

TERRITORIAL AGREEMENT

This Agreement made and entered into this 2nd day of MAY, 2006 by and between Public Water Supply District No. 3 of Franklin County, Missouri (hereinafter the "District") and the City of St. Clair, Missouri (hereinafter the "City").

Whereas, the District is a political corporation of the State of Missouri located in Franklin County, Missouri organized and existing under Sections 247.010 to 247.227 RSMo. 2000, as amended, for the purpose of providing conveniences in the use of water, ample in quantity for all needful purposes and pure and wholesome in quality, furnished from common sources of supply to many inhabitants of the District now denied such privileges thereby promoting public health and sanitation, and making available conveniences not otherwise possible for the general public welfare, and to engage in the construction, maintenance and operation of common sewer treatment facilities and the operation and maintenance of all such existing sewer treatment facilities;

Whereas, the City is a political subdivision of the State of Missouri organized and existing under Chapter 79 RSMo. 2000, as amended, located in Franklin County, Missouri; and

Whereas, the District's and the City's boundaries are not coequal but do overlap in certain portions of their respective areas; and

Whereas, Section 247.172 RSMo. 2000, as amended, provides that competition to sell and distribute water, as between and among public water supply districts and municipally owned utilities may be displaced by written territorial agreements upon approval of the State of Missouri Public Service Commission; and

Whereas, the District and the City desire to enter into this Agreement in order to avoid wasteful duplication of facilities, stranded investment and underutilized system capacity and to allow orderly development, efficient planning for water and sewer system expansion and improvement, effective utilization of existing and future system capacity, efficient Service and to minimize disputes which may result in higher costs in serving each party's respective inhabitants.

Now, Therefore, in consideration of the mutual covenants, conditions, obligations, promises, restrictions and agreements herein contained, the District and the City agree as follows:

1. For purposes of this Agreement the following terms shall have the following meaning:

- a. City: the City of St. Clair, Missouri.
- b. Customer: includes any natural person, firm, association, partnership, business trust, public or private corporation, political subdivision or any agency, board, department or bureau of the State of Missouri or the U.S. Government or any other legal entity which has requested or is receiving water or sanitary sewer service. Any Customer who has requested or is receiving water or sanitary sewer service at more than one structure shall be a new and different Customer at each structure at which water or sanitary sewer service has been requested.
- c. Customer Service lines: includes all water service lines from the water main to the Customer and all sanitary sewer laterals from the sanitary sewer main to the Customer.
- d. District: Public Water Supply District No. 3 of Franklin, Missouri
- e. Service: shall mean water supply or sanitary sewer service to a Customer.
- f. Structure: shall mean an agricultural, residential, commercial, industrial or other building or a mechanical installation, machinery or apparatus. A "structure" shall include an original structure and any contiguous addition to or expansion thereto and a replacement of a previously existing structure.

2. The District shall have the exclusive right to provide Service to all existing and future Customers located within its service area as shown on Exhibit A as it now exists or as it may exist in the future notwithstanding that any portion of said service area may be annexed by the City after the effective date of this Agreement.

3. The City shall have the exclusive right to provide Service, both within the service area shown on Exhibit B and to all existing and future Customers located within the service area shown on Exhibit B as it now exists or as it may exist in the future notwithstanding that any portion of said service area may be annexed by the City after the effective date of this Agreement. The City shall pay the District for said exclusive right to provide service in Exhibit B the sums set forth below:

a) For the area shown on Exhibit C (Airport) the sum of Zero and 00/100 Dollars (\$0.00) upon approval of this Agreement by the State of Missouri Public Service Commission;

b) For the area shown on Exhibit D (Wessels 90 acres, est.) the sum of One Hundred Fifty and 00/100 Dollars (\$150.00) per acre upon approval of this Agreement by the State of Missouri Public Service Commission;

c) For the area shown on Exhibit B (excluding the areas shown on Exhibits C or D) the sum of Five Hundred Dollars (\$500.00) per acre if annexed by the City in 2006, 2007, 2008, 2009 or 2010; with said sum increasing by Fifty and 00/100 Dollars (\$50.00) per acre per year if annexed by the City in 2011, 2012, 2013, 2014, 2015, and with said sum increasing by One Hundred Dollars (\$100.00) per acre per year if annexed by the City after 2015.

