

THIS AGREEMENT, made and entered into on this the 23rd day

of August, 2010, by and between the **CITY OF HARRODSBURG, KENTUCKY**, a Municipal Corporation of the fourth class organized in the Commonwealth of Kentucky, acting by and through, **Lonnie Campbell, Mayor**, pursuant to the authority of the Board of Commissioners of the City of Harrodsburg, Kentucky, with a mailing address of City Hall, 208 South Main Street, Harrodsburg, Kentucky 40330, hereinafter called the **CITY**, and **NORTH MERCER WATER DISTRICT**, a rural water district organized pursuant to Chapter 74 of the Kentucky Revised Statutes, and all other applicable law, acting by and through **Roy Short, Chairman of, and pursuant to Resolution of, its Board of Commissioners**, with a mailing address of Post Office Box 79, 108 Main Street, Salvisa, Kentucky 40372, hereinafter called the **DISTRICT**;

W I T N E S S E T H :

Prior contract, dated January 1, 1982, is hereby superseded, and further;

WHEREAS, the City desires to sell to the District, and the District desires to purchase from the City, purified water, the parties agree, as follows:

(1) The City agrees to furnish and sell treated water (of the same type and quality as it furnishes to its regular City customers), to the District through a meter or meters of standard type in use in the City, size to be designated by the District, but subject to the approval of the City and furnished, installed, and maintained by the District at no cost or expense to the City, upon the following special terms and conditions:



A. Connections within the City's existing water service have been made to the ten-inch main at the old city swimming pool on the Mackville Road; a second connection made on Highway 127 at Tapp Road from a twelve-inch water main; a third connection at Salt River on Cornishville Road from an eight-inch main; a fourth connection at Dry Branch Road on Perryville Road from an eight-inch main; a fifth connection at US 127 and US 127 Bypass from a twenty-inch main; and a sixth connection at Warwick Road from a twenty-inch main. It is anticipated that after the connections designated as fifth and sixth connections herein, the second connection located at US 127 and Tapp Road will be eliminated. Additional connections to the City's water service mains may be approved in writing by the City from time to time.

Notwithstanding any other provisions to the contrary, a connection shall be made to the District's Louisville Road main, at the site of the Anderson-Dean Community Park, with such connection providing service to the aquatic center, the baseball, soccer, and softball fields, and the various pavilions and structures. The District will read the meter at this connection, and the usage, whether in gallons or cubic feet, shall be deducted by the City from the monthly billings the City makes to the District

B. The City agrees that through said connections it will furnish to the District, such supply of purified water as the District may require up to thirty percent of the City's capacity to produce, which is presently *4.0 million gallons* per day. In the event that the available supply of purified water obtainable through the City's river intake and purification plant should fall short of the City's own needs and demands, the City may give reasonable notice to the District, and thereafter, prorate available water between the City and the District according to the respective use of the two bodies during the last twelve (12) months. Failure in the City's supply due to main breaks, power failure, floods, earthquakes, and other catastrophes shall excuse the City from compliance with supply terms until such occurrences are remedied.

C. The rules, regulations, and limitations which the City may impose upon other regular customers with respect to the use of its water will be applicable to the District which will cooperate with the City in enforcing same. The intention is for equality of rules and treatment for all customers for the prudent operation of the system.



(2) The District agrees to pay the City each month for water consumed as shown by the reading or combined readings of said meters through which water is furnished by the City to the District upon the following terms:

A. It is agreed that the District shall pay to the City, monthly, as billed, the same rate of charges for water received from the City through the facilities of said meters as the City charges and collects from time to time from its other customers of the same classification; and, upon failure of the District to pay the City's billing, the City shall be entitled to discontinue water service to the District in the same manner as the City may be entitled to discontinue service to any other customer of the same classification.

B. The City may review its rates of charge for water service annually and adjust rates as deemed appropriate for all City customers according to their classification. In the event the City should increase or decrease its rates of charge to its customers, an equal increase or decrease will be made in its charges to the District.

