

WATER PURCHASE AGREEMENT

THIS AGREEMENT, made this 9<sup>th</sup> day of July,  
1984, by and between

LOUISVILLE WATER COMPANY, a Kentucky  
corporation governed by the Board of  
Water Works created under and governed  
by Sections 96.230 through 96.310 of  
the Kentucky Revised Statutes  
435 South Third Street  
Louisville, Kentucky 40202 ("LWC")

and

NORTH SHELBY WATER COMPANY,  
a Kentucky corporation  
Bagdad, Kentucky 40003 ("North Shelby")

RECITALS

A. North Shelby is organized and established for the purpose of constructing and operating a water supply distribution system serving users in an area generally described as the northern part of Shelby County, Kentucky and to accomplish this purpose, North Shelby requires a supply of treated water.

B. LWC owns and operates a water treatment and distribution system in Jefferson County, Kentucky with a capacity currently capable of serving the present needs of North Shelby's system and future needs within limitations, contained hereinbelow.

C. North Shelby is desirous of purchasing and LWC is willing to sell to North Shelby treated water.

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W I T N E S S E T H:

In consideration of the premises contained herein the parties agree as follows:

1. Quality and Quantity. LWC agrees to furnish to North Shelby at the point of delivery hereinafter specified, during the term of this Agreement or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky Department for Natural Resources and Environmental Protection at a flow rate not to exceed 350 gallons per minute.

2. Point of Delivery and Pressure. The point of delivery of the water, to be furnished at a reasonably constant pressure calculated at elevation p.p. 810.0 msl, will be at an existing twelve (12) inch main of LWC located at the intersection of Flat Rock Road and the entrance road to Long Run Park in Eastern Jefferson County, Kentucky. If a greater pressure than that normally available at the point of delivery is required by North Shelby, the cost of providing such greater pressure shall be borne by North Shelby. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, labor unrest, earthquake, tornado or other extraordinary circumstances shall excuse LWC from this provision for such reasonable period of time as may be necessary to resolve the situation.

3. Metering Arrangements. LWC agrees to furnish and install at North Shelby's expense, and to operate at its own expense at the point of delivery, the necessary metering equipment, including a meter house or vault, and required devices of standard type for properly measuring the quantity of water delivered to North Shelby and to calibrate such metering equipment whenever requested by North Shelby but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. Previous readings of any meter disclosed by tests to be inaccurate shall be corrected for the six (6) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless LWC and North Shelby shall agree otherwise. An appropriate official of North Shelby shall have access to the meter for the purpose of verifying its readings at reasonable times.

4. Rates and Payment. North Shelby shall pay to LWC for water delivered under this Agreement in accordance with rates adopted by the Board of Water Works (established pursuant to Sections 96.230 through 96.310 of the Kentucky Revised Statutes) from time to time for customers similarly situated,

purchasing water for the purpose of resale, it being understood that said rate presently includes an "elevated service area surcharge" and the applicable existing rates for North Shelby may be found in Sections 6.05 and 6.06 of LWC's present rate schedule. LWC shall bill North Shelby on a monthly basis with North Shelby's payment to be due to LWC within ten days of receipt of LWC's billing.

5. Connection Fee. North Shelby agrees to pay a connection fee to connect to LWC's system in the amount of \$7,200.00 which fee shall cover any and all cost of LWC for installation of the metering equipment and tapping of its existing main for a three-inch water service connection to North Shelby's system.

6. North Shelby Warranties. North Shelby warrants and covenants as follows:

(a) That it will not sell water provided under this Agreement to any water district, water utility or any other entity acquiring same for the purpose of resale.

(b) That it will not sell water to retail customers within the geographical boundaries of Jefferson County without first obtaining written consent of LWC.

(c) That its demand for water under this Agreement shall not exceed the rate of 350 gallons per minute at any point in time.