4. Notwithstanding the foregoing, the City shall not provide Service to any portion of the area shown on Exhibit B until such time as it is annexed by the City.

5. Neither party may furnish, make available, render or extend Service to a Structure or Customer or for use within the territory of the other party either directly,

indirectly or through another entity controlled by the party or controlling the party, in whole or in part, excepting sales to each other.

6. The location of a Structure or Customer for purposes of this Agreement shall be the geographical location at which Service is actually used, regardless of the metering point or point of delivery. The first owner of a new Structure who requests and receives Service at a Structure which is located on or crossed by any mutual boundary line described in Paragraphs 2 and 3 dividing the Service territories of the parties shall be permitted to choose either party for permanent Service. Thereafter that party shall exclusively serve that Structure.

7. The parties may agree on a case-by-case basis by an Addendum hereto to allow a Structure to receive Service from one party though the Structure is located in the Service area of the other.

Such Addendum referred to above shall be filed with the Executive Secretary of the Missouri Public Service Commission in the same manner as a motion or other pleading, with a copy submitted to the Office of Public Counsel.

Each Addendum shall consist of a notarized statement identifying the Structure, the party to serve the Structure and the justification for the Addendum and indicating that the parties support the Addendum.

Each Addendum shall be accompanied by a notarized statement, signed by the Customer to be served which acknowledges such Customer's receipt of notice of the contemplated Service to be provided and that the Addendum represents an exception to the territorial boundaries approved by the Public Service Commission and shall indicate the Customer's consent to be served by the Party contemplated by the Addendum.

If the Staff of the Public Service Commission or Office of Public Counsel do not submit a pleading objecting to the Addendum within forty-five (45) days of the filing thereof, the Addendum shall be deemed approved by the aforesaid parties. However, if a pleading in opposition to the Addendum is filed by the above listed parties, the Commission shall schedule an evidentiary hearing at the earliest reasonable opportunity to determine whether the Addendum should be approved. Each Addendum shall contain a statement in bold uppercase typeface indicating that the Staff or Office of Public Counsel has forty-five (45) days to oppose the Addendum or else the Addendum shall be deemed approved by the aforesaid parties.

Each party, pursuant to an executed Addendum, shall have the right to provide temporary Service until the Commission approves or disapproves the Addendum. No party shall be required to remove any facilities installed pursuant to an Addendum until the effective date of an Order of the Commission or a court regarding the removal of same.

8. This Agreement shall become effective upon approval by the Missouri Public Service Commission pursuant to Section 247.172 RSMo. The term of this Agreement shall be thirty (30) years. Performance of the parties is contingent upon all of the following having occurred no later than December 1, 2006, unless such condition is waived, extended or modified by agreement in writing signed by an officer of each party hereto:

- a: All required approvals of the City's Board of Aldermen or City Council.
- b: All required approvals of the District's Board of Directors.

c: Approval of the transaction by the Public Service Commission of Missouri.

9. The parties agree to undertake all actions reasonably necessary to implement this Agreement.

10. In the event any controversy or claim by or against either party arises out of this transaction or the subject matter hereof after the effective date of this Agreement, each party shall make available to the other copies of such relevant records as may reasonably be requested pertaining to the controversy or claim.

11. If either party shall default in their performance under this Agreement or in the event of a breach of this Agreement, which default or breach results in the expenditure of attorney's fees to enforce the terms of this Agreement or to recover damages for breach of this Agreement, then the prevailing party shall receive their reasonable and actually incurred attorney's fees and costs in addition to any other damages recovered. In the event of a breach or threatened breach by either party the other party shall be entitled to seek an injunction restraining the breach or threatened breach in addition to any other remedies available at law or in equity.

12. If the Public Service Commission of Missouri does not approve the provisions of this Agreement, then it shall be nullified and of no legal effect between the parties. Further, if any part of this Agreement is declared invalid or void by a Court or agency of competent jurisdiction, then the whole Agreement shall be deemed invalid and void.

