

AGREEMENT

This **AGREEMENT** made and entered into this 27th day of January 2015, by and between **WARREN FISCAL COURT** of Warren County, Kentucky (hereinafter referred to as "County") and the **WARREN COUNTY WATER DISTRICT** (hereinafter referred to as "Water District").

WITNESSETH:

WHEREAS, the County has found, determined and declared that it is in the best interest of the County to construct a public project consisting of a sanitary sewer system (the "System") in the vicinity of the Scottsville Road generally along the route shown on **EXHIBIT 1** attached to this Agreement and titled "Alvaton Area Sewer Interceptor Capital Recovery Area (SICRA)", dated October 16, 2014. The capital recovery area shown on **EXHIBIT 1** is hereinafter referred to as the "SICRA"; and

WHEREAS, the Water District has agreed to prepare the plans and specifications and to construct the System and to obtain financing to pay for the System (the "Loan") with the understanding that the County agrees to assist in the payment of the indebtedness evidenced by the Loan in an amount equal to the required debt service payments not offset by the Water District's collections of capital recovery contributions generated within the SICRA as shown in the **EXHIBIT 2**; and

WHEREAS, the County further finds and determines that benefits will accrue to the County and to the citizens thereof from the construction of the System by providing sanitary sewer service to a county park, increasing development by providing sanitary sewer services to promote the construction of residential structures, by increasing employment in that area and by increases in tax revenues generated by increased development;

| |
|--|
| KENTUCKY |
| PUBLIC SERVICE COMMISSION |
| <i>James W. Gardner</i> |
| ACTING EXECUTIVE DIRECTOR |
| WARREN COUNTY |
| <i>Brent Kirtley</i> |
| EFFECTIVE |
| 3/1/2016 |
| PURSUANT TO 807 KAR 5:011 SECTION 9 (1) |

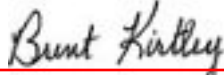
WHEREAS, in consideration of the social and economic benefits to be received by the County and the residents thereof and in furtherance of the public purposes to be accomplished through the construction of the System, the County hereby commits to assist in the financing of the System; and,

WHEREAS, in order to assist in financing the System, the Water District agrees to apply for and strive to obtain the Loan from the Kentucky Infrastructure Authority (KIA) as necessary to pay for the installation of the System; the Water District agrees to charge appropriate fees to use the System; and the County agrees to guarantee payments on the loan for any amounts which are not covered by capital recovery contributions received by the Water District from customers located within the SICRA.

NOW, THEREFORE, in consideration of the premises contained herein, the County and Water District covenant and agree as follows:

1. The Water District will apply for the Loan required to pay all necessary costs for the installation of the System in the vicinity of the Scottsville Road as depicted in the attached **EXHIBIT 1**. The Loan shall be used solely for the purposes of installing the System with appurtenances thereto and all costs attendant therewith.

2 The Water District agrees to establish and collect appropriate capital recovery contributions to help defray the cost of the installation of the System in accordance with its tariff as may be amended and approved by the Public Service Commission. These contributions shall be collected from customers who apply for sewer service on properties located within the SICRA boundary shown on **EXHIBIT 1** throughout the term of the Loan.

| |
|---|
| KENTUCKY PUBLIC SERVICE COMMISSION |
| James W. Gardner ACTING EXECUTIVE DIRECTOR |
| TARIFF BRANCH |
|  |
| EFFECTIVE 3/1/2016 PURSUANT TO 807 KAR 5:011 SECTION 9 (1) |

3. The County, in order to induce the Water District to obtain the Loan and to install the System, does hereby guarantee to the Water District that the County shall appropriate and pledge to pay any shortfall in debt service not generated by capital recovery contributions received by the Water District from customers located within the SICRA for the fiscal year of the County ending June 30, 2016. Debt service payments shall include principal, interest and any additional service fees which may be required by KIA. The County agrees to automatically renew this pledge for each subsequent fiscal year until the Loan is paid in full unless the County notifies the Water District in writing, within sixty (60) days prior of the end of any fiscal year that such pledge shall not so renew.

