

THIS AGREEMENT, made and entered into on this the 19th day of September, 2012, by and between the **SOUTH ANDERSON WATER DISTRICT**, a rural water district organized pursuant to Chapter 74 of the Kentucky Revised Statutes, and all other applicable law, acting by and through **Eddie R. Stevens, Chairman of, and pursuant to a Resolution of, its Board of Commissioners**, with a mailing address of 140 South Main Street, Lawrenceburg, Anderson County, Kentucky 40342, hereinafter called the **SOUTH ANDERSON** and **NORTH MERCER WATER DISTRICT**, a rural water district organized pursuant to Chapter 74 of the Kentucky Revised Statutes, and all other applicable law, acting by and through **Gerald B. Sheperson, Chairman of, and pursuant to Resolution of, its Board of Commissioners**, with a mailing address of Post Office Box 79, 108 Main Street, Salvisa, Kentucky 40372, hereinafter called the **NORTH MERCER**;

WITNESSETH:

WHEREAS, South Anderson has received notice of a wholesale rate increase from its supplier, City of Lawrenceburg, with whole water rates being increased by \$0.15 per 1,000 gallons for North Mercer's minimum usage, and \$0.14 per 1000 gallons for North Mercer's usage in excess of the minimum purchase, and

Whereas, South Anderson desires to pass through the City of Lawrenceburg's rate increase to South Anderson to its customer, North Mercer, the parties agree as follows:

(1) South Anderson agrees to furnish and sell treated water, (of the same type and quality as it furnishes to its regular South Anderson customers), to North

Mercer through a meter or meters of standard type in use in North Mercer, size to be designated by the North Mercer, but subject to the approval of South Anderson and furnished, installed, and maintained by the North Mercer at no cost or expense to South Anderson, except and upon the following special terms and conditions:

A. Connections shall be by standard size meter or meters North-west of the intersection of Wheat School Road and U. S. Highway 127, at the Anderson and Mercer County Lines, with specific locations to be determined by the parties' consulting engineers, and said initial location to be more specifically described as set out in an attached Legal Description. Additional connections and/or meters may be agreed upon by the parties upon proper written exchange of resolutions of the governing boards.

B. South Anderson agrees that through said connection(s) it will furnish to the District, such supply of potable water as the District may require up to 432,000.00 gallons, per day, at a rate not to exceed 300 gallons per minute. In the event that the available supply of purified water obtainable through South Anderson's intake, supply sources, and/or purification plant should fall short of South Anderson's own needs and demands, South Anderson may give reasonable notice to North Mercer, and thereafter, prorate available water between the South Anderson and North Mercer according to the respective use of the two bodies during the last twelve (12) months. Failure in South Anderson's supply shall excuse South Anderson from compliance with supply terms. South Anderson shall notify North Mercer as soon as possible of any actual or anticipated decrease of supply.

C. North Mercer agrees to pay to South Anderson, not later than the 28th of each month following the billing date of each month, for water delivered in accordance with the following schedule of rates :

(a) \$3.0833 per 1,000 gallons for the first three (3) million gallons (\$9,249.90), which amount shall also be the minimum rate per month.

(b) \$2.58 per 1,000 gallons for water in excess of three (3) million gallons.

(2) North Mercer agrees to pay South Anderson each month for water consumed as shown by the reading or uncombined readings of said meters through which water is furnished by the South Anderson to North Mercer upon the above stated terms:

A. South Anderson may review its rates of charge for water service annually and adjust rates as deemed appropriate for all South Anderson customers according to their classification. In the event South Anderson should increase or decrease its rates of charge to its customers, an equal increase or decrease will be made in its charges to North Mercer.

Current rates of charge are set out in the attached exhibit "A."

C. Notwithstanding the above, South Anderson, while Municipal Water Bonds remain outstanding and unpaid, may increase the rates and charges for services of the South Anderson annually by an amount equal to the most recent annual increase in the Producer Price Index (formerly Wholesale Price Index), provided such increase shall not exceed a maximum of 2% (two percent) in any one year, if the mandated fund coverages set forth above in South Anderson's Bond Ordinance have been met.