13. Neither the boundaries described by this Agreement nor any term of this Agreement may be modified, repealed or changed except by a writing mutually approved

by the respective parties and by the Missouri Public Service Commission or by operation of law.


14. This Agreement shall be binding on the parties and all successors, assigns, parent corporations or affiliates of the City and the District.

15. This Agreement shall in no way affect either party's right to construct such collection, distribution, treatment, storage, pumping, production and transmission facilities within the designated service area of the other as that party deems necessary, appropriate or convenient to provide Service to its Customers not inconsistent with the terms of this Agreement and as otherwise allowed by law. This Agreement shall in no way affect either party's right to construct, operate, maintain and repair such sanitary sewer collection and sanitary treatment facilities within the designated Service area of the other as that party deems necessary, appropriate or convenient to provide sanitary sewer Service to its Customers as allowed by law. 16. This Agreement constitutes the entire agreement between the parties relating to the allocation of water Service rights in the territory described herein.

IN WITNESS WHEREOF, the parties have executed this agreement this 2nd day of MAY, 2006.

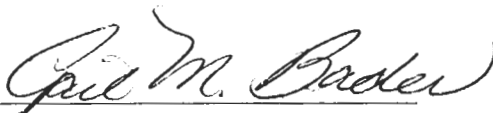
PUBLIC WATER SUPPLY DISTRICT
NO. 3 OF FRANKLIN COUNTY,
MISSOURI

By:

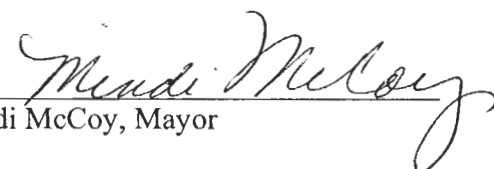

Don Parr, President

SEAL:

ATTEST:

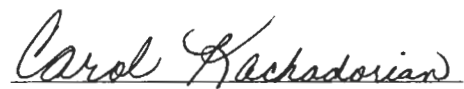

Clerk

CITY OF ST. CLAIR, MISSOURI

By: 
Mindi McCoy, Mayor

SEAL:

ATTEST:


City Clerk

STATE OF MISSOURI)
) SS:
COUNTY OF FRANKLIN)

On this 22nd day of May, 2006, before me appeared Don Parr, to me personally known, who, being by me duly sworn, did say that he is the President of **Public Water Supply District No. 3 of Franklin County, Missouri**, and that the seal affixed to the foregoing instrument is the corporate seal of said District, and that said instrument was signed and sealed on behalf of said District, by authority of its Board of Directors; and said Don Parr acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.



JANICE MEYER
My Commission Expires
August 26, 2008
Franklin County
Commission #04469187

Janice Meyer
Notary Public

My term expires: 8-26-08

STATE OF MISSOURI)
) SS:
COUNTY OF FRANKLIN)

On this 4 day of May, 2006, before me appeared Mindi McCoy to me personally known, who, being by me duly sworn, did say that (s)he is the Mayor of the **City of St. Clair, Missouri**, and that the seal affixed to the foregoing instrument is the corporate seal of said City, and that said instrument was signed and sealed on behalf of said City, by authority of its Board of Aldermen; and said Mindi McCoy acknowledged said instrument to be the free act and deed of said City.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.



