



Commonwealth of Kentucky

CONTRACT

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Record Date: 07/30/2025
Document Description: 22D-021 Knott Co. Caney WWTP Project
Cited Authority: KRS147A.002
Community Block Grant Program
Reason for Modification:

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Effective From: 08/15/2025

Effective To: 12/31/2028

Line Item	Delivery Date	Quantity	Unit	Description	Unit Price	Contract Amount	Total Price
1		0.00000		22D-021 Knott Co. Caney WWTP Project	\$0.000000	\$5,366,300.00	\$5,366,300.00

Extended Description:

Location: City of Hindman, Knott County, Kentucky

Scope of Services:

The project consists of the relocation and construction of a new 200,000 GPD wastewater treatment plant (WWTP) at 7076 KY-899 in Pippa Passes (Caney), this site is out of the floodplain. This also includes the replacement of 10,000 LF and 3,000 LF of CIPP sewer line, and a stream crossing.

TOTAL CONTRACT AMOUNT	\$5,366,300.00
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	Document Phase	Document Description	Page 2
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

GRANT INFORMATION AND IDENTIFICATION

Grant Agreement Number: 22D-021

Subrecipient: Knott County Fiscal Court

Project Name: Caney Wastewater Treatment Plant Project

Federal Agency: U.S. Department of Housing and Urban Development

Pass-Through Agency: Kentucky Department for Local Government

Assistance Listing: Community Development Block Grant/State's Program
(formerly CFDA) (State-Administered Small Cities Program) Disaster Recovery

Assistance Listing Number: 14.228

Award Year: 2022

This Grant Agreement (GA) is entered into, by and between the Commonwealth of Kentucky, Department for Local Government (“the Commonwealth”) and the Knott County Fiscal Court (“the Recipient/Contractor”) to establish an agreement for the Caney Wastewater Treatment Plant Project. The initial GA is effective from August 15, 2025, through December 31, 2028.

Location: City of Hindman, Knott County, Kentucky

Scope of Services:

	Document Phase	Document Description	Page 3
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

The project consists of the relocation and construction of a new 200,000 GPD wastewater treatment plant (WWTP) at 7076 KY-899 in Pippa Passes (Caney), this site is out of the floodplain.

Pricing:

Community Development Block Grant (CDBG) \$5,366,300

Project costs: \$4,577,300

Project Deliverables Costs: \$80,000

RECITALS

WHEREAS, pursuant to Public Law 117-180, Federal Register Vol. 88, No.96, at 88 FR 32046, the U.S. Department of Housing and Urban Development (“HUD”) has awarded a total of \$297,994,000 in Community Development Block Grant Disaster Recovery (“CDBG-DR”) funds to the Commonwealth for necessary expenses for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) and described in the Commonwealth’s Action Plan (the “Action Plan”); and

WHEREAS, the Commonwealth wishes to engage the Recipient to assist the Commonwealth in utilizing such funds to carry out a part of the Commonwealth’s Federal award by committing \$5,366,300 of the Commonwealth’s Federal award, pursuant to this Agreement; and

WHEREAS, the CDBG-DR funds made available for use by the Recipient under this Agreement constitutes a subaward of the Grantee’s Federal award, the use of which must be in accordance with requirements imposed by Federal statutes, regulations, and the terms and conditions of the Grantee’s Federal award; and

WHEREAS, this Project will provide the necessary infrastructure to support the homes being constructed to assist those who lost their homes during the disaster; and

WHEREAS, the Recipient has legal authority to enter this agreement, and the Recipient’s governing body has duly adopted a resolution authorizing the Recipient to enter this Agreement with the Grantee, and by signing this Agreement, to assure the Grantee that it will comply with all the requirements of the subaward described herein; and

NOW, THEREFORE, in consideration of the need for support of long-term recovery and mitigation efforts following the 2022 severe storms, flooding, landslides, and mudslides (DR-4663) and the premises and mutual covenants described herein, the parties mutually agree to the terms described in this Agreement.

1. GENERAL PROVISIONS

A. Contents of Agreement

This Grant Agreement, hereinafter called the “Agreement,” shall consist of the following documents which are incorporated by reference as if fully set out herein: (1) the Grant Agreement and all exhibits to which this Grant Agreement refers; (2) the Application, including the Statement of Assurances; (3) all State and Federal Law requirements to which the Application and this Agreement refer or apply; (4) the Kentucky Community Development Block Grant Handbook currently in effect, plus any advisories, including applicable Community Development Block Grant Disaster Recovery (“CDBG-DR”) Grant Subrecipient Manual; (5) The Guide to National Objectives and Eligible Activities for State CDBG Programs; (6) any applicable administrative regulations; and (7) any amendments or modifications to any of the above referenced requirements.

	Document Phase	Document Description	Page 4
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