4. For the purpose of this Agreement and in order that the County will know the sums required to be paid pursuant to this Agreement, the Water District shall in November of each year during the term of this Agreement and so long as any principal balance of the Loan is outstanding, calculate the total capital recovery contributions received by the Water District from customers who are located within the SICRA through the previous 12-month period ending October 31. On or before December 1 of each year, the Water District shall notify the County of the amount of such contributions allocated to debt service for the Loan and the remaining amounts of the upcoming debt service required to be paid by the County. Such payments from the County shall be received by the Water District on or before December 20 of each year during the term of the Agreement.

In any year that the capital recovery contributions exceed the debt service for the Loan, such excess amount shall be held by the Water District to help offset future annual debt service payments on the Loan.

KENTUCKY
PUBLIC SERVICE COMMISSION
James W. Gardner
TARIFF BRANCH
Brent Kirtley
EFFECTIVE
3/1/2016
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

U12-C-2

5. The parties agree to take all necessary action and to execute all necessary documents permitted by law and existing contractual commitments to carry out this Agreement. The parties further acknowledge that the performance of the Water District's obligations hereunder are subject to the approval of the Public Service Commission of Kentucky.

6. The Water District is directed by the County to proceed with preparation of plans and specifications in anticipation of the construction of the System and to proceed to take such other actions as may, in the Water District's sole discretion, be deemed advisable in order to expedite the public project contemplated by this Agreement with the exception of final execution of the Loan Agreement. All costs incurred by the Water District in preparation of plans and specifications, acquisition of any needed rights-of-way and easements, preparation of contract documents and requests for bids, filing of required application with the Public Service Commission to obtain approval for the proposed System, obtaining the required financing, and construction contract inspection and administration shall be borne by the Water District representing its in kind contribution toward the total cost of the System.

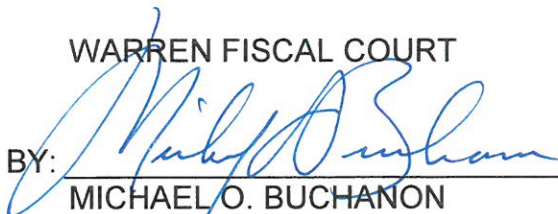
The Water District will not finalize the Loan Agreement with KIA until specifically instructed by the County that the County wishes the public project to go forward and that all conditions contained in this Agreement have been met, at which time the Water District will be so instructed to proceed with the Loan Agreement.

7. This Agreement contains the entire agreement between the parties and may not be modified except in writing executed by all parties. If any provision of this Agreement is held to be invalid or unenforceable, the invalidity of such provision shall not affect the remaining provisions of this Agreement.

| |
|---|
| KENTUCKY PUBLIC SERVICE COMMISSION |
| James W. Gardner ACTING EXECUTIVE DIRECTOR |
| TARIEFF BRANCH <i>Brent Kirtley</i> |
| EFFECTIVE 3/1/2016 PURSUANT TO 807 KAR 5:011 SECTION 9 (1) |

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

WARREN FISCAL COURT

BY: 
MICHAEL O. BUCHANON
WARREN COUNTY JUDGE/EXECUTIVE


ATTEST:

