

THIRD AMENDMENT OF CONTRACT

THIS THIRD AMENDMENT OF CONTRACT, having an effective date of 24 March 1981, by and between GREEN RIVER VALLEY WATER DISTRICT, a Water District created under and existing by virtue of the provisions of Chapter 74 of the Kentucky Revised Statutes, (for convenience sometimes herein called the "DISTRICT"); THE CITY OF HORSE CAVE, KENTUCKY, a Municipal Corporation of the Fifth Class in Hart County, Kentucky, and HORSE CAVE WATER AND SEWER COMMISSION, (for convenience both herein called "HORSE CAVE"); and THE CITY OF CAVE CITY, KENTUCKY, a Municipal Corporation of the Fifth Class in Barren County, Kentucky, and CAVE CITY WATER AND SEWER COMMISSION (for convenience both herein referred to as "CAVE CITY");

W I T N E S S E T H:

WHEREAS, the Parties entered into an original Contract dated 15 June 1961;

WHEREAS, said Contract was amended by an Amendment of Contract (hereinafter sometimes referred to as FIRST AMENDMENT) dated as of 1 February 1962;

WHEREAS, said Contract and First Amendment were subsequently amended by another Contract (sometimes herein referred to as SECOND AMENDMENT) made and entered into as of 14 April 1976;

WHEREAS, a dispute has arisen between the DISTRICT and HORSE CAVE over the DISTRICT'S method of metering, billing and collecting for line losses within HORSE CAVE and over the manner

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PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY: B. Jones

in which the DISTRICT has operated, maintained and repaired the water distribution system in HORSE CAVE;

WHEREAS, the Parties have now resolved their differences and desire to enter into this THIRD AMENDMENT OF CONTRACT to set forth the settlement agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

(1) Both Horse Cave and Cave City shall be given a 15% credit against each monthly line loss accounting, unless all of the bond holders and bond counsel of any outstanding bond issue of both cities should hereafter approve a reduction of that city's credit from 15% to 10%, in which event the monthly line loss credit would be only 10% for both cities.

(2) No line loss would be charged to either Horse Cave or Cave City that was not computed from the joint reading of all master meters to Horse Cave and Cave City taken within the same six hour period by three persons, with one each being selected by the District, the Horse Cave Board of Water and Sewer Commission and the Cave City Water and Sewer Commission.

(3) The Horse Cave Board of Water and Sewer Commission will pay the District \$20,149.07, which the District will accept in full settlement and release of the total \$40,298.14 claimed by the District against Horse Cave for water line losses from 1 December 1979 through November 1980, with said \$20,149.07 sum being first paid out of the proceeds of the \$19,472.03 joint escrow savings account presently owned by the Horse Cave Commission and the District.

(4) Commencing with 1 December 1980, if one month's water line loss to either Horse Cave or Cave City exceeds a gross 30% (prior to the deduction for that City's credit against line loss), the District shall thereafter have only the following two months in which to reduce that city's gross water line loss to 30% or less or prove to the satisfaction of that city that any such excessive loss above a gross 30% is not due to the District's failure to properly perform its obligation of bearing the "responsibility, cost and expense

of operating, maintaining, repairing, meter reading, billing and collecting for and on behalf of the City." During that said first three month period, the District shall be responsible for the first 15% of the line loss, and the City involved would then be responsible for the next 15%. The District and City would then be each responsible for 50% of the line loss above the gross 30%. If the line loss is above a gross 30% for three consecutive months and the District does not prove to the satisfaction of that City that any such excessive line loss above a gross 30% is not due to the District's failure to properly perform its obligation of bearing the "responsibility, cost and expense of operating, maintaining, repairing, meter reading, billing and collecting for and on behalf of the City," then that City will not have to pay any line loss above the 30% gross until the District has reduced the line loss to below 30% gross; provided, however, the City shall not unreasonably withhold its said satisfaction as to the proof presented by the District. For example, this provision became applicable as of 1 December 1980 as to Horse Cave because its December 1980 water line loss was a gross 48.61% and remained applicable through 31 January 1981 because Horse Cave's January 1981 gross line loss was 33.9%. However, this provision became inapplicable during the third month as of 1 February 1981, because the February 1981 gross line loss was only .2%. Therefore, the District and Horse Cave would each pay 50% of the gross line losses for December 1980 and January 1981 and Horse Cave would pay no line loss for February 1981, since the gross .2% loss would be within its monthly line loss credit.

(5) None of the foregoing shall in any way effect, increase or reduce the various rights, responsibilities and obligations the District and the two cities have under their said Original Contract and First Amendment and Second Amendment thereto, since the parties intend the foregoing to be merely a supplemental agreement interpreting the manner in which certain of these "rights, responsibilities and obligations" are to be performed. Furthermore, none of the foregoing shall be considered a waiver of the City of Horse Cave's continuing objection to the manner in which the District has been measuring and reporting the quantity of water supplied by the District to Horse Cave.

IN TESTIMONY WHEREOF, the Parties hereto have caused this instrument to be executed in multiple copies in their names and on behalf, each by its duly authorized officer whose signature

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

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is attested by the duly authorized clerk or secretary, and  
each Party has caused its seal to be affixed to each copy.

GREEN RIVER VALLEY WATER DISTRICT

ATTEST:

BY: *Donald McDonald*  
DONALD McDONALD, Secretary

BY: *Jack London*  
JACK LONDON, Chairman

CITY OF HORSE CAVE, KENTUCKY

ATTEST:

BY: *Viola Richey*  
VIOLA RICHEY, City Clerk

BY: *Kenneth Russell*  
KENNETH RUSSELL, Mayor

HORSE CAVE WATER AND SEWER COMMISS

ATTEST:

BY: *Chris Clark*  
SECRETARY

BY: *William A. Conyers*  
WILLIAM A. CONYERS, Chairma.

CITY OF CAVE CITY, KENTUCKY

ATTEST:

BY: *Lloyd Green*  
LLOYD GREEN, City Clerk

BY: *Clyde Hubbard*  
CLYDE HUBBARD, Mayor

CAVE CITY WATER AND SEWER COMMISSI

ATTEST:

BY: *Buddy Logsdon*  
SECRETARY

BY: *Russell Green*  
CHAIRMAN