B. General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement:

- (1) "Act" means the Housing and Community Development Act of 1974, Pub. L. No. 93-383, as amended, including Public Law 117-180 and Allocations for Community Development Block Grant-Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice, Federal Register Vol. 88, No. 96, at 88 FR 32046.
- (2) "Application" means the Commonwealth Small Cities Community Development Block Grant (CDBG) Application, and such other submittals, as are specified in Exhibit A of this Grant Agreement.
- (3) "CDBG" means a grant guided by Title I of the Housing and Community Development Act of 1974, as amended and those regulations set forth in 24 CFR Part 570, Subpart I, as may be amended from time to time and all other applicable Federal and State regulations and laws and assurances signed by Recipient at the time the Recipient's Application was submitted.
- (4) "Commonwealth" when not used to designate the territory of the Commonwealth of Kentucky shall mean the Department for Local Government, its Commissioner, or any other person to whom the Commissioner has delegated authority to act with respect to matters covered by this Agreement.
- (5) "Default" means any default set forth in Section 6-A to this Agreement.
- (6) "Eligible Costs" means costs for the activities specified in Exhibit B of this Agreement for which grant funds are budgeted as specified in Exhibit C of this Agreement, provided that such costs (i) are incurred in connection with any activity which is eligible under Section 105A of Title I of the Act, and (ii) conform to the requirements of Attachment B of Office of Management and Budget Circular Omni Circular (Cost Principles Applicable to Grants and Contracts with State and Local Government), as may be amended from time to time. For purposes of determining the conformity of costs to said Attachment B, all costs set forth in Section C thereof may be considered eligible without prior approval of the Commonwealth.
- (7) "Environmental Conditions" means the condition imposed by law, particularly 24 CFR Part 58, and the provisions of the Agreement which prohibit or limit the commitment and use of grant funds until certain procedural requirements have been completed.
- (8) "Environmental Requirements" means the requirements described in 24 CFR Part 58.
- (9) "Environmental Studies" means all eligible activities necessary to produce an "environmental document", as that term is defined at Section 1508.10 of 40 CFR Part 1508, or to comply with the requirements of 24 CFR Part 58.
- (10) "Grant Funds" means those funds to be provided by the Commonwealth to Recipient pursuant to the terms of this Agreement, as specified in Exhibit A of this Agreement.
- (11) "HUD" means the United States Department of Housing and Urban Development.

	Document Phase	Document Description	Page 5
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

(12) "Participating Party" means any person, entity, firm, corporation or funding source identified as such in Exhibit A and/or B to this Agreement.

(13) "Program Income" means the CDBG portion of: (i) any income earned by Recipient, or an agent or agency of Recipient, from the disposition of real or personal property acquired in whole or in part with grant funds; (ii) the repayment proceeds (including principal and interest) of any loan made in whole or part with grant funds; (iii) any other revenues defined as program income in 24 CFR Part 570, Subpart J. The "CDBG portion" means an amount computed by applying the percentage of participation of CDBG funds (i) in the acquisition cost of the property to the total income from the disposition of such property, (ii) in the amount of the loan to the total repayment proceeds of such loan, or, (iii) in the cost of an activity to the total income from such activity. Any waiver and alternative requirement are applicable for gross income generated from the use of CDBG-DR funds, as that term is defined in Allocations for Community Development Block Grant–Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice. Federal Register, Vol. 88, No. 96 (88 FR 32046).

(14) "Project" means the activities described in the Application and in Exhibits B and C of this Agreement, which are to be carried out to meet the objectives of the CDBG Program.

(15) "Recipient" means the CDBG-DR eligible applicant receiving grant funds pursuant to this Agreement, as more particularly identified on the cover page of this Agreement, as well as "contractor" as defined in KRS 45A.030.

(16) "Recipient Activities" means those activities of the Project to be carried out by the Recipient, its agent or agency, which activities are described in Exhibit B of this Agreement and further defined in the Application.

(17) "Subrecipient" means governmental or private nonprofit organizations chosen by the Recipient to undertake certain eligible CDBG activities identified as such in Exhibit A and/or B to this Agreement.

2. AMOUNT AND AUTHORIZED USES OF GRANT FUNDS

A. Grant Assistance Provided

In consideration of the various obligations undertaken by the Recipient pursuant to this Agreement, as represented by the Recipient in the Application, the Commonwealth agrees, subject to the terms and conditions set forth herein, to provide the Recipient with grant funds in the amount specified in Exhibit A of this Agreement.

B. Authorized Uses of Grant Funds

The grant funds provided to the Recipient pursuant to this Agreement shall be used only for the specific purposes described in Exhibit B of this Agreement and in the amounts budgeted in Exhibit C of this Agreement, subject to the project amendments provisions of the Commonwealth CDBG program.

C. Adjustments to Grant Funds

(1) The amount of grant funds which the Commonwealth has agreed to provide to the Recipient under this Agreement has been determined by the Commonwealth in reliance upon the cost estimates of the Recipient with respect to the activities set forth in the Application. The

	Document Phase	Document Description	Page 6
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

Commonwealth reserves the right to reduce the grant amount (i) to conform to any revision to which the Recipient and the Commonwealth may agree with respect to Exhibits B or C of this Agreement, (ii) if the actual costs for activities are lower than those set forth in Exhibits B or C of this Agreement, or (iii) if the investment by Participating Parties is less than the amount specified in Exhibits B, C or D.

(2) The parties understand that funding pursuant to this Agreement may be discontinued by the General Assembly in subsequent budgets.

D. Recipient's Use of Program Income

(1) All Program Income shall be returned by the Recipient to the Department for Local Government.

(2) All Program Income which is received by the Recipient, prior to completion of all Recipient Activities shall be used prior to, and in place of, any draw of grant funds to the extent adequate to pay costs so incurred.

(3) Unless otherwise specifically stated in Exhibit B of this Agreement, all Program Income received by the Recipient, after completion of all Recipient Activities shall be returned to the Department for Local Government.

3. DISBURSEMENT OF GRANT FUNDS

A. Authorization

(1) Promptly after the Commonwealth has received from the Recipient two (2) fully executed copies of this Agreement and has approved evidentiary materials required by Exhibit D of this Agreement that would allow a draw of grant funds pursuant to the terms of Exhibits B and C of this Agreement, the Commonwealth shall authorize the amount of grant funds specified in Exhibit A of this Agreement.

