

AGREEMENT

THIS AGREEMENT, having an effective date of MARCH 7, 2000, is made and entered into by and between the **HARDIN COUNTY WATER DISTRICT NO. 2 (“DISTRICT”)**, P.O. Box 970, Elizabethtown, Kentucky 42702; and **MARATHON ASHLAND PETROLEUM LLC (“MAP”)**, 539 South Main Street, Findlay, Ohio 45840;

WITNESSETH

WHEREAS, the DISTRICT is a public water district organized and operated pursuant to the provisions of KRS Chapter 74. It is a public body corporate. It provides water service to certain designated areas of Hardin and LaRue Counties, Kentucky, including the Glendale area;

WHEREAS, MAP is expanding its current facilities located at the northeast quadrant of the I-65/Kentucky Highway 222 interchange in Hardin County, Kentucky;

WHEREAS, MAP has requested the DISTRICT to provide 15,000 gallons of water per day at 50 psi for domestic use (the “MAP Demands”);

WHEREAS, the DISTRICT’S consulting engineer has performed a hydraulic analysis of the DISTRICT’S water distribution system and has determined that the

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DISTRICT cannot meet the MAP Demands without making substantial improvements to its existing water infrastructure facilities (the "Improvements");

WHEREAS, the DISTRICT does not have the financial resources to construct the needed Improvements;

WHEREAS, MAP is willing to pay 30% of the actual cost of constructing the Improvements, provided its portion of the cost does not exceed the sum of \$137,100 (\$457,000 x 30% = \$137,100);

WHEREAS, the DISTRICT is willing to construct a larger water storage tank than the 150,000 gallon tank required to meet the MAP Demands and the immediate demands of other development in the Glendale area; and

WHEREAS, the Improvements will enhance the water distribution facilities of the DISTRICT and will enable the DISTRICT to provide a higher level of water service to its existing and future customers in the Glendale area;

NOW THEREFORE, in consideration of all the foregoing preambles and the mutual terms and conditions contained herein, the DISTRICT, and MAP agree as follows:

1. IMPROVEMENTS TO BE CONSTRUCTED. The DISTRICT shall construct the necessary water distribution system infrastructure improvements to enable it to meet the MAP Demands. Based upon the Preliminary Engineering

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BY: *Stephanie Bell*

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Report prepared by the DISTRICT'S consulting engineer, the DISTRICT shall construct, at a minimum, the Improvements set forth in **EXHIBIT A**, which is attached hereto and incorporated herein by reference. It is contemplated that the DISTRICT shall construct a larger water storage tank than the 150,000 gallon tank specified in **EXHIBIT A**. The DISTRICT shall pay for the differential cost of constructing a larger water storage tank.

2. **PAYMENT.** MAP shall pay 30% of the actual costs incurred by the District in planning, designing and constructing the Improvements set forth in **EXHIBIT A**, or the sum of \$137,100, whichever is less.

3. **DEPOSIT OF FUNDS.** Once the DISTRICT has received construction bids for the water storage tank and its consulting engineer has prepared a revised Project Cost Summary, MAP shall immediately deposit with the DISTRICT the sum of \$68,550 ($\$137,100 \times 50\% = \$68,550$). The DISTRICT shall not be obligated to award the tank construction contract nor to execute a contract for the tank construction until MAP has made the required deposit with the DISTRICT. The balance of MAP's obligation shall be paid to the DISTRICT within ten (10) days after receipt of the first payment request by the tank contractor. The DISTRICT shall keep the funds deposited by MAP in a separate account and shall not utilize these funds for any purpose other than paying Project costs. Any funds remaining in the account

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after the completion of the Project shall be refunded to MAP.

4. AUDIT OF PROJECT COSTS. The DISTRICT shall promptly furnish MAP with a copy of all tank contractor bids, the bid tabulation , invoices, contractor payment request forms, and any other documents or records necessary for MAP to verify the Project costs. MAP shall have the right to inspect, during normal business hours and upon reasonable notice, all financial records of the DISTRICT pertaining to this Project.

5. ADDITIONAL COSTS AND IMPROVEMENTS. The DISTRICT bears the risk of paying for all Project costs that exceed the sum of \$457,000. Also, in the event the DISTRICT is unable to provide the MAP Demands after the Improvements are constructed, and it is necessary for the DISTRICT to construct additional improvements, then the DISTRICT shall pay for the actual cost of constructing those additional improvements.

6. WORK TO BE PERFORMED BY DISTRICT. In order to expedite this Project, the DISTRICT anticipates that it will furnish the labor and equipment necessary to construct a portion of the Project, including upgrading the Glendale Road Pump Station, relocating the White Mills Pump Station, and installing the 12" water line. The DISTRICT shall perform these tasks on a time and material basis. These costs shall be included in the Project costs for which MAP is responsible.

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BY: Stephan D. Bull
SECRETARY OF THE COMMISSION

7. **SCHEDULE.** The DISTRICT shall expedite this Project and guarantees that it will be able to provide the MAP Demands by no later than April 14, 2000.

IN WITNESS WHEREOF the Parties hereto have caused the Agreement to be executed by its duly authorized officers or representatives.

HARDIN COUNTY WATER
DISTRICT NO. 2

DATE: 3-7-2000

BY: *Michael L. Bell*
MICHAEL L. BELL, CHAIRMAN

ATTEST:

BY: *Coleman Crady*
COLEMAN CRADY, SECRETARY

MARATHON ASHLAND
PETROLEUM LLC

DATE: 2/25/00

BY: *Shawn M. Lyon*
SHAWN M. LYON
MARKETING & TRANSPORTATION
ENGINEERING MANAGER

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SECTION 9(1)

BY: *Stephan Bell*
SECRETARY OF THE COMMISSION