

LINE IMPROVEMENT CONTRACT

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PUBLIC SERVICE COMMISSION

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 certain portions of the water distribution system to allow the development of certain parcels of real estate located along or near Flood Road in Shelby County, Kentucky;

And Whereas, said properties, containing fourteen unserved lots along Flood Road (ten lots in the Pollard Farm South Division and four lots in the Pollard Farm East Division), are to be developed by the individual named hereinafter who is desirous of service to the areas to be developed;

And Whereas, it is understood that the existing water line is of inadequate size to accommodate the proposed development while maintaining minimum pressure requirements;

And Whereas, the District's commitments to other proposed lines is such that no promise could be made concerning the future time at which said Flood Road development could be served;

And Whereas, in order to expedite water service to his subdivision, the Developer is freely and voluntarily willing to pay the cost of such improvement, hereinafter the Flood Road Upgrade Line;

NOW THEREFORE, this Line Improvement Contract made and entered into this 29th day of September, 2002, by and between the Henry County Water District #2, P.O. Box 219, Campbellsburg, Kentucky 40011 and Randall Stivers, (hereinafter the "Developer"),

WITNESSETH: that for and in consideration of the mutual promises and covenants

[Faint signatures and stamps at the bottom of the page]

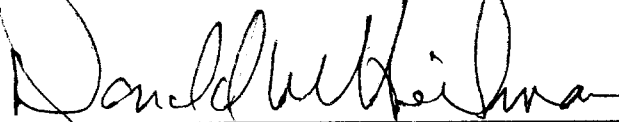
set out sequentially hereinafter, the parties hereto agree as follows:

1. The District shall obtain Public Service Commission approval of this contract.
2. The Developer shall place in escrow \$28,800, the estimated cost of 3600' of 6" diameter Flood Road Upgrade Line to be constructed from Highway 43 in Cropper to the Developer's property.
3. The District shall conditionally certify water availability on Developer's preliminary plat.
4. The District shall design said water line, and prepare water line easements.
5. The Developer shall acquire said easements.
6. The District shall obtain Division of Water approval for said line.
7. The District shall certify the availability of water on developer's final plat, however no meters shall be set until the new line is in service, which shall be clearly stated in the certification note.
8. Using the escrowed funds, the District shall install said line as their workload permits, but Developer may elect to hire an experienced contractor acceptable to the District for said installation. Contractor must provide adequate bonding and insurance, and work under the District's supervision, and in accordance with the District's specifications.
9. The Developer shall be solely responsible for the actual cost of the installation. If this cost is less than the escrowed amount, Developer shall receive a refund, if greater than the escrowed amount, the Developer shall make additional payment.
- 10 The Flood Road Upgrade Line shall at all times be owned in its entirety by the District. The District shall have the right to extend these facilities without compensation to the Developer or the consent of the Developer.

[Faint, illegible text, possibly a signature or stamp]

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

HENRY COUNTY WATER DISTRICT #2



DONALD W. HEILMAN, CHIEF OPERATING OFFICER



RANDALL STIVERS
c/o Don Prather, Attorney at Law
P.O. Box 1059
Shelbyville, Kentucky 40066

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