CAROL KACHADORIAN
Franklin County
My Commission Expires
July 22, 2006

Carol Kachadorian
Notary Public

My term expires: July 22, 2006

EXHIBIT A

Beginning at the intersection of the South line of the main channel of the Missouri River with the Franklin and St. Louis County line; thence southwardly along said County line to the south quarter quarter line of Section 36, Township 44 North, Range 1 East; thence east along said quarter quarter line to its intersection with the west right-of-way of State Highway "00"; thence southwardly along said west right-of-way to its intersection with the south line of Section 1, Township 43 North, Range 1 East; thence west along the south line of said Section 1 to the southeast corner of a tract of land conveyed to Rohmann in Book 826 Page 707; thence northwardly, westwardly, and southwardly along the east, north and west line of said Rohmann tract to the north right-of-way of Megan Street; thence westwardly along said right-of-way to its intersection with the west line of Section 1; thence southwardly along said west line to the southwest corner of said Section 1; thence westwardly along the south line of Section 2 to the southwest corner thereof; thence southwardly along the east line of Section 10 to its intersection with the north right-of-way of Interstate 44; thence westwardly along said north right-of-way to a point being perpendicular from centerline Station 1706+35 of Interstate 44; thence southwardly and perpendicular to the centerline of Interstate 44 at Station 1706+35 to its south right-of-way; thence eastwardly along said south right-of-way to its intersection with the north right-of-way of Old Highway 66; thence westwardly along said north right-of-way to a point being perpendicular from centerline Station 149+86.25 of Old Highway 66; thence southwardly and perpendicular to the centerline of Old Highway 66 at Station 149+86.25 to its south right-of-way; thence westwardly along said south right-of-way to its intersection with the west line of said Section 10; thence southwardly along said west line to its intersection with the north right-of-way line of the Union Pacific Railroad; thence eastwardly along said right-of-way to its intersection with the east quarter quarter line of said Section 10-1 thence southwardly along the east quarter quarter line of said Section 10 and Section 15 to its intersection with the centerline of the Meramec River; thence eastwardly along said centerline to its intersection with the southeast line of U.S. Survey 1946; thence southwestwardly along said southeast line to a point 500 feet east of the east right-of-way of State Highway F; thence southwardly 500 feet east of and parallel to said right-of-way to a point on the southwest line of U.S. Survey 1932; thence southeastwardly along said southwest line to its intersection with the south line of Section 19, Township 43 North, Range 3 East; thence westwardly along said south line to the Franklin and Jefferson County line; thence southwardly along said County line to its intersection with the south line of Section 36, Township 42 North, Range 2 East, thence westwardly along the south line of Sections 36, 35 and 34 to the southwest corner of Section 34, Township 42 North, Range 1 East; thence northwardly along the west line of Sections 34, 27, and 22 to the northwest corner of Section 22; thence westwardly along the south line of Sections 16, 17 and 18, Township 42 North, Range 2 East and Section 13, Township 42 North, Range 1 East to its intersection with the centerline of the Meramec River; thence southwardly along said centerline to its intersection with the east line of Section 26, Township 42 North, Range 1 East; thence southwardly along the east line of Sections 26 and 35 to the East and West Township line between Townships 42 North and 41 North; thence westwardly along said Township line to the southwest corner of Section 32; thence northwardly along the west lines of

Sections 32 and 29 to the northwest corner of Section 29-1 thence westwardly along the south line of Section 19 to the southwest corner thereof; thence northwardly along the west line of said Section 19 to the east-west quarter line of Section 24, Township 42 North, Range 1 West, thence westwardly along the east-west quarter line of Sections 24 and 23 to the west line of Section 23" thence northwardly to the east-west quarter line of Section 35, Township 43 North, Range 1 West; thence eastwardly along said east-west quarter line to the west line of Section 36-1 thence northwardly along the west line of Sections 36, 25, and 23 to the southeast corner of Section 14; thence westwardly along the south line of Section 14 to the centerline of Highway 47; thence northwardly along said centerline to its intersection with the East and West Township line between Townships 43 North and 44 North, thence eastwardly along said Township line to its intersection with the east line of U.S. Survey No. 1964; thence northwardly along said east line to the northeast corner of said U.S. Survey No. 1964; thence westwardly along the north line of said U.S. Survey No. 1964 to the southeast corner of Fractional Section 36; thence along the east line of said Fractional Section 36 to its intersection with the south line of U.S. Survey No. 404; thence eastwardly along said south line to the southeast corner of said U.S. Survey No. 404; thence northwardly along the east line of said U.S. Survey No. 404 to its intersection with the south line of the main channel of the Missouri River; thence eastwardly along said south line to the point of beginning.