(2) The Recipient is authorized to draw grant funds only in accordance with the provisions of this Agreement and the procedures established by the Commonwealth. No payment by the Commonwealth of an improper or unauthorized draw to the Recipient shall constitute a waiver of the right of the Commonwealth to challenge the validity of said draw, to enforce all rights and remedies set forth in the Agreement, or take corrective or remedial administrative action, which action may include, without limitation, suspension or termination of the Recipient's funding under this Agreement.

(3) The disposition of any grant funds that remain available following completion of the Project, termination of this Agreement by the Commonwealth, or termination of the Project for any cause, shall be in accordance with closeout procedures then in effect or established by the Commonwealth including provisions of OMB Omni Circular and the Recipient shall not have any rights to such grant funds.

B. Incurring Costs for Project Activities

	Document Phase	Document Description	Page 7
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

(1) The use of grant funds is conditioned upon the Recipient incurring costs to be paid in accordance with this Agreement or as otherwise approved by the Commonwealth in writing. Except as permitted by 24 CFR Part 58, no costs to be paid out of project funds may be incurred by the Recipient until all Environmental Conditions of 24 CFR Part 58 have been fully satisfied and the Commonwealth has issued the environmental clearance required by 24 CFR Part 58.

(2) The authorization to incur costs in subsection (1) above is not an authorization to reimburse those costs and does not mean or imply that such costs will be reimbursed out of grant funds. The Recipient may voluntarily, at his or her own risk, and upon his or her own credit and expense, incur costs as authorized in subsection (1) above, but his or her authority to reimburse or to be reimbursed out of grant funds shall be governed by the provisions of this Agreement applicable to the payment of costs and the release of funds by the Commonwealth.

(3) Prior to the issuance by the Commonwealth of the environmental releases required by 24 CFR Part 58, the Recipient may not use any funds, including local funds, to take any action with respect to the Project where such action might have an adverse environmental effect, would limit choices among competing alternatives, or might alter the environmental premises on which the pending clearance is based in such a fashion that the validity of the conclusions to be reached would be affected.

(4) The Recipient shall not carry out any of the activities under this Agreement in a manner that results in a prohibited duplication of benefits as defined by Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 USC 5155) and described in Appropriations Act. The Recipient shall comply with HUD's requirements for duplication of benefits, imposed by Federal Register notice on the Commonwealth. The Recipient shall carry out the activities under this Agreement in compliance with the Commonwealth's procedures to prevent duplication of benefits in [insert name of manual here].

C. Authorization by the Commonwealth for the Recipient to Draw Grant Funds

Recipient's draw of grant funds can occur only after the following has occurred:

- (1) The Commonwealth has issued the environmental clearance required by 24 CFR Part 58,
- (2) The Commonwealth has approved the required evidentiary materials specified in Exhibit D of the Agreement,
- (3) The Commonwealth has authorized, per the executed Notice of Approval of Evidentiary Materials and Release of Funds, the Recipient's ability to draw grant funds,
- (4) Recipient shall have submitted all certifications and materials required as conditions precedent to Recipient's authority to pay costs out of grant funds,
- (5) If authorized by Exhibit D herein and if the Commonwealth finds Recipient has timely and acceptably submitted the evidentiary materials in Exhibit D herein, approved same, and if no default has occurred, as defined in Section 6-A herein, and
- (6) Recipient has not been served by the Commonwealth with notice of Recipient's suspension of authority to so draw the grant funds nor is in breach of its obligation to report a default.

	Document Phase	Document Description	Page 8
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

4. REPRESENTATIONS, WARRANTIES, AND OBLIGATIONS

A. Recipient's Representations and Warranties

The Recipient has, by and through consultations among all appropriate members of the Recipient's governing body and its officers, examined each of the following and by its execution of this Agreement the Recipient does, upon information and belief, represent and warrant to the Commonwealth that:

(1) The Recipient is duly organized and validly existing under the laws of the Commonwealth and has all the requisite power and authority to enter into this Agreement and to assume the responsibilities for compliance with all Federal and State laws and regulations.

(2) A resolution, motion, order or ordinance has been duly adopted, passed or enacted as an official act of the Recipient's governing body, authorizing the execution and delivery of this Agreement by the Recipient and authorizing and directing the person executing this Agreement to do so for and on behalf of the Recipient, said acts being done in such manner and form as to comply with all applicable laws to make this Agreement the valid and legally binding act and agreement of the Recipient.

(3) There is no action, proceeding, or investigation now pending, nor any basis therefore, known or believed by the Recipient to exist, which (i) questions the validity of this Agreement, or any action taken or to be taken under it, or (ii) is likely to result in any material adverse changes in the authorities, properties, assets, liabilities, or conditions (financial or otherwise) of the Recipient which would materially and substantially impair the Recipient's ability to perform any of the obligations imposed upon the Recipient by this Agreement.

(4) The representations, statements, and other matters contained in the Application were true and complete in all material respects as of the date of filing. The Recipient is aware of no event which would require any amendment to the Application (other than an amendment which has been filed with and approved by the Commonwealth) which would make such representations, statements, and other matters true and complete in all material respects and not misleading in any material respect. The Recipient is aware of no event or other fact, which should have been, and has not been, reported in the Application as material information.

(5) The Recipient has obtained or has reasonable assurances that it will obtain all Federal, State and local government approvals and reviews required by law to be obtained by the Recipient for the Project.

(6) Insofar as the capacity of the Recipient to carry out any obligation under this Agreement is concerned, (i) the Recipient is not in material violation of its Charter, or any mortgage, indenture, agreement, instrument, judgment, decree, order, statute, rule or regulation and (ii) the execution and performance of this Agreement will not result in any such violation.

