

JUNE 2004 EXHIBIT A

WATER SUPPLY AGREEMENT

Agreement made this 17th day of January, 1985, by and between City of O'Fallon, Missouri (City) and Public Water Supply District #2 of St. Charles County, Missouri (District).

WITNESSETH THAT:

WHEREAS, the City presently owns and operates a waterworks system primarily for the purpose of supplying its present inhabitants with water; and

WHEREAS, the City intends to expand its corporate boundaries in certain areas south of Interstate Highway 70 and desires to have a water supply available in such areas; and

WHEREAS, the City's present water supply is limited and expansion of its system into the areas described herein would require a substantial expenditure of funds; and

WHEREAS, the areas South of I-70 described herein are within the territory which the District is authorized to serve and the District has the present financial capability to expand its system at considerable cost savings; and

WHEREAS, the parties agree that the District is in a more advantageous position than the City to economically expand and extend its water system and to furnish a water supply at a reasonable cost in the areas described above; and

WHEREAS, the City desires to avoid the wasteful and needless expense of expanding its system to construct facilities in the areas described herein, if the District agrees to be the exclusive supplier of water in such areas during the next twenty (20) years of development.

NOW, THEREFORE, in consideration of the mutual promises and

EXHIBIT

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convenants hereinafter set forth, the parties agree as follows:

1. The accompanying plat Exhibit "A" is made a part hereof by reference, and the outlined area shall be known as the "excepted area".

2. The District will be the exclusive supplier of water in the area south of Interstate Highway 70 within the present or future city limits of the City, except for the "excepted area"; and the City will not construct or extend facilities for the purpose of supplying water to said outlined area, or furnish or supply, or offer to furnish or supply, water within said area. The City further agrees that it will not enter into any agreement with any other person or legal entity to supply water in said area.

3. The District, as far as reasonably practical, will supply water to customers desiring service within the above described area; and agrees to waive the normal service connection fee for any customer within the corporate limits of the City.

4. The District's Tap Inspection and Meter Fees and its User Charges for water will be fair and reasonable, and will be consistent with its fees charged to other customers within the remaining portion of the District's territory.

5. The District will produce and furnish to the City water meter readings and other billing data necessary for City's sewer billing, and the City shall reimburse the District, at cost, for producing and furnishing data.

6. Should any potential customers within the city limits request that the District extend its water lines in order to serve said customer, and the District determines that the cost to

the District for the extension is not economically feasible, the District reserves the right to require the potential customer to pay all costs for the expansion or extension necessary to provide the water, and the District agrees to reimburse the potential customers in fifteen (15) equal annual payments without interest; further provided, however, that the District will not be required to enter into such a re-payment plan unless the City and the District mutually agree that such an expansion is economically feasible for the District with such an agreement.

7. The term of this agreement shall be twenty (20) years from the date of execution, and thereafter the term shall be extended on a year-to-year basis unless either party gives the other one hundred twenty (120) days prior written notice of their intention to terminate at the end of the current term.

CITY OF O'FALLON, MISSOURI

By

Jim Brown
Mayor

ATTEST:

Glenn D. Galvin
City Clerk

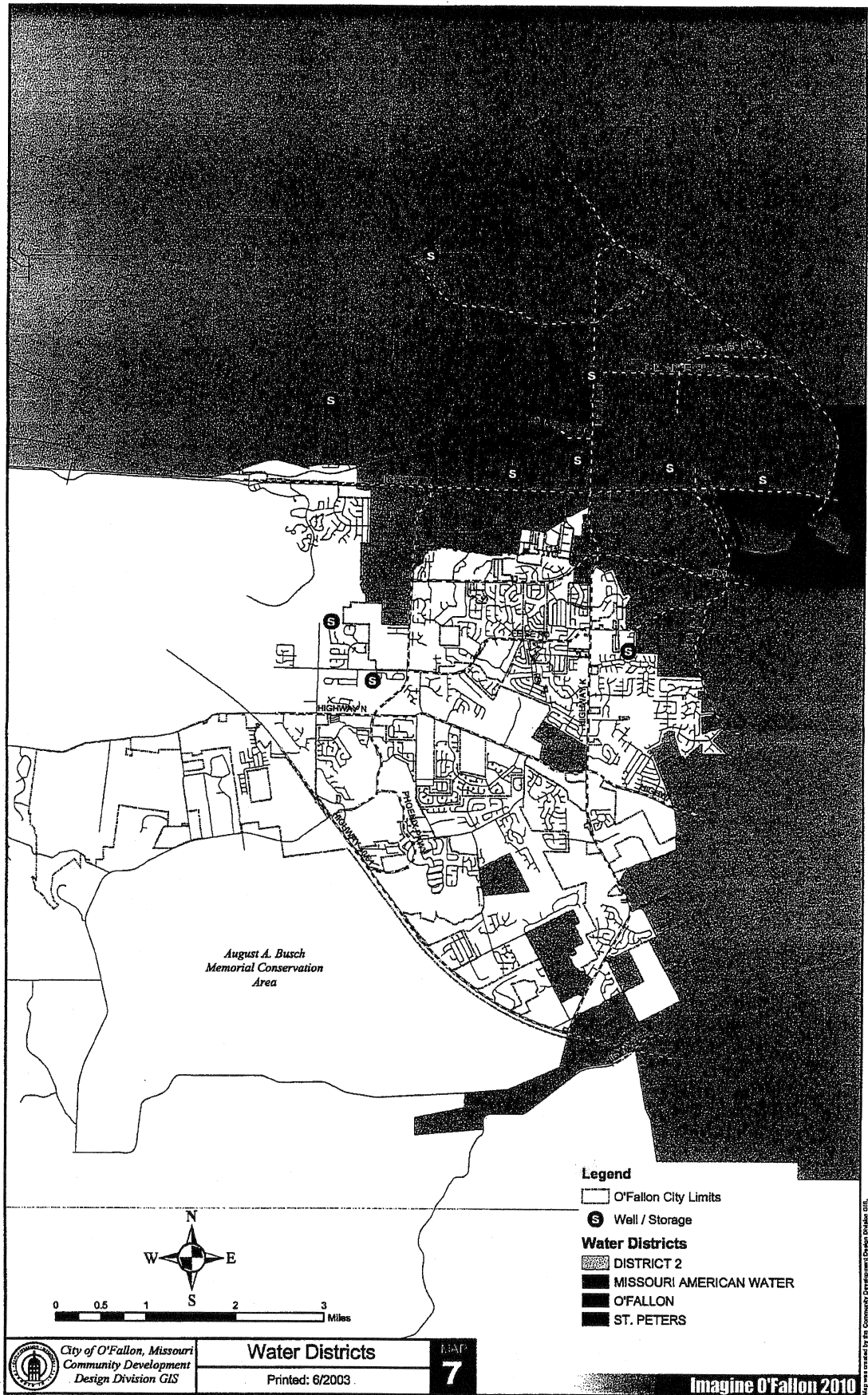
PUBLIC WATER SUPPLY DISTRICT
#2 OF ST. CHARLES COUNTY, MO

By

Don C. Behr

ATTEST

Roberta Gray
Clerk



CITY OF O'FALLON, MISSOURI

Mayor *William Brown*

TEST:

Glenn D. Schaefer
Clerk

PUBLIC WATER SUPPLY DISTRICT #2
T. CHARLES COUNTY, MISSOURI

Samuel R. Beck

TEST:

Robert Gray
Clerk