EXHIBIT B

Beginning at the southwest corner of Section 32, Township 42 North, Range 1 East; thence northwardly along the west line of Sections 32 and 29 to the northwest corner of Section 29; thence westwardly along the south line of Section 19 to the southwest corner thereof; thence northwardly along the west line of said Section 19 to the east-west centerline of Section 24, Township 42 North, Range 1 West; thence westwardly along the east-west centerline of Sections 24 and 23 to the west line of Section 23; thence northwardly along the west line of Sections 23, 14 and 11 to the northwest corner of Section 11; thence eastwardly along the north line of Sections 11 and 12 to the northwest corner of Lot 31 of Prairie Del Estates Plat 3 as recorded in Book N Page 799; thence southwardly along the west line of Prairie Del Estates Plat 3 to the southwest corner thereof; thence eastwardly along the south line of Prairie Del Estates Plat 3 and the south line of Prairie Del Estates Plat 4 as recorded in Book P Page 49 to the east line of Section 12, Township 42 North, Range 1 West; thence northwardly along the east line thereof to the northwest corner of Section 7, Township 42 North, Range 1 East; thence eastwardly along the north line of Sections 7, 8 and 9 to the north-south centerline of Section 9; thence southwardly along the north-south centerline of Sections 9, 16, 21, 28 and 33 to the south line of Section 33; thence westwardly along the south line of Sections 33 and 32 to the point of beginning.

EXHIBIT C

PART OF THE SOUTHEAST QUARTER OF SECTION 13 AND PART OF THE NORTHEAST QUARTER; THE SOUTHEAST QUARTER AND NORTHWEST QUARTER OF SECTION 24, TOWNSHIP 42 NORTH, RANGE 1 WEST OF THE 5TH P.M., DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTH LINE OF SAID SECTION 13 WHICH IS NORTH 86° EAST 1251.46 FEET FROM A STONE IN THE SW CORNER OF THE SE 1/4 OF SAID SECTION 13; THENCE N $19^{\circ}34'16''$ E 1144.58'; THENCE S $70^{\circ}25'44''$ E 579.85' TO A POINT IN THE WEST ROW LINE OF I-44; THENCE MEANDERING ALONG SAID ROW IN A GENERALLY SOUTHWESTERLY DIRECTION TO THE SOUTHEAST CORNER OF THE AIRPORT PROPERTY; SAID POINT ALSO BEING THE NORTHEAST CORNER OF THE GUTH PROPERTY; THENCE S $88^{\circ}25'18''$ W 239.4' TO AN OLD STONE; THENCE N $0^{\circ}48'22''$ E 1210.85'; THENCE N $0^{\circ}37'35''$ E 778.20' TO A POINT; THENCE S $86^{\circ}43'16''$ W 1573.06' TO A POINT ON THE EAST ROW LINE OF MISSOURI HIGHWAY 47; THENCE ALONG SAID EAST ROW LINE N $2^{\circ}42'$ E 40.28'; THENCE N $86^{\circ}43'16''$ E 1350.31'; THENCE N $0^{\circ}37'35''$ E 429.46'; THENCE N $89^{\circ}03'44''$ E 220.85'; THENCE N $0^{\circ}37'35''$ 19.43 TO AN OLD STONE; THENCE N $89^{\circ}16'01''$ E 570.39'; THENCE N $19^{\circ}34'16''$ E 1394.61' TO THE POINT OF BEGINNING, CONTAINING 70.27 ACRES MORE OR LESS.

PART OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 42 NORTH, RANGE 1 WEST OF THE 5TH P.M. MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER, SECTION 13, WHICH IS NORTH $87^{\circ}26'0''$ EAST 1705.81 FT. FROM THE NORTHWEST CORNER OF THE SOUTH HALF OF THE SOUTHEAST QUARTER AND RUN NORTH $87^{\circ}25'00''$ EAST 539.86 FT. TO A POINT; THENCE SOUTH $19^{\circ}34'16''$ EAST 470.87 FT. TO A POINT IN THE NORTH PROPERTY LINE OF ST. CLAIR MEMORIAL AIRPORT; THENCE NORTH $70^{\circ}25'44''$ WEST 500.00 FT. TO AN IRON PIPE; THENCE NORTH $19^{\circ}34'16''$ EAST 267.29 FT. TO THE PLACE OF BEGINNING, CONTAINING 4.236 ACRES.