(7) Except for approved eligible administrative and personnel costs, none of the recipient's designees, agents, members, officers, employees, consultants or members of its governing body in which the program is situated, and no other public official of the recipients of such locality or localities who exercises or who has exercised any functions or responsibilities with respect to the project during his or her tenure, or who is in a position to participate in a decision-making process or gain inside information with regard to the project, has or shall have any interest, direct

	Document Phase	Document Description	Page 9
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

or indirect, in any contract or subcontract or the proceeds thereof for work performed in connection with the project or in any activity, or benefit there from, which is part of this project at anytime during or after such person's tenure unless all procedures for an exception have been documented and submitted in writing to the Department for Local Government and the Department for Local Government has approved such exception.

(8) Anti-Lobbying – The recipient certifies that:

(a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(c) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(9) Conflicts of Interest - The procedures for requesting, documenting, and submitting a request for an exception from the Conflict-of-Interest provisions shall include the applicable procedures delineated in 24 CFR 570.489(h)(4); KRS 99.350(8); KRS 61.252(1); KRS 65.003; and the local community ethics code. This Conflict-of-Interest provision shall be in addition to the requirements in the "Common Rule," 24 CFR Part 85, 24 CFR 570.489(h), A-110, KRS 45A.340, KRS 61.210, KRS 61.220 and KRS 61.250 et. seq.

B. Obligation to Complete Recipient Activities as Scheduled

(1) The Recipient shall use its best efforts to assure the completion of the Recipient Activities described in Exhibit B of the Agreement and further defined in the Application.

(2) The Recipient agrees that the foregoing undertaking and assurance means that Recipient shall, to the maximum extent permitted by law, use and apply all of its governmental and proprietary powers for such completion, including but not limited to those powers governing taxes, other revenues, credit, eminent domain and appropriations, if necessary, for the purpose of providing any shortfall between funds available under the grant and funds necessary to complete all of the Recipient Activities described in Exhibit B of this Agreement.

C. Commonwealth Approval of Amendments

	Document Phase	Document Description	Page 10
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

The Commonwealth will consider program amendments initiated by the Recipient or by the Commonwealth. The Commonwealth defines a program amendment as a request for change in an approved program which (i) is a new activity in the program, (ii) significantly alters the scope, location, or objective of the approved activities or beneficiaries, and/or (iii) results in a change or cumulative changes of the approved budget. Any amendments will be made in accordance with the procedures set forth in the Kentucky Community Development Block Grant Handbook established by the Commonwealth.

D. Notification and Action upon Default

(1) The Recipient shall promptly give written notice to the Commonwealth upon the discovery by the Recipient of any default involving any Participating Party or Subrecipient, as defined in Section 6-A of this Agreement.

(2) Promptly, upon the discovery of any default involving any Participating Party or Subrecipient, the Recipient shall vigorously pursue, to the fullest extent possible, all remedies available to Recipient to remove or cure such default, or to seek redress or relief from its effects, including reimbursement for any grant funds expended on the Project, and to prevent or mitigate any adverse effects on the Project. Recipient shall keep the Commonwealth fully informed as to the status of such actions.

5. INSPECTION AND REVIEW

A. Duty to Maintain and Rights to Inspect and Copy, Books, Records and Documents

(1) The Recipient shall keep and maintain such books, records and other documents as shall be required under rules and regulations now or hereafter applicable to grants made under the CDBG Program, and as may be reasonably necessary to reflect and fully disclose the amount and disposition of the grant funds, the total cost of the activities paid for in whole or in part with grant funds, and the amount and nature of all investments relative to such activities which are supplied or to be supplied by other sources.

(2) All such books, records and other documents shall be available at the office of the Recipient for inspection, copying, audit and examination at all reasonable times by any duly authorized representative of the Commonwealth, HUD, the General Accounting Office and the Inspector General of the United States.

B. Site Visits

Any duly authorized representative of the Commonwealth or HUD shall, at all reasonable times, have access to all portions of the Project until completion of all closeout procedures and final settlement and conclusion of all issues arising from this grant.

C. Reports

The Recipient shall promptly furnish to the Commonwealth all reports required to be filed in accordance with any directives of the Commonwealth or any statute, rule or regulation of HUD.

6. DEFAULTS AND REMEDIES

	Document Phase	Document Description	Page 11
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

A. Defaults

A default shall consist of any use of grant funds for any purpose other than as authorized in Exhibits B and C of this Agreement; or any breach of any covenant, agreement, provision, or warranty (i) the Recipient made in the Agreement; (ii) the Recipient made in any agreement entered into between the Recipient and any Participating Party or Subrecipient, relating to the Project; (iii) any Participating Party or Subrecipient, made in any agreement specified in Exhibit D of this Agreement, or; (iv) of the time frame specified in Exhibit B of the Agreement.

B. Remedies Upon Default

(1) Upon occurrence of any default as described in Section 6.A., the Commonwealth may suspend the Recipient's authority to draw grant funds at any time by notice to the Recipient. If a default is not cured within thirty (30) consecutive days from notice of such default by the Commonwealth to the Recipient, the Commonwealth may continue such suspension or by delivery of notice terminate this Agreement. In the event of a termination, the Recipient's authority to draw funds shall have terminated at the date of the notice of termination and the Recipient shall have no right, title or interest in or to any grant funds remaining.

(2) In addition to any other rights or remedies, if a default consists of the Recipient's failure to submit the evidentiary materials described in Exhibit D of this Agreement or in other official written notification, the Commonwealth shall have the right to terminate this Agreement and the award of grant funds to which this Agreement relates by delivery of written notice to the Recipient. Upon such termination, all obligations of the Commonwealth pursuant to this Agreement and such award shall cease and the Recipient shall neither have nor retain any rights whatsoever with respect to the grant funds provided under this Agreement.

(3) The rights and remedies of the Commonwealth shall be deemed to be cumulative and shall be in addition to all those rights afforded the Commonwealth by law or equity. Any election of any right or remedy shall not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy.

