

AGREEMENT

THIS AGREEMENT (hereinafter the "Agreement"), is made and entered into this the 20TH day of MARCH, 2014, by and between **SAPPHIRE COAL COMPANY**, having an address at 110 Sprint Drive, Blountville, Tennessee 37617 (hereinafter "Sapphire"), and the **LETCHER COUNTY WATER AND SEWER DISTRICT**, having an address at 6 Broadway Street, Whitesburg, Kentucky 41858 (hereinafter "District").

W I T N E S S E T H

WHEREAS, Sapphire has, at its expense, installed water meters and water lines to numerous dwellings on Johnson Fork of Smoot Creek and Smoot Creek, a tributary of the North Fork of the Kentucky River in Letcher County, Kentucky; and

WHEREAS, pursuant to the requirements set forth in 405 KAR 18:060 Section 12(3) Sapphire has compensated certain residents of Johnson Fork of Smoot Creek and Smoot Creek for the operational and maintenance costs of the water supply to the dwellings; and

WHEREAS, a number of the owners of the dwellings have requested monies that would otherwise be paid to them pursuant to 405 KAR 18:060, be paid to the District as a prepayment for their water bills; and

WHEREAS, the District has agreed to accept from Sapphire the amounts listed on the Schedule attached hereto (as may be modified from time to time) for the benefit of the properties identified thereon all pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the sum of One Dollar (\$1.00), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

[1]

RECEIVED

3/24/2014

PUBLIC SERVICE
COMMISSION
OF KENTUCKY

1. Sapphire may pay the District from time to time, certain sums of money for the benefit of certain specifically described properties located on Johnson Fork of Smoot Creek and/or Smoot Creek in Letcher County, Kentucky. The amount of monies paid by Sapphire to the District, the 911 address of each property and the present occupant of the property will be provided to the District by Sapphire or the owner of such property and will be listed on the Schedule attached to this Agreement.

2. Upon receipt of any monies designated for a specific tract of property, the District will debit, on a month to month basis, the amount of the water bill which would otherwise be sent to and be paid by the occupant of such property, until such time as there are no remaining funds being held by the District for the benefit of that particular tract of property.

3. The amounts paid to the District for a specific tract of property will not be transferrable but will remain with the District for the benefit of each specifically described tract of property and such amounts will "run with the land".

4. Some of the tracts of property which will be listed on the Schedule are owned by Kentucky River Properties LLC or Timberlands, LLC (collectively hereinafter "KRP"). KRP will notify the District in writing of the name and address of the occupant of a specific tract of property which is subject to this Agreement and any change of the occupant. In the event KRP notifies the District that the property will not be rented in the future and therefore remain unoccupied, then KRP shall have the right to designate the remaining balance, if any, in the account for that particular tract of property be added to another tract of property designated by KRP.

5. The District realizes there is a possibility that some of the properties listed on the Schedule may from time to time be vacant, sometimes for an extended period of time, and unless otherwise notified by the owner of such property (including



KRP), the District shall continue to hold the remaining balance in the monies paid for such property until the same is occupied.

6. The only obligation of the District under this Agreement is to debit the monthly water bills against the monies paid to the District by Sapphire until such monies are fully expended, and to act on any written notice provided to the District by KRP or the owner of the property regarding what person shall be entitled to the benefit of the funds paid to the District pursuant hereto. In the event the District at any time receives or becomes aware of conflicting demands or claims with respect to a disagreement as to any of the funds paid to it pursuant hereto, the District shall have the right to discontinue its obligations under this Agreement or in connection herewith until such conflict is resolved to its satisfaction.

7. The Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8. This Agreement has been made and entered into in the Commonwealth of Kentucky and shall be construed under the laws of the Commonwealth of Kentucky. Any dispute concerning the interpretation and provisions set forth herein shall be determined by the Letcher Circuit Court.

SAPPHIRE COAL COMPANY

BY: J.P. Richardson
J.P. Richardson
ITS: President

LETCHER COUNTY WATER & SEWER DISTRICT

BY: Bernard [Signature]
ITS: BOARD CHAIRMAN



COMMONWEALTH OF VIRGINIA

COUNTY OF Buchanan

Subscribed and sworn to before me by J. P. Richardson, on behalf of Sapphire Coal Company as its President, on this 13 day of March, 2014.

My Commission Expires: April 30, 2016



Leshia H. Bell
Notary Public
Certificate No. 354214

COMMONWEALTH OF KENTUCKY

COUNTY OF LETCHER

Subscribed and sworn to before me by BERNARD WATTS,
the BOARD CHAIRMAN of the Letcher County Water and Sewer District on
this 20TH day of MARCH, 2014.

My Commission Expires: 7/29/2017

Brian Blaw
Notary Public



SCHEDULE TO AGREEMENT
BETWEEN SAPPHIRE COAL COMPANY AND
LETCHER COUNTY WATER AND SEWER DISTRICT

<u>Present Renter</u>	<u>Address*</u>	<u>Property Owner</u>	<u>Amt. of Pymt. to District by Sapphire Coal Co.</u>
Douglas Banks	2452 Highway 160	Kentucky River Properties	\$5,000
Alberta Bailey	3504 Highway 160	Kentucky River Properties	\$5,000
Cora Gilley	2635 Highway 160	Kentucky River Properties	\$5,000
Jennifer/Cornelius Bailey	2675 Highway 160	Janice Frazier	\$5,000
Richard Bailey	2517 Johnson Fork Rd.	Roger Miles	\$5,000
Ralph Collins/Mary Lamb	3511 Highway 160	Kentucky River Properties	\$5,000

Kentucky River Properties mailing address is 300 Black Gold Blvd., P. O. Box 269, Hazard, KY 41702.

Janice Frazier's mailing address is 3153 Hamilton Scipio Road, Hamilton, OH 45013.

Roger Miles mailing address is 337 Doty Creek, Jeremiah, KY 41826.

*** ALL THE ADDRESSES ARE PREMIUM, KENTUCKY 41845**

RECEIVED

3/24/2014

**PUBLIC SERVICE
COMMISSION
OF KENTUCKY**