

**Question #** 7

**Witness** Ashley Dyer

**Answer**

Please see attached for the following documents...

1. Original Management Agreement from 2004
2. Amended Management Agreement from 2010
3. Second Amended Management Agreement from 2018
4. Third Amended Management Agreement from 2021

## MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT

THIS MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT ("Agreement") is made and entered into this 22 day of ~~July~~ 2004 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 Bobby Burgess, 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 Bobby Burgess, its Chairman, One Farrell Drive, Crittenden, Kentucky 41030 ("GCSSD").

WHEREAS, GCSSD is a functioning 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 divisions KRS Chapter 74, and

WHEREAS, GCSSD has recently purchased the entire City of Crittenden Sanitary Sewer System including, but not limited to its collection systems, treatment plant and related facilities, 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, and

WHEREAS, GCSSD and BPWD intend to enter into a Management and Operations Agreement pursuant to the terms and conditions set forth here in.

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 enable BPWD in providing management, employee, maintenance and operational services including but not limited to operational personnel, both field and office; maintenance and operational equipment and office facilities related to equipment and personnel to assist GCSSD in the day-to-day operation of its sanitary sewer systems located in portions of Grant County. It is acknowledged by the parties hereto that GCSSD currently has no staff or employees available to provide various maintenance and operational functions for its sanitary sewer system nor does GCSSD have the necessary equipment to provide the day-to-day operations of its system. In addition to its field personnel, the parties also intend that BPWD will provide office space, office personnel and the necessary office equipment in order to provide necessary basic office functions for GCSSD. It is the intent of the parties hereto that many of the management and operational services being provided by BPWD for GCSSD shall continue until such time as it is financially feasible for GCSSD to acquire and maintain its own employee and equipment base. In consideration therefore, the

parties desire to provide a compensation system whereby BPWD may receive fair and reasonable compensation for goods and services rendered per this Agreement.

## II. EMPLOYEE SERVICES

BPWD shall provide the necessary labor and maintenance services reasonably necessary to meet the minimal day-to-day operational requirements of GCSSD. In consideration therefore, GCSSD shall pay to BPWD reasonable hourly compensation for all employees of BPWD providing services for the benefit of GCSSD. On or before the 10<sup>th</sup> day of each month, BPWD shall submit an invoice to GCSSD for all employee services being charged during the preceding calendar month. Charges for employee services will be made in increments of one-quarter (1/4) hour based upon the following employee rate schedule:

<u>Employee Name</u>	<u>Hourly Charge</u>
William R. Catlett	\$51.67
Paula Massie	\$39.49
Gail Bowling	\$30.17
Suzanne Epperson	\$19.50
Dianne Cook	\$21.57
William L. Catlett	\$43.65
Eugene Dunn	\$33.41
Michael Duley	\$31.16
Gordon D. Simpson	\$23.53
Brian D. Simpson	\$29.18
Michael Mason	\$20.10
Bobby Simpson	\$16.19
Aaron Caldwell	\$26.91

It is acknowledged by the parties hereto that BPWD will make every effort to dispatch an employee to perform needed employee services with a skill level commensurate with the task to be performed. It is further acknowledged by the parties hereto that in some cases, an employee with superior skill levels (and higher pay rate) may be called upon to perform a service for which that dispatched employee may be over qualified. Notwithstanding, BPWD shall be compensated at the above rate schedule for that employee actually performing the service.

## III. EQUIPMENT

It is acknowledged by the parties hereto that BPWD owns various equipment, machinery, tools, etc. which would be necessary for GCSSD to utilize in the maintenance and operation of its sanitary sewer collection and treatment system. That equipment includes but is not necessarily limited to trucks, backhoe, loaders, dump truck and trailer, etc. The parties agree and acknowledge that the use of that equipment will be necessary from time-to-time in order for BPWD to provide the requisite maintenance, repair and employment services for the day-to-day operational systems of GCSSD. Therefore, GCSSD agrees that it will, from time to time, utilize BPWD's equipment in order to provide those maintenance and operational functions for which GCSSD shall pay BPWD reasonable compensation. The parties agree that reasonable

compensation for the items of equipment shall be charged pursuant to the following rate schedule. Hourly rates for equipment will be billed to GCSSD in hourly increments. Monthly statements shall be forwarded to GCSSD by BPWD by the 10<sup>th</sup> day of each month for all equipment fee charges incurred during the preceding calendar month. Rate schedules for equipment shall be as follows:

<u>Equipment Identification</u>	<u>Hourly Rate</u>
1. Backhoe and trailer	\$65.00 per hour
2. Pickup truck	\$25.00 per hour and \$.50 per mile
3. Dump truck	\$35.00 per hour

It is further acknowledged by GCSSD that BPWD will be called upon from time to time to utilize other equipment, tools and related materials necessary in performing maintenance and/or day to day operational functions for GCSSD. In the event that any additional equipment owned by BPWD is utilized for that purpose, BPWD may charge a reasonable fee for the rental of such equipment.

#### **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 reasonably necessary for the full and complete day-to-day operation of its sanitary sewer collection and treatment system. However, it is acknowledged by the parties hereto that under certain circumstances, it will not be feasible for GCSSD to make purchases of same supplies, goods and materials on an as needed basis particularly as it relates to materials and goods necessary for emergency repairs and maintenance of the sanitary collection and/or treatment system. In the event that BPWD is required to make any purchase of materials, goods or supplies for the benefit of GCSSD, BPWD shall be compensated for the actual cost of those goods and supplies purchased. Charges for all materials, goods and supplies purchased by BPWD for the benefit of GCSSD shall be submitted to GCSSD on or before the 10<sup>th</sup> day of each month for all charges incurred during the preceding calendar month.

#### **V. MANAGEMENT SERVICES**

BPWD shall provide full and complete management and operational services for GCSSD which are reasonably and necessarily required for the conduct of the day-to-day maintenance and operation of the Grant County sewer collection and treatment system. Such management and operational services shall include but not be limited to the following:

- a. Management and oversight of all GCSSD sewer system operations including plant operations; collections systems operations; maintenance management scheduling and the like;
- b. Purchasing and requisition of all materials goods and supplies reasonably necessary for the conduct, operation and maintenance of GCSSD sewer treatment and collection system;

- c. Office and related personnel services;
- d. 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;
- 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; and
- 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 employee(s).

## **VI. OFFICE/PHYSICAL PLANT**

It is acknowledged by the parties hereto that BPWD shall provide office space and related office equipment and facilities reasonably necessary for GCSSD to conduct the day-to-day operations of its sanitary sewer treatment system. In consideration therefore, GCSSD shall pay to BPWD the sum of One Thousand Five Hundred Dollars (\$1,500.00) each month representing rent for office space and related equipment. The office space being leased to GCSSD shall consist of approximately 250 square feet and will be located at:

One Farrell Drive  
P.O. Box 460  
Crittenden, KY 41030

It is acknowledged by the parties hereto that in providing general office services, BPWD will be required to use various items of office equipment including but not limited to office supplies, computers, typewriters, fax machines, card burster, scanners, paper, toner, and related office supplies. GCSSD agrees that it will purchase as much of those supplies as is

reasonably allocated to GCSSD's office needs. However, it is acknowledged that under certain circumstances, it would be difficult to allocate an exact cost associated with those miscellaneous office supplies. Accordingly, BPWD shall provide such supplies and materials on an as needed basis with the cost thereof being included in the monthly rental provided for above. However, any office expense for materials and supplies unique to GCSSD shall be paid for by GCSSD. Supplies for which GCSSD shall be responsible include but are not be limited to stationery and letterhead; telephone; post office box; fax machine; postage meter; filing cabinets; desks and related office furniture; and the like.

## **VII. PROFESSIONAL SERVICES**

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

## **VIII. MISCELLANEOUS PROVISIONS**

A. Either party may terminate this Agreement upon ninety (90) days notice to the other.

B. This Agreement shall not be modified, changed or altered except that it be done in writing and signed by both parties.

C. The parties acknowledge that this Agreement is being signed pursuant to duly authorized and adopted Resolution of their respective governing bodies in conformity with all laws and regulations.

D. It is the intention of the parties hereto that whenever possible, GCSSD shall purchase any and all materials, supplies and goods in its own name and on its own behalf. The provisions set forth in this Agreement are merely to fill any gaps in services, goods, supplies and/or materials that may be reasonably necessary in the day to day operation and management of GCSSD sanitary sewers treatment and/or collection systems.