(4) The rights and remedies available to the Commonwealth in the event of a suspension or termination of the Agreement shall survive such suspension or termination.

7. EVIDENTIARY MATERIALS

A. Commitments of Participating Parties and Subrecipients

(1) In selecting the Recipient for the award of this grant, the Commonwealth has relied, in material part, upon the representations of the Recipient and Participating Parties or Subrecipients, that the Recipient and the Participating Parties or Subrecipients (i) will carry out certain activities connected with the Project; (ii) will complete those activities; (iii) have, or will have, the financial capability to assure the carrying out of the activities to the completion; and (iv) will invest, or cause to be invested, a specific value amount in the Project.

(2) Evidentiary materials submitted by the Recipient as Exhibit D which have been submitted to and approved by the Commonwealth shall not be amended in any material respect without prior written approval of the Commonwealth.

	Document Phase	Document Description	Page 12
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

B. Form of Documentary Evidence

All documentary evidence of commitments submitted to the Commonwealth for approval shall be in the form of either (i) a duplicate original, or (ii) a photographic copy of the fully executed original, of the documents.

8. MISCELLANEOUS

A. Notice

(1) All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosures and consents of any kind made pursuant to this Agreement shall be in writing.

(2) Any such communication shall be deemed effective for all purposes as of the date such communication is mailed, postage prepaid, by first class, registered or certified mail, return receipt requested, to be delivered only to the office of the addressee, addressed as follows:

(a) Communications to the Commonwealth shall be mailed to: Office of Federal Grants, Department for Local Government, 100 Airport Rd, Frankfort, Kentucky 40601.

(b) Communications to the Recipient shall be addressed to the Recipient, at the address set forth in Exhibit A of this Agreement, or such other address or representative as may be furnished by the Recipient to the Commonwealth.

B. Assignment

No right, benefit, or advantage inuring to the Recipient under this Agreement and no burden imposed on the Recipient hereunder may be assigned without the prior written approval of the Commonwealth. An authorization by the Commonwealth for the transfer of grant funds by Recipient to a Participating Party or Subrecipient, shall not be deemed an authorization for an assignment, and such Participating Party or Subrecipient shall not succeed to any rights, benefits, or advantages of the Recipient hereunder.

C. Successors Bounds

This Agreement shall bind, and the rights, benefits and advantages shall inure to, the Recipient's successors.

D. Remedies Not Impaired

No delay or omission of the Commonwealth in exercising any right or remedy available under this Agreement shall impair any such right or remedy or constitute a waiver of any default, or an acquiescence therein.

E. Cumulative Remedies

All rights and remedies of the Commonwealth under this Agreement shall be cumulative.

F. Severability

	Document Phase	Document Description	Page 13
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

If any article, subsection, clause or provision of this Agreement is held by any court to be unenforceable or prohibited by any law applicable to this Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term or provision limited so as to make it enforceable to the greatest extent allowed by law, or, if it is totally unenforceable, as if this Agreement did not contain that particular part, term or provision.

G. Entire Agreement

This Agreement constitutes the entire agreement between the Commonwealth and the Recipient and supersedes all prior oral and written agreements between the parties hereto with respect to the subject grant. Notwithstanding the provisions of Section 1-A of this Agreement and anything contained in the Application, the provisions of this Agreement shall prevail.

H. Table of Contents; Titles and Headings

Any table of contents and the headings of the sections and subsections set forth herein are not a part of this Agreement and shall not be deemed to affect the meaning or construction of any of its provisions.

I. Amendment of this Agreement

This Agreement, or any part hereof, may be amended as previously described in Section 4-C from time to time hereafter only in writing executed by the Commonwealth and the Recipient.

J. Governing Law

This Agreement as it may affect the rights, remedies, duties, and obligations of the Commonwealth shall be governed by and construed in accordance with Federal and State law. Insofar as Federal law does not apply, the provisions of this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

K. Waiver by the Commonwealth

The Commonwealth reserves and shall have the exclusive right to waive, at the sole discretion of the Commonwealth, and to the extent permitted by law, any requirement or provision under this Agreement. No act by or on behalf of the Commonwealth shall be, or be deemed or construed to be, any waiver of any such requirement or provision, unless the same be in writing, signed by the Commonwealth, and expressly stated to constitute such waiver.

L. Termination of Agreement

This Agreement shall terminate upon the completion of all closeout procedures respecting this grant including provisions of the Single Audit Act, OMB Omni Circular and the final settlement and conclusion between Recipient and the Commonwealth of all issues arising out of this grant. Either party may cancel the contract upon written notice in accordance with Section 9 below. This notice, if tendered by the Commonwealth, may also include the notice to cure provided for in Section 6 B. (1). Upon termination of the agreement pursuant to this provision, the Recipient shall have no right to grant funds remaining to be disbursed. This provision shall in no way impair and shall be in addition to any additional remedies the Commonwealth may have upon a finding of default or other

	Document Phase	Document Description	Page 14
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

non-compliance according to the terms of this Agreement. Upon termination of this Agreement by either party with or without cause, the Commonwealth may declare this Agreement void from the beginning without further obligation to the recipient. Further, if the Agreement is terminated by the recipient with or without cause or by the Commonwealth with cause, the Commonwealth may recover all funds paid to the recipient hereunder.

M. Enforceability

Recipient agrees that if the Recipient or one of its subrecipients/contractors fails to comply with all applicable federal and state requirements governing the use of CDBG funds, the Commonwealth of Kentucky may withhold or suspend, in whole or in part, funds awarded under the program, or recover misspent funds following an audit or other investigation. Recipient shall further agree it will repay funds determined to be misspent by any 3rd party officials such as HUD, Inspectors General, auditors and law enforcement agencies. This provision is in addition to all other remedies available to the Commonwealth of Kentucky under all applicable state and federal laws.

