

SECOND SUPPLEMENTAL AGREEMENT

This SECOND SUPPLEMENTAL AGREEMENT made and entered into on this the 3 day of April, 1986, by and between the CITY OF FRANKLIN, KENTUCKY hereinafter referred to as the "City" and the SIMPSON COUNTY WATER DISTRICT hereinafter referred to as the "District."

WHEREAS, the City and the District heretofore on the 5th day of April, 1967 entered into a contract titled "Water Purchase Agreement" (the "Contract") for the purchase of water by the District from the City and sale by the City of water to the District;

WHEREAS, the Contract was amended by a Supplemental Agreement made and entered into on the 26th day of August, 1982 by and between the Franklin Municipal Water System on behalf of the City and the District, which Supplemental Agreement increased the quantity of water which the City would provide to the District and established a rate of fifty-four cents (54¢) per one-thousand gallons of water sold and purchased;

WHEREAS, the City is undertaking to construct a new water treatment plant in order to provide larger quantities of water to all of its customers, including the District;

WHEREAS, the City has issued notes to finance the construction of its new water treatment plant and improvements to the sewer system in anticipation of the adoption of an ordinance by the City authorizing the issuance by the City of the combined water and sewer revenue bonds for the permanent financing of these improvements; and

WHEREAS, the District has a need for additional quantities of water and the District is willing to increase the rate which it pays to the City for water purchased and is willing to share in paying a share of the bonded indebtedness incurred for the cost of construction of the City's new water treatment plant in consideration of the City's increasing the quantity of water which it will supply for purchase by the District.

NOW, THEREFORE, in consideration of the mutual benefits to be derived by the parties hereto it is agreed as follows:

1. Paragraph 1 of the Agreement dated April 5, 1967 and paragraph A1 of the Supplemental Agreement dated August 26, 1982, is amended to read as follows:

A. The City agrees:

1. To furnish the District at the points of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable water meeting applicable purity standards of all regulatory bodies in such quantity as may be required by the District provided that the requirements of the District do not exceed twenty-four and one-quarter percent (24.25%) of the total water treatment plant capacity. In emergency situations requiring the reduction of treated water pumped from the water treatment plant the volume available to the District will be reduced as set forth in paragraph C 4 of the April 5, 1967 agreement.

2. Paragraph B1 of the Agreement dated April 5, 1967 and paragraph B1 of the Supplemental Agreement dated August 26, 1982, is amended to read as follows:

B. The District agrees:

1. To pay the City not later than ten (10) days after receipt of each month's bill for water delivered at a rate of 84.78¢ per one-thousand (1,000) gallons per month, herein called the "Rate".

The effective date of the new monthly Rate of 84.78¢ per 1,000 gallons shall be the first day of the month following the closing of the permanent bond financing for the new water treatment plant. The present rate of 54¢ per 1,000 gallons shall remain in force and effect until the first day of the month following the closing of the permanent bond financing for the new water treatment plant.

3. Paragraph C6 of the Contract dated April 5, 1967 is amended to read as follows:

C. It is further mutually agreed between the City and the District as follows:

6. (a) The Rate of 84.78¢ per 1,000 gallons shall remain in force and effect and not be subject to change for a period of five (5) years from the date it becomes effective with the exception that should it be necessary for the City to increase its rates to each of its customers solely because of debt service obligations on long-term financing for construction of raw water supply improvements to the City's water treatment plant, then the Rate shall be increased in the same manner as is set forth in subparagraph (b) below.

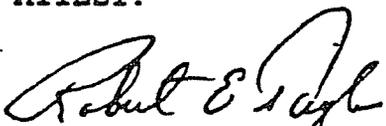
(b) If after the expiration of the five (5) year period in which the Rate shall not be subject to change the City

increases its rates to each of its customers, the Rate which applies to this contract shall be automatically increased the same percentage as that percentage increase charged such customer of the City, whose rate is increased the smallest percentage.

4. In all other respects each and every provision of the contract dated April 5, 1967 and amended by supplement dated August 26, 1982, is hereby incorporated herein, ratified, reiterated, and reaffirmed to the extent that it is not specifically changed in the foregoing paragraphs of this Second Supplemental Agreement.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be executed by its duly authorized officers on the day and date first above above written.

ATTEST:


CLERK *aty. attorney*

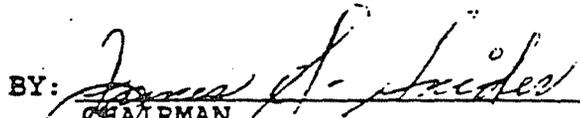
CITY OF FRANKLIN

BY: 
MAYOR

ATTEST:


SECRETARY

SIMPSON COUNTY WATER DISTRICT

BY: 
CHAIRMAN