E. In the event that BPWD is required to incur any debt in the name of GCSSD which exceeds One Thousand Dollars (\$1,000.00), BPWD shall first obtain permission of GCSSD before incurring such debt unless there is an emergency situation where obtaining pre-approval would be impractical or impossible.

F. BPWD shall not become financially responsible for any obligation incurred for, on behalf of, or in the name of GCSSD, GCSSD agreeing to indemnify and hold harmless BPWD from any and all such obligations or indebtedness so incurred.

G. GCSSD agrees to indemnify and hold BPWD harmless for many and all claims, causes of action or demands made by any third party against BPWD, its employees, agents and representatives regarding 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 limited to the 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.

H. 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 current bond obligation to all KWRFC in the appropriate 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.

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

- i. Any and all bond debt obligations due and owing KWRFC.
- ii. All costs and/or fees associated with permitting and/or licensing of any employee of GCSSD and/or its treatment plant and/or collection systems.
- iii. Preparation of all financial documents and professional fees associated therewith.
- iv. All legal, engineering and related professional fees.
- v. The cost, maintenance and insuring, where applicable, of any real or personal property purchased by GCSSD subsequent to the execution of this Agreement.

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

K. Grant County 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 the 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 with respect to the purchasing and maintaining of 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:

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

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

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

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

BULLOCK PEN WATER DISTRICT

BY: *Bobby Burgess*  
BOBBY BURGESS, CHAIRMAN

GRANT COUNTY SANITARY SEWER DISTRICT

BY: *Bobby Burgess*  
BOBBY BURGESS, CHAIRMAN



RECEIVED

SEP 08 2010  
PUBLIC SERVICE  
COMMISSION

**AMENDED MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT**

THIS AMENDED MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT ("Agreement") is made and entered into this 19<sup>th</sup> day of August, 2010 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 Bobby Burgess, 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 Bobby Burgess, 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 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, BPWD began providing various management and operational services for GCSSD and,

WHEREAS, over time, BPWD and GCSSD have gathered sufficient historical and financial data in order to reasonably identify the fixed cost of services rendered by BPWD for and on behalf of GCSSD and,

WHEREAS, the parties hereto intend to amend the original 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.

TARIFF BRANCH  
**RECEIVED**  
9/8/2010  
PUBLIC SERVICE  
COMMISSION  
OF KENTUCKY

## 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 \$4,600.00 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 II1(d) herein.

D. BPWD shall submit a monthly invoice to GCSSD for the fixed monthly expense set forth in paragraph II 1A no later than the 5<sup>th</sup> 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 5<sup>th</sup> 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 \$7,620.00 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 employee(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, but in no event later than that date set forth in III(d) herein.

C. BPWD shall submit a monthly invoice to GCSSD for the fixed monthly expense set forth in paragraph II A no later than the 5<sup>th</sup> 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 5<sup>th</sup> 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

#### 1. Fields Services Equipment

It is acknowledged that BPWD owns various equipment, machinery, tools, etc. (excluding dump truck and backhoe) 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 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 and/or backhoe 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. Backhoe, trailer and dump truck (as a single unit)	\$65.00 per hour
2. Dump truck (independently)	\$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 hereto 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 15<sup>th</sup> 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; 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 \$750.00 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 V 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 cost, 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 permitting and/or licensing of any employee of GCSSD and/or 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. Carl Crone's charges for supervisory services relating to the sanitary sewer treatment plant;
7. All utilities necessary to operate GCSSD lift stations and treatment plant;
8. All chemicals purchased by GCSSD for use in the operation of its sanitary sewer treatment plant; and
9. Any and all equipment and parts unique to GCSSD.

F. All payments required of GCSSD shall be made to BPWD no later than the 15<sup>th</sup> 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.