N. Anti-Speculation Provisions-Sale of Real Property

(1) When, in Exhibit D of this Agreement, a document is required to contain a provision for the prevention or discouragement of speculation in the purchase and sale of property by a beneficiary of grant funds, then, unless otherwise specified, such provision shall comply with this Section.

(2) The document shall prohibit the beneficiary of grant funds from selling or otherwise disposing of the property within a period specified in Exhibit D of this Agreement after the date of the purchase, for an amount in excess of the purchase price paid, plus the actual costs of any improvements to the property by the beneficiary. The prohibition against sale shall have the same force and effect as a lis pendens and shall specify that in the event of any attempted sale in violation of the provision; the Recipient shall be entitled to the ex-parte issuance of an injunction restraining such sale. The document shall be executed and authenticated in such manner and form as may be required under State law to authorize its recordation at the place of recordation of deeds, as if a lis pendens and the document shall be so recorded.

(3) The document may, in conjunction with the foregoing or in lieu thereof, describe a procedure where under, in the event of any sale of the property within the period specified in Exhibit D of the Agreement, the amount of grant funds which benefited the beneficiary shall be repaid by the beneficiary to the Recipient. Such procedure may include a pro-rata reduction of the amount to be repaid, based upon the time elapsing between the date of the initial purchase of the property and its disposition by the beneficiary. The document must either specify the amount of the grant funds which benefited the beneficiary or set forth a formula or agreed method for determining such amount. The document shall be executed and authenticated in such manner and form as may be required to authorize its recordation, as if a lis pendens and the document shall be so recorded.

	Document Phase	Document Description	Page 15
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

Memorandum of Agreement Standard Terms and Conditions

Revised May 2025

1.00 Effective Date

All Memorandum of Agreements are not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the agreement and until the agreement has been submitted to the government contract review committee. However, in accordance with KRS 45A.700, memoranda of agreement in aggregate amounts of \$50,000 or less are exempt from review by the committee and need only be filed with the committee within 30 days of their effective date for informational purposes.

KRS 45A.695(7) provides that payments on personal service contracts and memoranda of agreement shall not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head if the agency has been granted delegation authority by the Secretary.

The vendor shall be paid, upon the submission of proper invoices to the receiving agency at the prices stipulated for the supplies delivered and accepted, or services rendered. Unless otherwise specified, payment will not be made for partial deliveries accepted. Payments will be made within thirty (30) working days after receipt of goods or a vendor's invoice in accordance with KRS 45.453 and KRS 45.454.

2.00 Cancellation Clause

Both parties shall have the right to terminate and cancel this contract at any time not to exceed thirty (30) days' written notice served on the Contractor by registered or certified mail.

3.00 Funding Out Provision

The state agency may terminate this agreement if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the agreement. The state agency shall provide the Contractor thirty (30) calendar day's written notice of termination of the agreement due to lack of available funding.

4.00 Reduction in Contract Worker Hours

The Kentucky General Assembly may allow for a reduction in contract worker hours in conjunction with a budget balancing measure for some professional and non-professional service contracts.

If under such authority the agency is required by Executive Order or otherwise to reduce contract hours, the agreement will be reduced by the amount specified in that document. If the contract funding is reduced, then the scope of work related to the contract may also be reduced commensurate with the reduction in funding. This reduction of the scope shall be agreeable to both parties and shall not be considered a breach of contract.

	Document Phase	Document Description	Page 16
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

5.00 Access to Records

The state agency certifies that it is in compliance with the provisions of KRS 45A.150, "Access to contractor's books, documents, papers, records, or other evidence directly pertinent to the contract." The Contractor, as defined in KRS 45A.030, agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this agreement for the purpose of financial audit or program review. The Contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the agreement and shall be exempt from disclosure as provided in KRS 61.878(1)(c).

6.00 Violation of tax and employment laws

KRS 45A.485 requires the Contractor and all subcontractors performing work under the contract to reveal to the Commonwealth any final determination of a violation by the Contractor within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to corporate and utility tax, sales and use tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively. Disclosure of any violations is required prior to the award of any state contract and throughout the duration the contract.

Failure to disclose violations, shall be grounds for the Commonwealth's disqualification of a contractor or subcontractor from eligibility for future state contracts for a period of two (2) years.

To comply with KRS 45A.485, the Contractor and all subcontractors performing work under this contract shall report any such final determination(s) of any violation(s) within the previous five (5) years to the Commonwealth by providing a list of the following information regarding any violation(s): (1) specific KRS violated, (2) date of any final determination of a violation, and (3) state agency which issued the final determination.

A list of any disclosures made prior to award of a contract shall be attached to the contract. The Contractor affirms that it has not violated any of the provisions of the above statutes within the previous five (5) year period, aside from violations explicitly disclosed and attached to this contract. Contractor further affirms that it will (1) communicate the above KRS 45A.485 disclosure requirements to any subcontractors and (2) disclose any subcontractor violations it becomes aware of to the Commonwealth.

7.00 Nondiscrimination

The Equal Employment Opportunity Act of 1978 (the "Act"), KRS 45.560 to 45.640, applies to all State government contracts or subcontracts in an amount exceeding \$500,000. The contractor shall comply with all terms and conditions of the Act.