EXHIBIT D

All that part of the East half of the Northwest qr. in Section Twenty-four (24), lying North of a 1.24 acre tract conveyed to the City of St. Clair, by deed of record in Volume 228, page 92, containing 48.76 acres, more or less. EXCEPTING THEREFROM the right of way of Missouri State Highway No. 47 and FURTHER EXCEPTING THEREFROM, that part condemned by Missouri Pipeline Company under Report of Commissioners in Book 674, page 392 in the office of the Recorder of Deeds.

The Northwest qr. of the Northwest qr. in Section Twenty-four (24), containing 40 acres, more or less, EXCEPTING THEREFROM the right of way of Missouri State Highway No. 47 and FURTHER EXCEPTING THEREFROM, that part conveyed to the County of Franklin by deed of record in Book 1110, page 321 in the office of the Recorder of Deeds and ALSO EXCEPTING THEREFROM, that part condemned by Missouri Pipeline Company under Report of Commissioners in Book 674, page 392 in the office of the Recorder of Deeds.

Part of the Southwest qr. of the Southwest qr. in Section Thirteen (13), more fully described as follows: Beginning at the Southwest corner thereof, run thence North 0°45' East on the West line thereof to an iron pipe which is 1278.5 feet South 0°45' West from the Northwest corner of said qr. qr. section, run thence North 84°30' East 747 feet to an iron pipe, thence North 85°45' East 420 feet to an iron pipe, thence South 86°30' East 52.5 feet to an iron pipe, thence Eastwardly in a straight line 145 feet to a point in the West line of Missouri State Highway No. 47, run thence South on the West line of said Highway to its intersection with the South line of said qr. qr. section, thence West on said South line to the point of beginning, containing 3.5 acres, more or less, reference being made to Surveyor's Record 14, page 92 for the North line of said tract. Subject to and together with a roadway easement across the Northeast corner of said tract as granted and reserved in deed of record in Volume 207, page 601.

A strip of ground of the uniform width of 2.50 chains off the South side of the South half of the Southwest qr. in Section Thirteen (13), containing 10 acres, EXCEPTING THEREFROM a strip of ground of the uniform width, containing 3 acres off the North side thereof, and FURTHER EXCEPTING THEREFROM, that part thereof lying West of Missouri State Highway No. 47, leaving herein 3.50 acres, more or less, and FURTHER EXCEPTING THEREFROM the right of way of Missouri State Highway No. 47.

All in Township Forty-two (42) North, Range One (1) West of the 5th P.M., and containing in the aggregate 95.76 acres, more or less, which includes that part thereof lying within the right of way of Missouri State Highway No. 47.

Together with all rights reserved by the Grantors in deed of record in Volume 228, page 92.

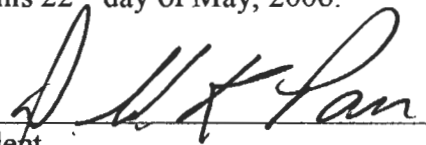
A RESOLUTION AUTHORIZING THE EXECUTION OF A
TERRITORIAL AGREEMENT BY AND BETWEEN PUBLIC
WATER SUPPLY DISTRICT NO. 3 OF FRANKLIN
COUNTY, MISSOURI AND THE CITY OF ST. CLAIR,
MISSOURI

BE IT RESOLVED by the Board of Directors of Public Water Supply District
No. 3 of Franklin County, Missouri, as follows:

SECTION 1: The President of the Board is hereby authorized and directed to execute a Territorial Agreement by and between Public Water Supply District No. 3 of Franklin County, Missouri (the "Water District") and the City of St. Clair, Missouri and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution, for and on behalf of and as the act and deed of the Water District. The Clerk is hereby authorized and directed to attest to and affix the seal of the Water District to the Territorial Agreement and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

SECTION 2: The Water District shall, and the officials and agents of the Water District are hereby authorized and directed to, take such further action, and execute and deliver such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

This Resolution adopted by the Board of Directors this 22nd day of May, 2006.



President



Clerk