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

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

BULLOCK PEN WATER DISTRICT

BY: *Bobby Burgess*  
BOBBY BURGESS, CHAIRMAN

DATED: AUGUST 19, 2010

ATTEST:

*Jimmie King*  
JIMMIE KING, SECRETARY  
DATED: AUGUST 19, 2010



GRANT COUNTY SANITARY SEWER  
DISTRICT

BY: *Bobby Burgess*  
BOBBY BURGESS, CHAIRMAN

DATED: AUGUST 19, 2010

ATTEST:

*Billy F. Simpson*  
BILLY FRANK SIMPSON, SECRETARY

DATED: AUGUST 19, 2010



**SECOND AMENDED**  
**MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT**

THIS SECOND AMENDED MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT("Agreement") is made and entered into effective this 20<sup>th</sup> day of September, 2018 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 Bobby Burgess, 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, and First Amended Management and Operational Services Agreement dated August 19, 2010, BPWD provided various management and operational services for GCSSD, and

WHEREAS, over time BPWD and GCSSD have determined that various modifications to the First 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 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 \$4,600.00 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;

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- (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 1 (a) through (m) no later than the 5<sup>th</sup> 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 5<sup>th</sup> 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 \$7,620.00 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.

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- (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 employee(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, but in no event later than that date set forth in II 2C herein.

C. BPWD shall submit a monthly invoice to GCSSD for the fixed monthly expense set forth in paragraph II A no later than the 5<sup>th</sup> 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 5<sup>th</sup> 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

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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 IA 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
<b>2. Office Equipment</b>	

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 hereto 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 15<sup>th</sup> 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 \$750.00 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.

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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. Carl Crone's charges for supervisory services relating to the sanitary sewer treatment plant;
7. All utilities necessary to operate GCSSD lift stations and treatment plant;
8. All chemicals purchased by GCSSD for use in the operation of its sanitary sewer treatment plant; and
9. Any and all equipment and parts unique to GCSSD.

F. All payments required of GCSSD shall be made to BPWD no later than the 15<sup>th</sup> 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:

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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 acknowledges that it is currently in the process of purchasing, obtaining, and installing a comprehensive telemetry system for the purpose of monitoring and assisting in the operation of its individual lift stations. GCSSD agrees that the comprehensive telemetry system shall be installed and operational no later than September, 2020.

I. GCSSD and BPWD agree that this Agreement shall be reviewed on or before February, 2020, and every other February thereafter during the term of this Agreement.

J. 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.

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

BULLOCK PEN WATER DISTRICT

By: *Bobby Burgess*  
BOBBY BURGESS, CHAIRMAN  
DATED: SEPTEMBER 20, 2018

ATTEST:

*Wm M Withington*  
SECRETARY  
DATED: SEPTEMBER 20, 2018

GRANT COUNTY SANITARY  
SEWER DISTRICT:

By: *Charles Givin*  
CHARLES GIVIN, CHAIRMAN  
DATED: SEPTEMBER 20, 2018

ATTEST:

*Danny Houtland*  
SECRETARY  
DATED: SEPTEMBER 20, 2018

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**THIRD AMENDED**  
**MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT**

THIS THIRD AMENDED MANAGEMENT AND OPERATIONAL SERVICES AGREEMENT("Agreement") is made and entered into effective this 18<sup>th</sup> 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;

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- (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 1 (a) through (m) no later than the 5<sup>th</sup> 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 5<sup>th</sup> 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 employee(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 5<sup>th</sup> 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 5<sup>th</sup> 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 IA 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 15<sup>th</sup> 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.

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**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 V1 above.

**VI. PROFESSIONAL SERVICES**

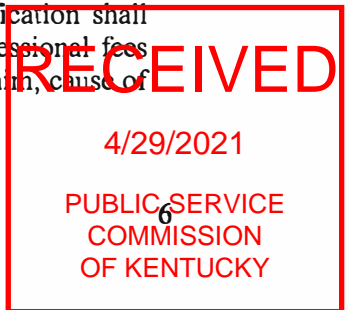
GCSSD shall be responsible for all professional services incurred by it in the operation and conduct of its sanitary sewer treatment system. Such professional services shall include but not be limited to financial, accounting , legal and engineering.

**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 15<sup>th</sup> 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;

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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*  
CHARLES GIVIN, CHAIRMAN  
DATED: MARCH 18, 2021

ATTEST:

*William M. Wethington*  
SECRETARY WILLIAM WETHINGTON  
DATED: MARCH 18, 2021

GRANT COUNTY SANITARY  
SEWER DISTRICT:

By: *Charles Givin*  
CHARLES GIVIN, CHAIRMAN  
DATED: MARCH 18, 2021

ATTEST:

*Danny Northcutt*  
SECRETARY DANNY NORTHCUTT  
DATED: MARCH 18, 2021

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