

## **FRANCHISE AGREEMENT**

**THIS AGREEMENT** made and entered into this \_\_\_\_ day of January, 2016, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes (hereinafter "Lexington"), and **KENTUCKY AMERICAN WATER COMPANY**, a corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, with its principal office at 230 Richmond Road, Lexington, Kentucky 40502 (hereinafter "KAWC").

### **WITNESSETH:**

**WHEREAS**, by Ordinance No. 144-2015 (the "Ordinance"), enacted December 8, 2015, Lexington created a franchise for the privilege of constructing, erecting, laying, relaying, replacing, operating and maintaining a waterworks system within the public rights-of-way in Fayette County, Kentucky; and

**WHEREAS**, pursuant to the Ordinance Lexington authorized the advertising for bids on said franchise and KAWC submitted a timely bid to acquire said franchise; and

**WHEREAS**, by Resolution No. \_\_\_\_-2016, enacted \_\_\_\_\_, 2016, Lexington accepted the bid of KAWC as substantially responsive to the Ordinance and in the best interest of the citizens of Lexington-Fayette Urban County; and

**WHEREAS**, Lexington and KAWC have agreed to accept the following as the terms of this Agreement and as those of the franchise.

**NOW THEREFORE**, for and in consideration of the mutual covenants and agreements contained herein the receipt and sufficiency of all of which are hereby acknowledged, Lexington and KAWC agree as follows:

1. Lexington-Fayette Urban County Ordinance No. 144-2015, which is attached hereto as Exhibit "A" (the "Ordinance"), is incorporated herein by reference in its entirety and shall apply as if fully set forth herein.

2. The bid of KAWC for this franchise, which is attached hereto as Exhibit "B", is incorporated herein by reference in its entirety and shall apply as if fully set forth herein.

3. Lexington hereby grants unto KAWC a non-exclusive franchise for the privilege of constructing, erecting, laying, relaying, replacing, operating and maintaining a waterworks system upon, through, along, under and over the public streets, alleys, avenues, public roads, highways, sidewalks, and other public ways of the Lexington-Fayette Urban County Government in accordance with the terms of the Ordinance.

4. This Agreement shall commence on [Date], and shall expire as provided in the terms and provisions of the Ordinance.

5. In consideration of the granting of this franchise, KAWC agrees to pay to Lexington a sum equal to three percent (3%) of the gross annual revenues received by KAWC as the term "Gross Revenues" is defined in the Ordinance at Section 19(b) until such time as the fee may be increased by the Urban County Council pursuant to the terms and provisions of the Ordinance.

6. KAWC, its successors and assigns, in consideration of the grant, sale and conveyance of the above franchise, does hereby bind itself, its successors and assigns, to faithfully and fully perform each and every condition of said franchise as contained in this Agreement, and further to faithfully perform all acts required of it as the purchaser of said franchise.

7. This Agreement contains and embodies the entire agreement between the parties and shall be binding upon and inure to the benefit of the respective successors in