Current rates of charge, per month, are, as follows:

Minimum Bill - \$8.78 for first 250 Cu. Ft. (1,875 gal)
Next 750 Cu. Ft. (5,625 gal) for \$3.33 per 100 Cu. Ft. (750 gal)
Next 3,000 Cu. Ft. (22,500 gal) for \$2.90 per 100 Cu. Ft. (750 gal)
Next 6,000 Cu. Ft. (45,000 gal) for \$2.46 per 100 Cu. Ft. (750 gal)
Next 25,000 Cu. Ft. (187,500 gal) for \$2.10 per 100 Cu. Ft. (750 gal)
Next 25,000 Cu. Ft. (187,500 gal) for \$1.75 per 100 Cu. Ft. (750 gal)
All Over 60,000 Cu. Ft. (450,000 gal) for \$1.40 per 100 Cu. Ft. (750 gal)

C. The District will pay a minimum monthly water bill per meter to the City, according to the following schedule:

<u>Size of Meter</u>	<u>Minimum Charge Per Month</u>
1-1/2" and smaller	\$50.00
2" through 4"	\$100.00
6" through 8"	\$300.00
Over 8"	Negotiable

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The City may review its minimum meter charges annually and adjust rates as deemed appropriate for City customers according to their classification.

(3) The said water meters on which the District receives said supply of water from the City's waterlines, shall be the property of the District and will be maintained at the District's expense; provided, however, that the District shall have each meter independently tested each year by a mutually agreed testing agency and supply the City with a certified copy of meter test reports. Upon such testing, if any meter shall be found to be inaccurate beyond +/- two percent (2%) or other standards currently provided by the regulations of the Public Service Commission of Kentucky, immediate replacement or repair of any such meter shall be borne by the District. Payment for service during any period found to be inaccurate shall be 110 percent of the corresponding month(s) of the previous two (2) years which are known to be accurate meter readings as recorded by the City.

In the event that the City shall question the accuracy of the District's meter(s) between aforesaid regular testing, meter(s) shall be examined as herein before stated. If it is found upon such additional testing that the meter is inaccurate beyond the two percent (2%) variance stated above, such additional testing, repairs, and/or replacements shall be borne by the District, but otherwise the expense of such additional testing shall be borne by the City.

(4) A "notice" or a "request" by one party to the other party under the terms hereof shall be sufficient if in writing, mailed by the United States Certified Mail, return receipt requested, with all postage prepaid, and addressed to such other party in care of an officer of such party, designated by such party to receive notices hereunder. In the absence of such designation, such certified mail may be addressed in care of any executive officer of the receiving party, at the address set out in the preamble of this Agreement.



(5) Provided that the District's usage rate and volume does not cause deterioration of service of the City's other customers, the following represents the present and the expected demand and supply which the parties anticipate:

A. Existing System with Phase 1 Transmission and Storage Improvements to

City System

<u>Meter Location</u>	<u>Average Daily Flow</u>	<u>Peak Flow Rate</u>	<u>Pressure at Peak Flow Rate</u>
North 127	699,980 gpd (93,580 cu. ft.)	800 gpm (1,152,000 gpd)	54 psi
Cornishville Road	315,000 gpd (42,112 cu. ft.)	300 gpm (432,000 gpd)	74 psi
Mackville Road	252,000 gpd (33,690 cu. ft.)	400 gpm (576,000 gpd)	62 psi
Perryville Road	140,300 gpd (18,707 cu. ft.)	150 gpm (216,000 gpd)	65 psi
Warwick Road	480,000 gpd (64,171 cu. ft.)	500 gpm (720,000 gpd)	50 psi

B. Regional Water Resources Utilization and Cooperation.

The District has requested additional water supply over the life of this contract, and the parties acknowledge a substantial cost to the City to provide such increased production to the District. It is agreed that in view of the cooperative effort required and the dependency of one party upon the other, the City will be the primary provider of water to the District. The City acknowledges that the District has made, or is negotiating, agreements for additional supplies of water with Springfield Water and Sewer Commission, 603 West Main Street, Post Office Box 307, Springfield, Kentucky 40069; South Anderson Water District, 142 South Main Street, Lawrenceburg, Kentucky 40342; City of Danville, 445 West Main Street, Danville, Kentucky 40422; and Lake Village Water Association, Inc., 803 Pleasant Hill Road, Burgin, Kentucky 40310.

