

AGREEMENT

THIS AGREEMENT, made and entered into this the 13th day of May, 1985, by and between KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation with offices at 2300 Richmond Road, Lexington, Kentucky, hereinafter referred to as "Company," and the City of Midway, Kentucky, a municipality of the 5th class, hereinafter referred to as "City."

W I T N E S S E T H:

WHEREAS, Company is engaged in the business of operating a waterworks system in the City of Lexington, Fayette County, Kentucky, and contiguous counties, including parts of Woodford County, pursuant to Certificates of Public Convenience and Necessity issued to Company by the Public Service Commission of the Commonwealth of Kentucky, and

WHEREAS, City owns and operates a water treatment plant and associated distribution facilities, and

WHEREAS, City has determined that it is in the best interests of its citizens and customers currently served by the water treatment and distribution system owned by it for Company to be the exclusive source of potable water,

NOW, THEREFORE, the parties hereto do hereby agree as follows:

1. Company will install approximately 20,600 feet of 8 inch PVC water transmission main with associated meter installations and meters from an existing 8 inch transmission main of Company near the Fayette-Scott County line along Highway 421 to a point at the intersection of U.S. 421 and Winter Street near the

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Midway, Kentucky city limits to and connecting with an existing 6 inch main owned by City. The metering permit for all water delivered and sold thru this main to be installed shall be near its connection with the facilities owned by the City of Midway near the intersection of U.S. 421 and Winter Street.

2. Company will install approximately 1,750 feet of 6 inch PVC transmission main from the facilities to be installed in numerical paragraph 1 above along Davistown Lane.

3. The estimated cost of construction and installation of all the facilities mentioned above is the sum of \$421,000. City has received approval of its application for a community development block grant in the total amount of \$229,200; \$192,700 of which is for the construction and installation of the facilities mentioned above, \$16,500 to cover City's costs of administration, and \$20,000 for contingencies. The City is committed to the Company for the sum of \$192,700 along with funds which have been committed from Midway College (5,000), individuals along the route (\$12,000), and from City itself \$11,400. These funds shall be paid to Company to the extent necessary to complete the project contemplated by this agreement. Payment to the Company will be made within twenty (20) days after receipt by the City of an itemized invoice for work completed to the date of the invoice. Company shall invest in the facilities an amount necessary to complete the construction and installation thereof, but in no event shall Company's investment exceed \$199,000. In the event the maximum contribution from Company does not adequately fund the project, then and in that event, City will make available to Company such amounts of the \$20,000 contingency funds as may be necessary to complete the project. If the total actual cost is less than \$421,000, the difference between actual cost and \$421,000

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shall be shared between the parties hereto on the basis of 50.8% to Company and 49.2% to City. (\$199,000 = \$192,700 = \$391,700 divided by \$199,000 = 50.8%). The construction of the project contemplated by the contract shall be undertaken by obtaining competitive bids. If the total of these bids exceeds \$402,000 the City shall have the option of withdrawing from this contract and shall have no obligation to Company.

4. Upon installation of the facilities and the commencement of their operation, City agrees to retire its existing treatment and pumping plant and will, for a period of time for 40 years after date of this agreement, purchase all of its potable water needs from Company and Company shall supply all of the potable water needs of City. All of the needs of City shall be supplied by Company pursuant to its regulations, rules and rates as the same may exist from time to time and as may be changed, modified or adjusted by the Public Service Commission of the Commonwealth of Kentucky. If however at any time it is mutually agreed by the parties hereto that Kentucky-American is unable to adequately supply the City's demands, the City will be allowed to reactivate its plant for that interim period of time to supplement the supply furnished by Kentucky-American. If such an event should occur, Kentucky-American shall make every reasonable effort to correct any such deficiency and as soon as the deficiency is corrected the City of Midway shall again cease the operation of its treatment plant and receive its total supply from Kentucky-American.

5. During the term of this contract, ^{FEB 24 1992} 40 years after the date hereof, Kentucky-American Water Company will ^{RES} have the right of first refusal to purchase the entire water transmission and

distribution system of City should City determine that it is for sale. Company shall be notified in writing of any bona fide offer that City may have and Company shall have ninety days thereafter to meet any such offer.

6. The parties heretodo hereby acknowlege that the installation of the facilites pursuant to this agreement will be, in some areas, in private easements, and City does hereby agree to exert its best efforts and assist the company in every way possible in the acquisiton of the easements.

7. The facilites installed pursuant to this agreement shall be and remain the property of Company who shall be solely responsible for their maintenance.

IN WITNESS WHEREOF, the appropriately authorized officials and officers of the parties hereto have hereunto affixed their signatures this the day and year first above written.

KENTUCKY-AMERICAN WATER COMPANY

BY: *R. H. Lewis*
Vice President

CITY OF MIDWAY
BY: *Owen C. Rouse Jr.*
Mayor

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