

WATER PURCHASE AGREEMENT

WATER PURCHASE AGREEMENT between the **CITY OF CULLMAN** ("Cullman") a municipal corporation under the laws of the State of Alabama, and **CULLMAN COUNTY**, a political subdivision of the State of Alabama (the "Buyer") dated as of November 1, 2010.

RECITALS

Cullman is the owner of a water distribution system (the "Cullman Water Distribution System") from which it furnishes water to retail customers within the corporate limits of Cullman and in nearby unincorporated territory and to various wholesale customers that operate water distribution systems. Cullman purchases all water that it distributes to retail and wholesale customers from The Utilities Board of the City of Cullman (the "Supply Board"), a public corporation under the laws of Alabama, pursuant to various contracts (the "Cullman/Supply Board Agreements"). The Buyer, which operates a water distribution system (the "Buyer's System"), is a wholesale customer of Cullman pursuant to an existing Water Purchase Agreement dated as of April 1, 2000 (the "Existing Agreement") between Cullman and the Buyer.

Cullman, the Buyer, the other wholesale customers of Cullman and the Supply Board (together, the "Supplying Entities") have determined that in the near future they will face a serious shortage of water because of the inadequacy of the sources available to the Supply Board. It has been further determined that the provision of additional water to serve the customers of the Supplying Entities can be most efficiently accomplished by the construction of a reservoir on Duck River and related water transmission lines (the "Reservoir Project") and the treatment of the impounded water by the Supply Board. On the basis of those determinations the Supplying Entities have entered into a Reservoir Financing Agreement dated as of July 1, 1998 (the "Financing Agreement") in order to make provision for the financing of the Reservoir Project. It is anticipated that, pursuant to the Financing Agreement, the Supply Board will issue its Water Revenue Bonds (the "Reservoir Bonds") for the purpose of financing the costs of the Reservoir Project.

Cullman and the Buyer are entering into this Agreement, which replaces the Existing Agreement, pursuant to the Financing Agreement and in order to make other adjustments to the terms under which Cullman sells water to the Buyer. Cullman has represented to the Buyer that Cullman will, substantially contemporaneously with the execution and delivery of this Agreement, enter into wholesale water contracts with the other wholesale customers of Cullman providing for the sale of water to such customers at rates identical to those established in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, it is hereby agreed as follows:

Section 1. Supply of Water. Cullman agrees to sell and supply to the Buyer, and the Buyer agrees to take and purchase from Cullman, such quantity of water as the Buyer may require for resale through the Buyer's System to all customers of the Buyer, provided that Cullman shall not be obligated to supply water to the Buyer in a greater quantity than 160,000,000 gallons per month. Said maximum shall be adjusted from time to time subject to the Buyer's needs and the reasonable availability of additional water.

Section 2. Initial Delivery Date. The initial date for delivery of water hereunder (the "Initial Delivery Date") shall be the first business day of the month next succeeding the execution and delivery of this Agreement by the parties hereto.

Section 3. Term of Agreement. This agreement shall continue in effect until 11:59 p.m. on November 1, 2040.

Section 4. Base Rate for Water Furnished Hereunder. The basic sale price of water initially delivered to the Buyer under the provisions of this Agreement (the "Base Rate") shall be \$2.01 per 1,000 gallon; provided, however, that the initial Base Rate of \$2.01 per 1,000 gallons shall be subject to adjustment in the manner provided in Section 5 hereof.

Section 5. Adjustment of Base Rate. The Base Rate specified in Section 4 hereof for each thousand gallons of water delivered to the Buyer under the provisions of this Agreement shall be firm until the said rate shall be adjusted pursuant to the provisions of this section.

(a) **Definitions.** The following words and phrases, wherever used in this section, shall have the following respective meanings:

"**Fiscal Year**" means the period beginning on any October 1 and continuing until and including the next succeeding September 30.

"**Independent Engineer**" means a consulting engineer or a firm of consulting engineers that is duly qualified to practice the profession of engineering under the laws of Alabama, and that is not a full time employee of either Cullman or the Buyer.

"**Interest Credited to Debt Service**" means, for the period in question, that portion of the interest received on investments of moneys referable to Water System Indebtedness and held in the following funds: the Warrant Principal and Interest Fund created in Section 10.2 of the 2001 Indenture; the Debt Service Reserve Fund created in Section 10.3 of the 2001 Indenture; and any substantially similar funds created in any indenture of Cullman securing indebtedness issued for the purpose of refunding warrants issued by Cullman pursuant to the 2001 Indenture.