	Document Phase	Document Description	Page 17
2600000097	Final	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

During the performance of this contract, the Contractor agrees as follows:

- (a) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age forty (40) and over, disability, veteran status, or national origin or.
- (b) The Contractor shall take affirmative action in regard to employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination rates of pay or other forms of compensation, and selection for training, so as to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, age forty (40) and over, disability, veteran status, and national origin.
- (c) The Contractor shall state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age forty (40) and over, disability, veteran status, or national origin.
- (d) The Contractor shall post notices in conspicuous places, available to employees and applicants for employment, setting forth the provisions of this non-discrimination clause.

The Contractor shall send a notice to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding advising the said labor union or workers' representative of the Contractor's commitments under this nondiscrimination clause.

The Contractor's noncompliance with the nondiscrimination clauses of this contract shall constitute a material breach of the contract.

Each Contractor shall, for the length of the contract or at the point at which the contract is covered by this Act and until its conclusion, furnish such information as required by the Act and any rules, regulations and orders issued pursuant thereto and permit access to all books and records pertaining to his employment practices and work sites by the contracting agency and the Cabinet to ascertain compliance with the Act.

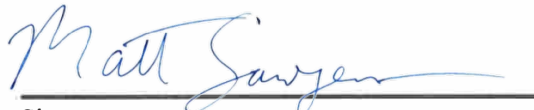
This section applies to agreements disbursing federal funds, in whole or part, only when the terms for receiving those funds mandate its inclusion.

	Document Phase	Document Description	Page 18
2600000097	Draft	22D-021 Knott Co. Caney WWTP Project	Total Pages: 18

Approvals

This contract is subject to the terms and conditions stated herein. By affixing signatures below, the parties verify that they are authorized to enter into this contract and that they accept and consent to be bound by the terms and conditions stated herein. In addition, the parties agree that (i) electronic approvals may serve as electronic signatures, and (ii) this contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single contract.

Commonwealth of Kentucky:

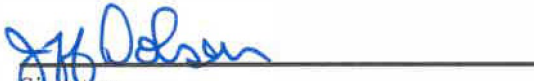

Signature

Matt Sawyers
Printed Name

Commissioner
Department for Local Government
Title

7/24/2025
Date

Knott County Fiscal Court:


Signature

Jeff Dobson
Printed Name

Judge Executive
Title

7/24/25
Date

Approved as to form and legality:


Signature

Brandon Gibson
Printed Name

Counsel, Department for Local
Government
Title

7/24/25
Date

Signature

Printed Name

Title

Date

EXHIBIT A

SUPPLEMENTARY PROVISIONS

Rider to Section 1-B (2). In addition to Recipient's Application for Commonwealth Community Development Block Grant Disaster Recovery (CDBG-DR) Assistance, "Application" shall include the following submittals:

Cost Summary (Exhibit C)

Rider to Section 1-B (12). The terms "Subrecipient" and "Participating Party" consist of the following persons, entities, firms, corporations, and funding sources:

Subrecipient: None

Rider to Section 2-A. The amount of this CDBG-DR grant is:

\$5,366,300

Rider to Section 8-A. The address of the Recipient for the purposes of communications relating to this Agreement shall be the following:

Recipient:

The Honorable Jeff Dobson
Knott County Fiscal Court, Judge/Executive
Post Office Box 505
Hindman, KY 41822

Contact:
Lisa Napier
Kentucky River Area Development District
941 N. Main St
Hazard, KY 41701

EXHIBIT B

DESCRIPTION OF RECIPIENT ACTIVITIES

Rider to Section 1-B (16). "Recipient Activities" for this Project shall consist of the following:

1. The Recipient agrees to perform activities as stated in the CDBG-DR Application and given preliminary approval on November 20, 2024, as summarized below:
 - a. The Recipient shall relocate and construct of a new 200,000 GPD wastewater treatment plant (WWTP) at 7076 KY-899 in Pippa Passes (Caney), this site is out of the floodplain. This also includes the replacement of 10,000 LF and 3,000 LF of CIPP sewer line, and a stream crossing.
 - b. The Recipient will provide the necessary engineering design, surveying, inspection services and start-up services.
 - c. The Recipient will own and ensure the maintenance of the facilities for the benefit of at least 51 percent low and moderate-income persons, thereby meeting the National Objective of low and moderate-income (LMI) area benefit. The project shall provide service to approximately 113 customers.
2. The Recipient will provide necessary administration of the project by a certified CDBG-DR grant administrator to assure compliance with all applicable state, federal and local statutes, as set forth in the KCDBG Statement of Assurances signed by Judge Dobson on January 16, 2025, and submitted on or about that date as part of the project Application.
3. The Recipient will expend no more than \$80,000 in CDBG-DR funds to cover the planning, administrative and project deliverable costs of the project.
4. The Recipient will have the project advertised for bid within six (6) months of the date of the fully executed grant agreement and completed by December 31, 2028.
5. The Recipient must provide assurance that Davis-Bacon wage rates will be incorporated into all construction contracts where they are applicable.
7. The Recipient will include in the bid document a requirement that the contractor erect a project sign according to CDBG-DR specifications.
8. The Recipient must be currently using or adopt an accounting system that meets the requirements of the Kentucky Uniform System of Accounting.

9. The Recipient must provide other funds for the project as listed below, if applicable:

HB 1 \$1,550,900

10. The Recipient will be responsible for determining the objectives of each activity and measuring the outcomes of each activity funded with CDBG-DR funds utilizing a performance measurement system provided by DLG. This data shall be reported to DLG on a quarterly basis until the project is closed.

11. The Recipient ensures compliance with Title I of the Housing and Community Development Act of 1974, Title VI of the Civil Rights Act of 1964, Equal Employment Opportunity, Section 504, Drug Free Workplace requirements, and the furthering of Fair Housing and promoting nondiscrimination. In addition, the applicant ensures compliance with all other State and Federal laws.