These parties acknowledge the increasing need for joint and/or cooperative action by all regional water utilities, and pledge their efforts toward these regional goals.

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(6) The District agrees it may construct and install, at its own expense and upon its own responsibility, such booster pumping, storage, and/or other facilities as may be necessary or desirable in the District's water distribution system.

(7) The District agrees that it will, at City's expense, terminate water service to any of its water customers which fail to pay for City sewer services.

(8) The term of this contract shall be for the period of fifty (50) years, beginning with the date of this Agreement.

(9) The City understands that the District's rights and privileges under this contract will be pledged to the United States of America, acting through Farmers Home Administration/Rural Development as Lender and/or bondholder, or any other creditor, agency or institution holding the District's bonds, as a part of the security for such indebtedness.

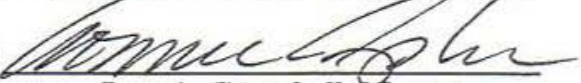
(10) In consideration of the premises above, the District agrees that all plans and specifications for installations within a 1-1/2 miles radii of the City shall be submitted to the City for review and comment before constructions of same.

(11) If the City desires to purchase the easements, lines, and other facilities of the District and assume responsibility for serving the District's customers in certain areas, which have been or may hereafter, be annexed into the City, the parties will exchange requested pertinent information and will negotiate in good faith for the sale and transfer of same. The parties realize that any sale or transfer of such assets may be contingent upon receiving approval from any agency providing funding or lending of funds to either of the parties in connection with their water treatment, transmission, storage or distribution systems.

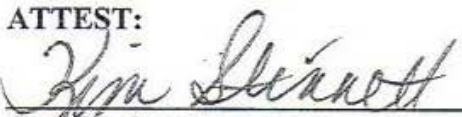


WITNESS the hands of the Mayor and the Clerk of the City of Harrodsburg, and the hands of the Chairman and Secretary of the North Mercer Water District, in multiple copies, each of which shall have the same force and effect as the original, all pursuant to appropriate Resolutions of the City of Harrodsburg, Kentucky, and the Board of Commissioners of the North Mercer Water District, all on this the day and year first above written.

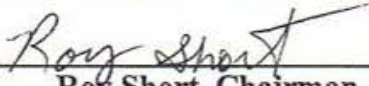
CITY OF HARRODSBURG, KENTUCKY

BY: 
Lonnie Campbell, Mayor

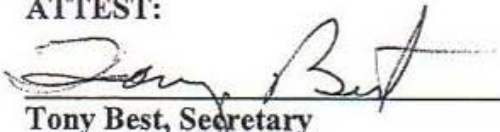
ATTEST:


City Clerk
City of Harrodsburg, Kentucky

NORTH MERCER WATER DISTRICT

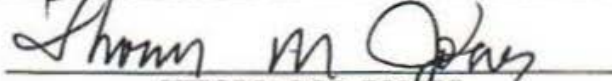
BY: 
Roy Short, Chairman
Board of Commissioners

ATTEST:


Tony Best, Secretary
Board of Commissioners of the
North Mercer Water District



THIS INSTRUMENT WAS PREPARED BY:



THOMAS M. JONES

Attorney at Law

138 South Main Street

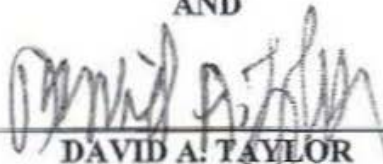
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AND



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ATTORNEY FOR CITY OF HARRODSBURG

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