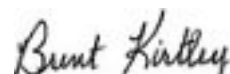

BRENDA HALE, FISCAL COURT CLERK

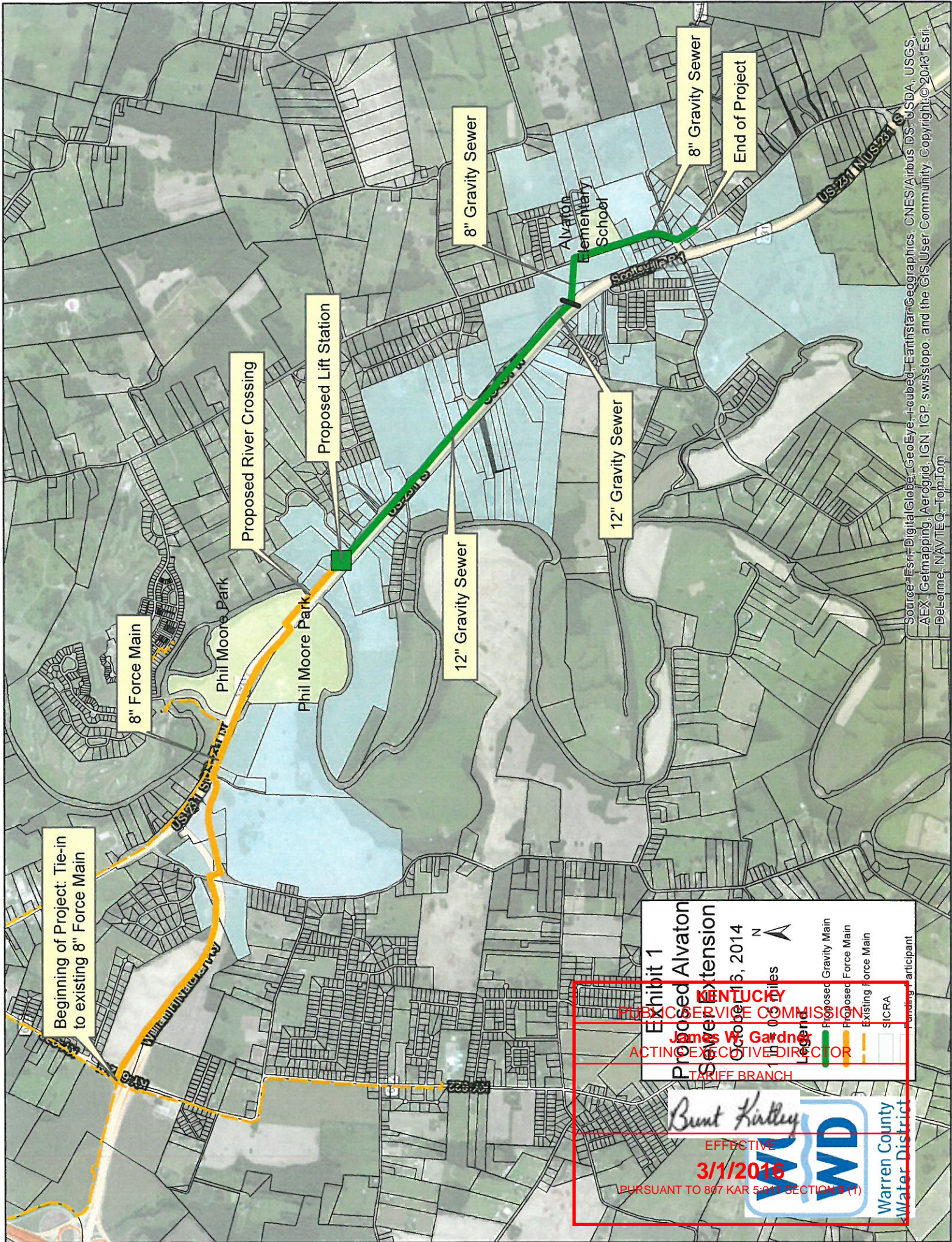
WARREN COUNTY WATER DISTRICT

BY: 
HENRY HONAKER, CHAIRMAN

ATTEST:


GLEN JOHNSON, SECRETARY

| |
|--|
| KENTUCKY PUBLIC SERVICE COMMISSION |
| James W. Gardner ACTING EXECUTIVE DIRECTOR |
| TARIFF BRANCH  |
| EFFECTIVE 3/1/2016 PURSUANT TO 807 KAR 5:011 SECTION 9 (1) |



