

THIS AGREEMENT, made and entered into this 13 day of October, 1962, by and between LEXINGTON WATER COMPANY, a Kentucky corporation having its office at 167 North Upper Street, Lexington, Kentucky (hereinafter sometimes called "COMPANY"), party of the first part, and SPEARS WATER DISTRICT, a Water District duly organized and existing under and by virtue of the laws of Kentucky, having an office at Spears, Kentucky (hereinafter sometimes called "DISTRICT"), party of the second part.

W I T N E S S E T H:

THAT, WHEREAS the District has been formed for the purpose of supplying water for the inhabitants of District, and wishes to purchase, upon the terms and conditions hereinafter set forth, water in the quantities hereinafter mentioned from the Company for resale by District to its customers, and

WHEREAS, the Company is willing to sell water, in the quantities and upon the terms and conditions hereinafter stated, to District for resale by District to inhabitants of said District,

NOW, THEREFORE, in consideration of the mutual covenants of the parties hereto as hereinafter contained, it is hereby agreed by and between the parties hereto as follows, to-wit:

1. Company agrees to sell to District, and District agrees to purchase from Company, at the rates hereinafter

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mentioned, such quantities of water as the District may hereafter from time to time require, not to exceed Two Hundred (200) gallons per minute, per connection, said water to be furnished at a connection to a main of the Company at:

A point on Whites Lane where the distribution line of Company crosses said road.

2. It is understood by the parties hereto that the District has constructed, or shall hereafter construct, and will maintain within said District a system of water works for the purpose of supplying inhabitants of the District with water for domestic, farm, public and manufacturing purposes and that the District shall have its water distribution system connected with existing water mains of the Company at the delivery point referred to in Paragraph 1 above, such connection to be a single meter connection.

3. It is further understood and agreed by the parties hereto that the Company shall not be required to provide uniform flows or maintain pressures to the District and that the District shall provide such elevated tanks, standpipes or pumps as may be necessary to provide adequate service to its customers.

4. It is understood and agreed that the Company does not by this agreement undertake or contract that the service rendered through these connections shall include fire protection or sufficient quantities of water for fire extinguishment; and that the District is fully aware that if it or its customers desire fire protection or sufficient quantities of water for

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fire extinguishment, that the District must provide the same by the erection of elevated tanks, standpipes or ground storage with booster pumps for such service.

5. The obligation of the Company to supply water hereunder is further limited by the understanding that the Company shall undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the supply of water, but that it cannot and does not guarantee or warrant that such interruptions and fluctuations will not occur, or that because of emergencies due to breaks, leaks, defects, construction or necessary repairs in its facilities, or caused by fires, strikes, acts of God, or other causes, there may not be periods during which the supply may be curtailed or interrupted. In event of such interruptions or fluctuations, no liability of any nature shall be imposed upon the Company.

6. District agrees to pay to Company for water furnished under the terms of this agreement in accordance with the rates established by the Company from time to time and approved by the Public Service Commission of Kentucky. All statements rendered by Company to District for water furnished under this agreement shall be paid at the offices of the Company within ten (10) days from date rendered. This agreement is specifically made subject to the Rules and Regulations of the Company as approved by the Public Service Commission of Kentucky, as the same now exist or may hereafter be amended.

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7. If at any time hereafter any statement for water furnished hereunder is not paid within ten (10) days from date rendered, Company shall have the right to discontinue service hereunder.

8. Unless terminated sooner as hereinabove set forth, or unless Company's franchise with the City of Lexington is sooner terminated, this contract shall be for a period of forty (40) years, with an option in District to renew the same thereafter for an additional term of thirty (30) years.

9. If the limits of the City of Lexington should be extended to include any of the territory in which the mains, pipelines and facilities of the District have been installed, and from which service is then being rendered, and Company is required by franchise or contract with the City, or otherwise, to furnish domestic, industrial or public fire hydrant service in the territory so annexed to the City of Lexington, nothing in this agreement shall be held to prevent the rendition of such service by the Company from its own water lines in the territory so annexed.

10. In the event all or any part of the waterworks plant and facilities of the Company which are used in the furnishing of water hereunder are hereafter acquired by a municipal corporation or other governmental entity, then the Company shall be relieved of its obligations hereunder, and, in such event, this agreement shall be binding upon the municipality or governmental entity making such acquisition. This contract may

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be assigned by District to the United States of America, acting through the Farmers Home Administration, U. S. Department of Agriculture, or to the bondholders of said District, or to a receiver for their benefit in event of default of any payment of bond interest or principal, but any such assignment shall be subject to the terms and conditions herein stated. This agreement shall not become effective until approved by the Public Service Commission of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, the parties hereto have caused their corporate signatures to be affixed hereto by their duly authorized officers, all the day and year first above written.

LEXINGTON WATER COMPANY

ATTEST:

Edward W. Griffin
SECRETARY

By J. H. [Signature]

SPEARS WATER DISTRICT

ATTEST:

William J. [Signature]
SECRETARY

By Elizabeth Anderson
CHAIRMAN

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