

THIS SERVICE AGREEMENT is made and entered into this 21<sup>st</sup>  
day of November, 1986, by and between BOONESBORO WATER  
ASSOCIATION, INC., 136 Hud Road, Winchester, Kentucky 40391,  
(hereinafter referred to as "BWA"), and VERNA HILLS NEIGHBORHOOD  
ASSOCIATION, INC. (hereinafter referred to as "VHNA"), whose  
address is Post Office Box 4377, Winchester, Kentucky 40392.

WITNESSETH: That, whereas, VHNA is the operator of the  
sanitary sewer system and appurtenances thereto serving the sub-  
division of Verna Hills, Clark County, Kentucky; and

WHEREAS, VHNA has established charges for sanitary sewer  
services based upon water usage by its customers; and

WHEREAS, BWA is engaged in the business of providing water  
service to certain areas or territories within Clark County,  
Kentucky, including but not limited to Verna Hills Subdivision,  
located on the north side of U. S. 60 in Clark County, Kentucky;  
and

WHEREAS, VHNA has requested BWA to provide billing services  
for the sewer charges assessed to the residents of Verna Hills  
Subdivision, and

WHEREAS, BWA is willing to provide this billing service,  
under conditions specified herein;

NOW, THEREFORE, for and in consideration of the mutual  
benefits to be derived by the parties hereto, the parties covenant  
and agree as follows:

1. VHNA shall notify their customers by direct mail about  
this agreement including the date or month that BWA will begin  
providing this billing service. A copy of this letter will be  
furnished BWA for inclusion in each customers' file.

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2. VHNA shall coordinate the sewer billing date to correspond to the billing date for water service.

3. VHNA shall coordinate the due date of the sewer bill to the water bills to eliminate multiple disconnects. The date on which the sewer bill becomes delinquent will correspond with date the water bill becomes delinquent.

4. VHNA shall coordinate the changeover from a flat fee to billings based on water usage and shall bill and collect for any partial months caused by this change.

5. VHNA shall adopt a late fee charge compatible with the late fee charged water customers by BWA.

6. BWA shall compute each sewer bill based on the water usage and shall include this amount as a second line on the water bill.

7. BWA shall maintain an individual account for the Verna Hills Neighborhood Association in their accounting system in order to identify all charges and collections applicable to the Verna Hills sewer charges.

8. In the event a customer does not pay the water and/or sewer bill by the due date, BWA will initiate a letter to the customer giving notification that their account is past due and if payment is not received by the specified date, their service will be discontinued and there will be a fee for reinstating the service. This fee is retained by BWA to cover the costs of reinstating the service once the charges and fees have been paid. VHNA shall indemnify and hold harmless BWA from all costs, including reasonable attorneys' fees, arising out of such termination of sewer service.

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9. BWA will charge a fee of four (4) percent of total charges billed for each month with the minimum charge to be \$200. A check will be issued by BWA no later than the 25th of each month for the amount of collections for the month less the BWA fee for billing. A list of accounts collected and accounts that are delinquent will be furnished to VHNA along with the check.

10. In the event a customer moves leaving an unpaid balance, BWA will notify VHNA and it will be the responsibility of the VHNA to pursue collection of the sewer charges.

11. This agreement shall become effective on the day and year first above written and shall remain in effect until terminated by either party giving ninety (90) days advance notice in writing to the other party.

This Agreement has been executed by the parties hereto, by their appropriate authorized representatives, and a certified copy of the resolutions of the governing authorities of each is attached hereto.

BOONESBORO WATER ASSOCIATION, INC.

BY: *James A. [Signature]*

VERNA HILLS NEIGHBORHOOD ASSOCIATION, INC.

BY: *B.C. McCord*  
*B.C. McCord*  
President

RESOLUTION

At the regular meeting of the Board of Directors of the Boonesboro Water Association, Inc., duly held on the 14th day of November 1996, the following resolution, which is still in force and effect, was duly adopted and a written record thereof made, namely:

"RESOLVED, that the President and Secretary/Treasurer be and they are hereby authorized on behalf of the Association to execute an agreement with the Verna Hills Neighborhood Association, Inc. to provide billing services to the Verna Hills Neighborhood Association for their sewer charges."

TYPEWRITTEN NAME	TITLE	SIGNATURE
<u>Harold A. Adams</u>	President	<u><i>Harold A. Adams</i></u>
<u>David A. Sizemore</u>	Secretary/Treasurer	<u><i>David A. Sizemore</i></u>

"IT IS FURTHER RESOLVED, that all parties involved are authorized to rely upon the aforesaid resolution until receipt by it of written notice of any change or revocation thereof."

We certify that the above is a true copy of a resolution adopted under date given, is still in effect and it does not conflict with any of the by-laws of the corporation.

Signed and delivered this 14th day of November 1996.

*Harold A. Adams*  
President

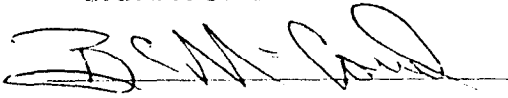

Corporate Seal

*David A. Sizemore*  
Secretary/Treasurer

RESOLUTION

At the regular meeting of the Board of Directors of the Verna Hills Neighborhood Association, Inc., duly held on the 21st day of November 1996, the following resolution, which is still in force and effect, was duly adopted and a written record thereof made, namely:

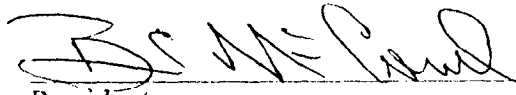
"RESOLVED, that the President and the Secretary be and they are hereby authorized on behalf of the Association to execute an agreement with the Boonesboro Water Association, Inc. for Boonesboro Water Association to provide billing services for the Verna Hills sewer charges."

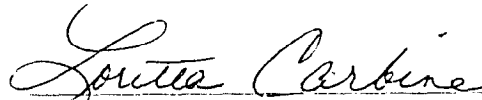
TYPEWRITTEN NAME	TITLE	SIGNATURE
B. C. McCord	President	
Loretta Carbine	Secretary	

"IT IS FURTHER RESOLVED, that all parties involved are authorized to rely upon the aforesaid resolution until receipt by it of written notice of any change or revocation thereof."

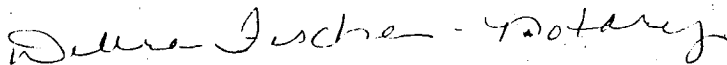
We certify that the above is a true copy of a resolution adopted under date given, is still in effect and it does not conflict with any of the by-laws of the corporation.

Signed and delivered this 21st day of November 1996.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary

Resby VHNA

  
7-13-97