12. When applicable: The Recipient must adhere to the Uniform Relocation Act (URA) regulations when acquiring the proposed properties.

EXHIBIT C

PROJECT BUDGET – SUMMARY OF PROPOSED EXPENDITURES

Attached (as marked Exhibit C containing one page)

COST SUMMARY

DLG USE ONLY

Exhibit C

Project # 22D-021

Applicant: Knott County Caney WWTP

Activity Code	Activity Description	CDBG Funds LMI	OTHER FUNDS	TOTAL	SOURCE
1	ACQUISITION				
2	CLEARANCE				
3	RELOCATION				
a	owner				
b	renter				
c	other				
	TOTAL RELOCATION				
4	REHABILITATION				
a	code enforcement				
b	grants				
c	loans				
d	public housing modernization				
e	non-residential-historic preservation				
f	acquisition for rehabilitation				
g	multi-unit residential rehabilitation				
h	rehabilitation administration				
i	other				
	TOTAL REHABILITATION				
5	PUBLIC FACILITIES				
a	parks & recreation facilities				
b	street improvements				
c	water lines				
d	water treatment facilities				
e	sewer lines				
f	sewage treatment facilities	5,286,300	1,550,900	6,837,200	HB1
g	flood & drainage facilities				
h	senior centers				
i	centers for the disabled/handicap				
j	child care centers				
k	Other-				
	TOTAL PUBLIC FACILITIES	5,286,300	1,550,900	6,837,200	
6	PUBLIC SERVICES				
7	ED ON-SITE DEVELOPMENT				
a	clearing and grading				
b	street improvements				
c	water lines				
d	water treatment facilities				
e	wastewater collection				
7	wastewater treatment				
g	drainage facilities				
h	other				
	TOTAL ED On-Site Develop.				
8	ED OFF-SITE DEVELOPMENT				
a	clearing and grading				
b	street improvements				
c	water lines				
d	water treatment facilities				
e	wastewater collection				
f	wastewater treatment				
g	drainage facilities				
h	other				
	TOTAL ED Off-Site Develop.				
9	COMMERCIAL/INDUSTRIAL FACILITIES				
a	land acquisition/disposition				
b	building acquisition/construction/rehabilitation				
c	other improvements				
	TOTAL Commercial/Industrial Facilities				
10	Commercial/Industrial Equipment				
11	Inventory/Working Capital				
12	Microenterprise Technical Assistance				
13	Other				
	Subtotal	5,286,300	1,550,900	6,837,200	
14	Activity Delivery	80,000		80,000	
15	ADMINISTRATION				
	CONTINGENCIES				
	TOTAL PROJECT COSTS	5,366,300	1,550,900	6,917,200	

Architectural/Engineering Costs must also be shown in a line item above (do not show as "other")

Architectural/Engineering Design	367,600		367,600	
Architectural/Engineering Inspection	351,700		351,700	
Architectural/Engineering Other	84,400		84,400	
Total Architectural/Engineering	803,700		803,700	

EXHIBIT D

REQUIRED EVIDENTIARY MATERIALS

Recipient agrees to submit the following evidentiary materials for the approval of the Commonwealth in the manner and form described by the applicable provisions of Section 7 of this Agreement:

1. Environmental Documentation per 24 CFR, Part 58 as outlined in Chapter 2 of the CDBG-DR handbook, to include but not limited to the following.

Environmental Clearance:

- Complete Environmental Review
- Environmental Review Status Sheet
- Tear sheet(s) from advertisement of environmental notices
- Copy of the clearance from the State Historic Preservation Officer
- Copy of endorsement from the Clearinghouse Review

2. Copy of and evidence that a Residential Anti-displacement and Relocation Assistance Plan has been adopted

3. Evidence of adoption of a fully executed agreement between the Recipient and the Subrecipient setting forth the responsibilities of each for: a) administration of the grant according to the legal Statement of Assurances included in the Application and signed by Judge Dobson on June 26, 2024. and b) for the Subrecipient ownership and maintenance of the Project – not applicable

4. Evidence of budget ordinance/amendment indicating inclusion of CDBG-DR funds into the Recipient's budget

5. Evidence of commitment that all other funds are readily available: if applicable

HB 1 \$1,550,900

6. Copy of and evidence of adoption of a procurement code meeting the CDBG-DR requirements

7. Evidence of Clearinghouse review and assurance that all conditions will be met

8. Resolution that cost overruns will be borne by the Recipient

9. Written assurance that the utility system of the Recipient has adopted the Kentucky Uniform System of Accounts for Class A, B and C Water Utilities and/or Sewer Utilities or an accounting system deemed comparable to the Kentucky Uniform System of Accounts by a Certified Public Accountant-

10. Evidence of Duplication of Benefit Analysis

11. Authorized Signature Form

12. Electronic Transfer of Funds Form

13. Fair Housing/Equal Opportunity Requirements:

- Fair Housing Resolution or Ordinance
- Section 504 Accessibility Self-Evaluation and Transition Plan (if applicable)
- Drug Free Workplace Statement
- Title VI Self Survey and Statement of Assurance or Title VI Implementation Plan
- Policy of Non-Discrimination on the Basis of Disability Status (for grantees with 15 or more employees)
- Letter of designation of local fair housing/EEO responsible official
- Letter of designation of the Environmental Certifying Officer (ECO) from the Responsible Entity (RE)
- A written assurance (on grantee letterhead, signed by a designated grantee official) regarding:
 - Maintenance of a copy of the State's Fair Housing Analysis of Impediments (AI)
 - Carrying out of fair housing activities (see list in handbook)
 - Maintenance of demographic records
 - Required posters will be displayed
 - Adoption of the State Title VI Plan
 - Adoption of drug-free workplace policy