

AGREEMENT

THIS AGREEMENT made and entered into this the 8th day of August, 1995, by and between the City of Calhoun, Kentucky, hereinafter City, and North McLean County Water District, hereinafter District.

WITNESSETH: WHEREAS, City and District have heretofore, on November 5, 1968, May 8, 1984, and August 30, 1994, entered into water purchase agreements, copies of which are attached hereto and made a part hereof as Exhibit A, which agreements designate the terms whereby the District purchases potable water from the City; and

WHEREAS, by agreement dated August 30, 1994, the parties agreed to construct a pump station among other agreements; and

WHEREAS, City and District now desire to amend the August 30, 1994, agreement believing that the construction of a water tank holding at least 300,000 gallons is a more economic and feasible solution to the problem, which was being addressed in the August 30, 1994, agreement about the pump station.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, it is covenanted and agreed between the parties as follows:

1. The agreement of August 30, 1994, is hereby rescinded and declared null and void.

2. The City shall construct a water storage facility, near the City's existing water storage facility, with said facility to be constructed to hold at least 300,000 gallons of water and shall be constructed and maintained by the City so that the new facility will have its overflow elevation at least 10 feet higher than the District's existing Highway 81 tank overflow elevation and that the operating level of the City's new facility will always be at least equal to the District's existing Highway 81 tank overflow level, during normal operating conditions. Said storage facility will be utilized to provide water, pursuant to the terms of this agreement, to District as well as to City's remaining customers.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 19 1997

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

3. The City will construct said water storage facility without contribution by District. District, however, agrees to pay to the City, as a monthly surcharge, the sum of \$25,000 with said amount being amortized together with interest at the rate of six (6%) percent per annum, over twenty years payable in equal monthly installments. Each monthly installment shall be in the amount of \$179.11. The first such installment shall be paid contemporaneously with the due date of the initial water billing following completion of construction. The principal amount may be prepaid at any time. Provided, however, should it be necessary or desirable to calculate such surcharge on a per gallon rate basis in order for the District to comply with PSC purchased water rate adjustment regulations, or other PSC regulations, the parties agree to calculate such surcharge on a per gallon rate basis to produce a monthly surcharge payment to be equivalent to the surcharge amount set out hereinabove. In such event, the parties contemplate that for the purchase and sale of the monthly minimum of 3,000,000 gallons of water, the equivalent surcharge calculated on a per gallon rate basis would be \$0.0597 per 1,000 gallons. (\$179.11 divided by 3,000 thousands.) For any month in which the District purchases more than 3,000,000 gallons of water, the surcharge paid by the District, calculated on the per gallon rate basis, in excess of the amount of \$179.11 per month, shall be applied toward reduction of the principal balance owing in the original amount of \$25,000.00.

4. District agrees to purchase from City, and City agrees to sell to District, each month, for a period of twenty years from the date of completion of construction, a minimum of 3,000,000 gallons of water each month. Construction of said facility shall be completed by August 1, 1996, and if construction is not completed by said date, this contract shall be null and void. Nothing contained in this paragraph shall abrogate the forty (40) year term specified in the agreement dated May 8, 1984, but at the termination of twenty (20) years from the date of completion of construction, the District shall not be obligated to purchase a minimum amount of water from City.

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5. The obligation of the District for the purchase of and payment for water and payment of surcharge as set out hereinabove in paragraphs 3 and 4 is conditioned upon the City's new water storage facility have its overflow elevation at least 10 feet higher than the District's Highway 81 tank overflow elevation and that the operating level of the Calhoun water storage facility be always at least equal to the District's Highway 81 tank overflow level, during normal operating conditions.

6. The initial rate for the purchases contemplated by this agreement shall be \$1.63 per thousand gallons purchased. Said rate is adjustable pursuant to the provisions of paragraph 2 of the agreement dated May 8, 1984, except, however, said agreement is specifically amended to provide that any rate increase shall be effective ninety (90) days after the City provides written notice of the increase.

7. The \$65,000 fire protection tap-on fee proposed to be paid by the McLean County Board of Education shall be the exclusive property of the City.

8. Except as specifically modified or amended by this agreement, the aforesaid agreements dated May 8, 1984 and November 5, 1968, shall remain in full force and effect.

9. In the event the City determines in its sole discretion that the project is not feasible or available financing is not acceptable, then this Contract shall become null and void and any prior agreements shall be reinstated.

IN TESTIMONY WHEREOF, witness our signatures this the day and date first hereinabove written.

CITY OF CALHOUN, KENTUCKY

By Barbara Wiggins
Barbara Wiggins, Mayor

ATTEST:

Henrietta Mincy
Henrietta Mincy, City Clerk

PUBLIC SERVICE COMMISSION
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SECTION 9 (1)
BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

NORTH MCLEAN COUNTY WATER DISTRICT

By: Nathel Jennings
Nathel Jennings, Chairman

ATTEST:

Carrol B. Troutman

Carrol B. Troutman,
Secretary/Treasurer

STATE OF KENTUCKY)
(SCT.
COUNTY OF MCLEAN)

The foregoing instrument was acknowledged before me on this
the 8 day of July Aug, 1995, by Barbara Wiggins,
Mayor, and Henrietta Mincy, City Clerk, for and on behalf of the
City of Calhoun, known to me to hold said offices, to be their
free act and deed.

My commission expires: 7-1-97

[Signature]
Notary Public

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OF KENTUCKY
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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)
BY: Stephan B. Bell
SECRETARY OF THE COMMISSION

STATE OF KENTUCKY)
(SCT.
COUNTY OF MCLEAN)

The foregoing instrument was acknowledged before me on this
the 8th day of August, 1995, by Nathel Jennings,
as Chairman and Carrol B. Troutman, as Secretary/Treasurer, for
and on behalf of North McLean County Water District, known to me
to hold said offices, to be their free act and deed.

My commission expires: July 6, 1997

[Signature]
Notary Public