Beginning of Project: Tie-in to existing 8" Force Main

8" Force Main

Phil Moore Park

Proposed River Crossing

Proposed Lift Station

12" Gravity Sewer

8" Gravity Sewer

12" Gravity Sewer

8" Gravity Sewer

End of Project

Exhibit 1
Proposed Alvaton Sewer Extension
 October 16, 2014

KENTUCKY PUBLIC SERVICE COMMISSION
James W. Gardner
 ACTING EXECUTIVE DIRECTOR
 TARIFF BRANCH

Legend

- Proposed Gravity Main
- Proposed Force Main
- Existing force Main
- SICRA
- Participating participant

Scale: 1 inch = 100 feet

Brent Kirtley
 EFFECTIVE
3/1/2016
 PURSUANT TO 807 KAR 5:011 SECTION 13 (1)

Warren County Water District

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community. Copyright © 2013 Esri, DeLorme, NAVTEQ, TomTom

Exhibit 2
Alvaton Area Sewer Interceptor
 Warren County Water District
 October 16, 2014

PROJECT COST

| ITEM NO. | DESCRIPTION | QTY. | UNIT | UNIT COST | TOTAL COST |
|---|---------------------------------|--------|------|--------------|-----------------------|
| 1 | Drakes Creek Lift Station | 1 | LS | \$225,000.00 | \$225,000.00 |
| 2 | River Crossing 8" Rest. Jt. DIP | 260 | LF | 100.00 | 26,000.00 |
| 3 | Air/Vac Release Station | 6 | EA | 3,000.00 | 18,000.00 |
| 4 | 8" CL 160 PVC Sewer Force Main | 13,900 | LF | 32.00 | 444,800.00 |
| 5 | 8" Gravity Sewer | 4,000 | LF | 45.00 | 180,000.00 |
| 6 | 12" Gravity Sewer | 8,000 | LF | 55.00 | 440,000.00 |
| 7 | Manhole | 33 | EA | 2,500.00 | 82,500.00 |
| 8 | Easement & Property Acquisition | 1 | LS | 20,700.00 | 20,700.00 |
| Subtotal | | | | | \$1,437,000.00 |
| Construction Contingency | | | | | 143,700.00 |
| Total Construction Estimate | | | | | \$1,580,700.00 |
| Design, Inspection, and Construction Services | | | | | \$180,000.00 |
| Total Project Cost | | | | | \$1,760,700.00 |

PROJECT FUNDING

| | | |
|-----------------------|---------------------|-----------------------|
| 1 | School Contribution | \$490,650.00 |
| 2 | WCWD Contribution | \$180,000.00 |
| 3 | SICRA Capital Cost | \$1,090,050.00 |
| Total Project Funding | | \$1,760,700.00 |

SICRA FINANCING

| | |
|-----------------------------|--------------------|
| SICRA Capital Cost | \$1,090,050.00 |
| KIA Financing - (20 Yr, 3%) | \$73,268.48 |
| Existing Properties | 98 |
| Developable Lots | 1519 |
| Total Units | 1617 |
| SICRA Assessment | \$674.12 |
| Use | \$680.00 |

Capital Recovery Contributions

| Water Meter Size | Meter Diameter Ratio | Contribution Amount |
|------------------|----------------------|---------------------|
| 5/8" | 1 | \$680 |
| 1" | 1.6 | \$1,090 |
| 1-1/2" | 2.4 | \$1,630 |
| 2" | 3.2 | \$2,180 |
| 3" | 4.8 | \$3,260 |
| 4" | 6.4 | \$4,350 |
| 6" | 9.6 | \$6,520 |

KENTUCKY
PUBLIC SERVICE COMMISSION

James W. Garner
ACTING EXECUTIVE DIRECTOR

TARIFF BRANCH

Brent Kirtley

EFFECTIVE
3/1/2016
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)