

LINE IMPROVEMENT CONTRACT

Whereas, the Henry County Water District #2 (hereinafter the "District") is a non-profit public utility engaged in providing drinking water for public consumption in Henry, Oldham, Trimble, Shelby and Carroll Counties in the Commonwealth of Kentucky;

And Whereas, the District is regulated by the Kentucky Public Service Commission and State Division of Water;

And Whereas, a need has arisen to improve a certain portion of the distribution system for said utility to increase supply volumes and flow rates to the City of Eminence, Henry County, Kentucky;

And Whereas, it is understood that said improvements as contemplated will merely return the system to the same hydraulic conditions as existed prior to said increases;

NOW THEREFORE, this Line Improvement Contract made and entered into this 30th day of April, 2001, by and between the Henry County Water District #2, P.O. Box 219, Campbellsburg, Kentucky 40011 and the City of Eminence, Henry County, Kentucky, (hereinafter "The City").

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WITNESSETH: that for and in consideration of the mutual promises and covenants set out hereinafter, the parties hereto agree as follows:

1. The City shall cause an improvement to the District's distribution system to be made along US Highway 421 near New Castle, Kentucky, which is a ~~water~~ ^{water} consist of laying approximately 4000 feet to six (6) inch line, and the installation of a master meter vault, piping, controls and connections near Eminence Lake. It is the purpose of these improvements to offset the hydraulic impact of providing increased total flow rates to the City by increasing transmission main capacity and by establishing a second supply route. It is understood that flow rate adjustments will be necessary at both the proposed and the existing water meters in order to achieve a workable balance of maximum flow rates. In its sole discretion, the District shall be entitled but not required to increase the size of the above described line and it will be responsible for

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any increase in cost of the project as a result. Said increase in cost shall be determined by subtracting the costs that would be incurred by the City, as set out hereinafter, from the actual finished project cost. The difference in cost would be the responsibility of District.

2. The City would be solely responsible for the actual costs and construction of said improvements estimated to be in the sum of \$80,000.00. The District in no way warrants that this is the actual cost of improvement. The City specifically agrees and understands that it shall be fully responsible for the actual finished cost of this project inclusive of but not limited to all costs of construction, warranty bonds and easement preparation and acquisition costs but specifically excluding engineering and plan preparation costs associated with design of the new transmission mains, obtaining state highway permits, on site inspection and obtaining Kentucky Division of Water Approval. All work shall be done in compliance with the District's "Standard Specifications and Drawings."

3. The City shall secure all necessary easements. Any expense associated with preparing or procuring the easements that is borne by the District, either directly or indirectly, shall be passed on to the City as hereinafter enumerated. Failure of the City to pay a cost within fifteen days of receipt of a notification that said amount is due shall result in the District refusing to allow the City to exceed the existing amounts provided for in the contract between the District and the City dated September 12, 1967.

4. As additional conditions and covenants, the City will bear all liability for any loss during construction and will warranty all work for a period of one year following acceptance. Provided however, said liability and warranty shall extend only to that work performed for the benefit of the City and under their supervision or the supervision of their contractors.

5. If a contractor is used, he will be jointly selected and approved by the District and the City. Bids which exceed the construction estimate may be rejected by the District or the City. The contractor's bonding, the warranty period of his work, and his

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submittal of shop drawings of materials shall fully comply with the District's "Procedures and Requirements for the Development of Water Line Extensions." All construction, labor and material must be in accordance with the District's specification. The contractor chosen shall be required to post a warranty bond in favor of the District.

6. It is agreed and understood that this contract shall in no way be considered a modification of the existing contract limits for production of water for the use of the City in any year or as same pertain to flow rates and that same shall^{b2} be addressed in a separate agreement between the parties. The parties will enter into a separate contract to expand the contract limits and flow rates consistent with a previous proposal made by the District or it's engineers to the City.

7. The improvements constructed hereunder shall at all times be owned by the District. The District shall have the right to extend the facilities without compensation to the City or the consent of the City. Said extensions shall not however impair the City's increased capacity contemplated and described herein.

8. It is further understood that no work of any kind shall commence until all necessary approvals including approval of this contract are received from the Public Service Commission, the Division of Water and any other necessary and appropriate regulatory agency and all necessary easements are obtained and recorded.

9. The undersigned signatories warrant that each has the full authority to execute this agreement and bind their principal unto same.

WITNESS the hands of the undersigned on the date first above written.

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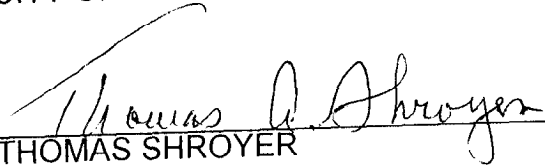
BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

HENRY COUNTY WATER DISTRICT #2



DONALD W. HEILMAN
CHIEF OPERATING OFFICER

CITY OF EMINENCE


THOMAS SHROYER
MAYOR

THIS INSTRUMENT PREPARED BY:

D. BERRY BAXTER
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LAGRANGE, KENTUCKY 40031
(502) 225-0050

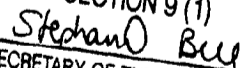

D. BERRY BAXTER

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BY: 
SECRETARY OF THE COMMISSION