

AGREEMENT

This agreement made and entered into this 8 day of May, 1974, at Independence, Kentucky, by and between Kenton County Water District No. 1, hereinafter designated "DISTRICT" and the City of Independence, hereinafter designated "CITY" WITNESSETH:

THAT WHEREAS the District and the City are now operating water systems in two separate areas in close proximity to each other and the District serves some residents of the City, and the City is unable to serve all of its residents and surrounding territory; and

WHEREAS the City submitted the question of a merger of the City water system into the system of the District, and the voters overwhelmingly approved same at the general election in November, 1973; and

WHEREAS it is deemed advisable in order to achieve greater efficiency of operation and economy of management in the best interest and welfare of the residents and inhabitants of both areas that the two systems enter into this agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. The District shall, through its funds, proceed to construct a water line to serve the City presently served with water and shall use its best efforts to expand and serve additional customers in and around the City of Independence where feasible.

2. The City hereby grants operating rights to the District of its entire water distribution system including water tower, pumps, equipment, mains, meters, pipes, valves and appurtenances forming the water system of the City, together with all supplies and personal property, including licenses, easements, leases, accounts receivable and real property owned by it at

present, together with any new construction hereafter, for a term of thirty (30) years from the date of this agreement, upon the terms and conditions provided herein.

3. During the term of this agreement, the District may extend its facilities within the City and adjoining areas, and it may finance such construction by assessment, by issuance of bonds, or by any method of payment as permitted by law.

4. During this agreement period, the District shall have the exclusive right to serve any and all customers located within the boundaries of the City.

5. The District agrees at its own expense to operate the water distribution system, after the agreement has been concluded herein, during the entire term of this agreement and any extension hereof. The District will perform all maintenance, make all repairs, replace all parts which are required to keep the system in proper operating condition.

6. The District will read all meters, prepare and distribute all billings and collect under the District's published policies all charges for water service.

7. The District shall collect the same rates as the City presently collects, but shall use its best efforts to make a reduction in rates as soon as feasible and to the extent feasible.

8. The District shall hold in its possession all funds collected from the customers in the City and surrounding area served by the City, and

shall pay the bond holders of the City all charges required by said bond ordinance and shall maintain all reserve, depreciation and other accounts of the City bond ordinance as provided in said ordinance.

9. The District agrees to provide the City with reports and records at such reasonable times as may be requested and shall furnish audits of the reports annually to the City.

10. The District may discontinue water service in accordance with its established regulations to any customer who does not pay for said water service.

11. It is further agreed between the parties that the District shall carry and maintain in effect at all times during this agreement public liability insurance covering the properties enumerated herein, together with adequate insurance against fire, wind, theft and similar acts.

12. If the District fails to provide water service to the customers within the City and surrounding areas presently served by the City, or fails to pay the existing and outstanding bond issue of the City according to the terms and conditions thereof, then the City may at its election give the District written notice by registered mail at the main office of the District that it intends to terminate this agreement if such default or defaults are not cured within thirty (30) days after receipt of such notice by the District. If such default has not been cured by the District within thirty (30) days after receipt of such notice, the City may terminate this agreement, and all the right, title and interest herein granted to or vested in the District shall cease and terminate, and the City may recover possession of all property belonging to the City, provided, however, that if the cause of such default is beyond the control of the District or circumstances are such that such default cannot be cured within thirty (30) days, then the District shall have such reasonable time, after receipt of such notice, as is reasonably required under the particular circumstances to cure such default or defaults.

13. The City, by and through its Board of Water Commissioners or City Board of Trustees, or any agent selected by either, may inspect the books and records of the District at any reasonable time on the District's premises insofar as same relate to the water system covered by this agreement.

14. Any notices required to be given hereunder, if given to the District, shall be addressed to it at its main office in Edgewood, Kentucky, and any notice to the City shall be addressed to the Chairman of the Board of Trustees of the City of Independence, Kentucky.

15. If any section, paragraph, clause or provision of this agreement shall be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision, shall not affect any of the remaining provisions of this agreement.

16. The District shall make the payments on the note to the Owen County Rural Electric Cooperative Corporation according to its terms, and shall maintain all funds required by the Independence bond ordinance and shall comply with all terms of said bond ordinance, including the keeping of proper books and records and accounts, separate and clearly distinguishable from other accounts and records.

17. The District shall provide economical and efficient management for the City water system and the City's Board of Water Commissioners shall comply with all terms and conditions contained in the City bond ordinance.

18. It is agreed by the parties hereto that the City water system shall eventually be merged into the District, and the District shall agree to assume all assets and all liabilities and bonded indebtedness of the City. The parties hereto agree that such merger shall be carried out when the bonds have all been redeemed, or the merger is approved by the bond holders, the Public Service Commission of the Commonwealth of Kentucky, and all laws, statutes and ordinances have been complied with to make such merger legal.

19. This agreement shall be effective when approved by the Board of Water Commissioners of the City of Independence, by the Board of Trustees of the City of Independence, and by the Board of Commissioners of Kenton County Water District No. 1, and the District shall begin operating the system under this agreement at that time. Each party shall cooperate to carry out the terms, conditions and intent of this agreement.

IN WITNESS WHEREOF, this agreement is hereby approved the date first herein written by the Board of Water Commissioners of the City of Independence, who, pursuant to a Resolution, has authorized its Chairman to execute this agreement, and said Resolution is contained in the minutes of said meeting dated May 8, 1974.

IN WITNESS WHEREOF, this agreement is hereby approved the date first herein written by the Board of Trustees of the City of Independence pursuant to a Resolution of said Board duly adopted and contained in the minutes of said meeting dated May 9, 1974, authorizing the Chairman of the Board of Trustees to execute this agreement.

IN WITNESS WHEREOF, this agreement is hereby approved by the Board of Commissioners of Kenton County Water District No. 1 at a meeting held on the 14 day of May, 1974, and as shown in the minutes of said Water District authorizing the Chairman to execute this agreement on behalf of said Water District.

BOARD OF WATER COMMISSIONERS OF THE
CITY OF INDEPENDENCE, KENTUCKY

Ralph E. Cooper
SECRETARY

BY: Frederick L. Lee
CHAIRMAN

BOARD OF TRUSTEES OF THE CITY OF
INDEPENDENCE, KENTUCKY

Pearl Carlisle
CITY CLERK

BY: Marion C. Schadler
CHAIRMAN

KENTON COUNTY WATER DISTRICT NO. 1

Joseph L. Hils Jr.
SECRETARY

BY: R. T. A. A.
CHAIRMAN