(3) The said water meters on which North Mercer receives said supply of water from South Anderson's waterlines shall be the property of the North Mercer and will be maintained at North Mercer's expense; provided, however, that the North Mercer shall have each meter independently tested each year by a mutually

agreed testing agency and supply South Anderson with a certified copy of meter test reports. Upon such testing, if any meter shall be found to be inaccurate beyond +/- two percent (2%) or other standards currently provided by the regulations of the Public Service Commission of Kentucky, immediate replacement or repair of any such meter shall be borne by North Mercer. Payment for service during any period found to be inaccurate shall be 110 percent of the corresponding month(s) of the previous two (2) years which are known to be accurate meter readings as recorded by South Anderson.

In the event that South Anderson shall question the accuracy of North Mercer's meter(s) between aforesaid regular testing, meter(s) shall be examined as herein before stated. If it is found upon such additional testing that the meter is inaccurate beyond the two percent (2%) variance stated above, such additional testing, repairs and/or replacements shall be borne by North Mercer, but otherwise the expense of such additional testing shall be borne by South Anderson..

(4) A "notice" or a "request" by one party to the other party under the terms hereof shall be sufficient if, in writing, mailed by United States Certified Mail, return receipt requested, with all postage prepaid, and addressed to such other party in care of an officer of such party, designated by such party to receive notices hereunder. In the absence of such designation, such certified mail may be addressed in care of any executive officer of the receiving party.

(5) North Mercer agrees it may construct and install, at its own expense and upon its own responsibility, such booster pumping, storage, chlorinators, and/or other facilities as may be necessary or desirable in the North Mercer water distribution system.

(6) The term of this contract shall be for the period of fifty (50) years beginning with the date of this Agreement.

(7) Each utility named a party to this agreement understands that the other utility's rights and privileges under this contract will be pledged to the United States of America, acting through Farmers Home Administration/Rural Development as Lender and/or bondholder, or any other creditor, agency or institution holding the utility's bonds, as a part of the security for such indebtedness.

(8) South Anderson agrees to provide adequately sized lines and mains to a point identified in Paragraph 1, above, at a location identified by the utilities, engineers. To the extent necessary, South Anderson will obtain all necessary rights-of way, and pay costs of any line extension to the designated point at the pumping station.

WITNESS the hands of Eddie R. Stevens, as Chairman, and Ollie D. Neat, the Secretary, of the Board of Commissioners of the South Anderson Water District, and further witness the hands of Gerald B. Shepersen, as Chairman, and Tony Best, as Secretary, of the Board of Commissioners of the North Mercer Water District, in multiple copies, each of which shall have the same force and effect as the original, all pursuant to appropriate Resolution of the Board of Commissioners of the South Anderson Water District and Resolution of the Board of Commissioners of the North Mercer Water District, all on this the day and year first above written.

SOUTH ANDERSON WATER DISTRICT

BY: 
Eddie R. Stevens, Chairman

ATTEST:

Ollie Neat

Ollie D. Neat, Secretary

BOARD OF COMMISSIONERS OF THE
SOUTH ANDERSON WATED DISTRICT

And

NORTH MERCER WATER DISTRICT

BY:

Gerald B. Sheperson

Gerald B. Sheperson, Chairman
Board of Commissioners

ATTEST:

Tony Best

Tony Best, Secretary

BOARD OF COMMISSIONERS OF THE
NORTH MERCER WATER DISTRICT

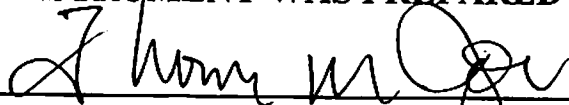
THIS INSTRUMENT WAS REVIEWED BY:

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ATTORNEY FOR SOUTH ANDERSON WATER DISTRICT

THIS INSTRUMENT WAS PREPARED BY:



THOMAS M. JONES

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ATTORNEY FOR NORTH MERCER WATER DISTRICT