasonably necessary or required for GCSSD to operate its treatment plant and/or collection systems;
3. Preparation of all financial documents and professional fees associated therewith;
4. All legal, engineering and related professional fees;
5. The cost, maintenance and insuring, where applicable, of any additional real or personal property purchased by GCSSD subsequent to the execution of this Agreement;
6. All utilities necessary to operate GCSSD lift stations and treatment plant;
7. All chemicals purchased by GCSSD for use in the operation of its sanitary sewer treatment plant; and
8. Any and all equipment and parts unique to GCSSD.

F. All payments required of GCSSD shall be made to BPWD no later than the 15th day of each month. Any late payment shall bear interest at the rate of 1.5% per month or any portion thereof.

G. GCSSD shall be responsible for securing, and paying for all insurance coverage necessarily required to cover GCSSD against all potential loss or claims arising by, from or through the operation of GCSSD. It is acknowledged by the parties hereto that under certain circumstances, GCSSD may receive better insurance rates and coverages if those coverages are purchased through BPWD. Both parties agree that they shall reasonably cooperate with the other in purchasing and maintaining all necessary insurance coverage. In those instances where insurance coverage for GCSSD is purchased through BPWD, GCSSD shall be responsible for reimbursing BPWD for any increased cost. Notwithstanding the foregoing provisions, GCSSD shall be responsible for securing and paying for the following insurance coverages:

1. All worker's compensation insurance and/or premiums;

2. Comprehensive insurance coverage insuring GCSSD and/or its assets, including but not limited to lift stations, treatment plant, equipment; collection systems and the like;
3. Comprehensive products liability and general public liability insuring GCSSD against all loss arising by, from or through the operation of GCSSD;
4. Motor vehicle coverage, including a comprehensive liability insurance coverage package;
5. Directors, officers and employee related claims coverage;
6. Any and all other insurance coverage which the parties may mutually agree upon.


H. GCSSD and BPWD agree that this Agreement shall be reviewed on or before February, 2023, and every other February thereafter during the term of this Agreement.

I. GCSSD and BPWD hereby acknowledge and represent that this Agreement is executed by and through its duly authorized and appointed Chairman and pursuant to duly authorized and adopted Resolution of their respective Boards of Commissioners.


GCSSD shall name BPWD as a co-insured on all insurance policies where possible.

IN WITNESS WHEREOF, the parties hereunto set their hands on the date first hereinabove written.


BULLOCK PEN WATER DISTRICT

By: 
CHARLES GIVIN, CHAIRMAN
DATED: MARCH 18, 2021

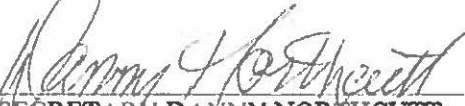
ATTEST:


SECRETARY WILLIAM WEHINGTON
DATED: MARCH 18, 2021

GRANT COUNTY SANITARY
SEWER DISTRICT:

By: 
CHARLES GIVIN, CHAIRMAN
DATED: MARCH 18, 2021

ATTEST:


SECRETARY DANNY NORTHCUTT
DATED: MARCH 18, 2021