(d) That the supply of water being provided under this Agreement shall be separated by atmospheric gap or LWC approved backflow prevention devices to prevent any other supply of water from interconnecting with LWC supplied water.

7. Term of Agreement. This Agreement shall have a term of forty (40) years from the date of the initial delivery of any water as shown by the first billing submitted by LWC to North Shelby, subject to termination rights of the parties as hereinafter set forth.

8. Termination Rights.

(a) This Agreement may be terminated by North Shelby prior to its expiration upon six months' advance written notice in the event of any of the following occurrences:

(i) Failure of LWC to meet its water delivery requirements as stated herein, subject to interruptions authorized herein.

(ii) Failure of LWC to meet water quality requirements of governmental authorities possessing legal jurisdiction with respect to same.

(iii) Bankruptcy or insolvency of LWC.

(b) This Agreement may be terminated by LWC prior to expiration upon six months' advance written notice in the event of any of the following occurrences:

(i) Failure of North Shelby to pay within thirty (30) days of the due date for monthly water service.

(ii) A second violation by North Shelby, following receipt of written notice from LWC of the 350 gallons per minutes demand limitation, contained in this Agreement.

(iii) Bankruptcy or insolvency of North Shelby.

(iv) Revocation of North Shelby's authority to operate a water distribution system by one or more governmental authorities having jurisdiction thereof.

(v) Failure by North Shelby during any twelve month period to purchase more than three million (3,000,000) gallons of water.

(vi) Breach of any other duty, on warranty or covenant of LWC, contained in this Agreement, provided, however, LWC cannot exercise such termination right until it has given North Shelby thirty (30) days to correct such breach, said 30 days to run from receipt of written notice that such breach exists.

9. Miscellaneous. It is understood and agreed by and between the parties as follows:

(a) That in the event of an extended shortage of water, or the supply of water available to LWC is otherwise diminished over an extended period of time, the supply of water to North Shelby shall be reduced or diminished in the same ratio or proportion as the supply to LWC's other customers is reduced or diminished.

(b) Any modifications to this Agreement shall be effective only when reduced to writing, signed by both parties.

(c) That the construction of the water supply distribution system (or portions thereof) by North Shelby is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of North Shelby are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

(d) That in the event of any occurrence rendering North Shelby incapable of performing under this Agreement, any successor to North Shelby, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of North Shelby hereunder, conditioned upon such successor assuming North Shelby's obligations hereunder, past, present and future.

(e) In addition to, and not in substitution of, the parties' right of termination, contained hereinabove, each party reserves the right to sue for damages and/or relief in equity for breach of this Agreement.

10. Notices. Unless otherwise advised in writing to the other party, all notices to LWC shall be sent to

Louisville Water Company  
435 South Third Street  
Louisville, Kentucky 40202

Attention: President

and all notices to North Shelby shall be sent to

North Shelby Water Company  
Bagdad, Kentucky 40003

Attention: President

IN TESTIMONY WHEREOF, witness the signatures of the parties by their duly authorized officers as evidenced by resolutions of their respective governing boards as of the day and year first above written, it being understood and agreed that this Agreement may be executed in two or more counterparts each of which shall constitute an original.

LOUISVILLE WATER COMPANY

By Foster S. Burba  
Foster S. Burba, President

ATTEST:

Joan C. Malone  
Secretary

NORTH SHELBY WATER COMPANY

By J. W. Miles  
Title: President

ATTEST:

William L. Tingle  
Secretary

North Shelby Water Company pledges the Water Purchase Agreement to the Farmers Home Administration as a part of the

security for loans evidenced by promissory notes of North Shelby Water Company, whether heretofore issued or hereafter issued.

NORTH SHELBY WATER COMPANY

By J. W. Miles  
Title: President

This contract is approved on behalf of the Farmers Home Administration this 21~~st~~ day of JANUARY, ~~1984~~  
1985

By David R. King  
Title: Community & Business Program Specialist