"**Operation and Maintenance Expenses**", when used with respect to the Cullman Water Distribution System, means and includes (1) expenses of administration and operation, including all items except depreciation and interest that by generally accepted accounting principles

are properly chargeable to expenses of administration and operation (including, except as limited below and without limiting the generality of the foregoing, all payments made by Cullman to the Supply Board for the purchase of water for distribution through the Cullman Water Distribution System pursuant to the Cullman/Supply Board Agreement), and (2) expenses of maintaining the Cullman Water Distribution System in good repair and operating condition, but not including (i) items properly chargeable to fixed capital account by generally accepted accounting principles and (ii) the costs of metering, billing or collecting the accounts of retail customers of the Cullman Water Distribution System, the amount of which shall be conclusively evidenced by an estimate of the manager of such system.

"Proportional Share", as applied to Interest Credited to Debt Service or Water System Debt Service, means an amount bearing the same ratio to such interest or debt service, as the case may be, that the gallonage of water delivered to the Buyer under the provisions of this Agreement during the then preceding Fiscal Year bears to the total gallonage of water delivered by the Supply Board to the Cullman Water Distribution System during such then preceding Fiscal Year.

"Water System Debt Service" means the amount of principal of Water System Indebtedness maturing or subject to mandatory redemption during a Fiscal Year plus the amount of interest maturing with respect to Water System Indebtedness during the same Fiscal Year.

"Water System Indebtedness" means the following obligations of Cullman incurred directly or indirectly for the purpose of paying costs of improvements to the Cullman Water Distribution System: (1) the Water Revenue Warrants, Series 2001, dated December 1, 2001; (2) any securities issued by Cullman for the purpose of refunding the Series 2001 Warrants referred to in clause (1) of this sentence; and (3) that portion of any securities issued by Cullman solely for the purpose of financing improvements to the Cullman Water Distribution System for the benefit of the wholesale customers of Cullman.

"2001 Indenture" means the Trust Indenture between Cullman and The Bank of New York Trust Company of Florida, N.A., dated as of December 1, 2001, as at any time supplemented and amended, and any other trust indenture pursuant to which Cullman may hereafter issue securities to refund Water System Indebtedness.

(b) **Procedure for Adjusting Base Rate.** Prior to March 1 of a Fiscal Year, Cullman shall cause the Base Rate specified in Section 4 hereof, for each thousand gallons of water, to be adjusted on the basis of the formula set forth in this section by complying with the provisions of this section. The Base Rate shall be adjusted as hereinafter provided when Cullman shall file with the Buyer, prior

to March 1 of a Fiscal Year, the following: (i) a notice that Cullman has determined that the Base Rate is to be adjusted to an amount specified in the said notice, and (ii) a certificate by an Independent Engineer setting forth the following:

(1) The number of thousands of gallons of water delivered by the Supply Board to the Cullman Water Distribution System during the then preceding Fiscal Year;

(2) The total amount of the Operation and Maintenance Expenses of the Cullman Water Distribution System during the then preceding Fiscal Year;

(3) The amount of Water System Debt Service during the then current Fiscal Year;

(4) The quotient obtained by dividing the sum of (a) the Operation and Maintenance Expenses referred to in the foregoing clause (2), and (b) the Water System Debt Service referred to in the foregoing clause (3) by the figure in the foregoing clause (1) (the said figure constituting the adjusted rate per thousand gallons of water and being sometimes herein called the "Adjusted Base Rate"); and

(5) A statement by the Independent Engineer making the report that it is of the opinion that the Adjusted Base Rate per thousand gallons of water does not exceed the rate considered by the said Independent Engineer to be reasonable in the circumstances.

The figure resulting in the foregoing clause (4) from the application of the foregoing formula shall, upon the filing of the said notice and engineering report, become the Base Rate per thousand gallons of water furnished hereunder during the period beginning with the first day of the Fiscal Year during which the notice and Independent Engineer's certificate are filed with the Buyer as herein provided, and continuing until there shall be another adjustment of rate pursuant to the provisions of this section. Any Independent Engineer making the certificate provided for in this section may, to the extent he deems such action appropriate, rely on records and certified copies of records of Cullman and the Supply Board and on audit reports made by a certified public accountant with respect to the said records, and each certificate made pursuant to the provisions of this section shall contain a brief reference to or description of the records, certified copies, and audit reports relied on by the Independent Engineer in making that certificate and shall be accompanied by a copy of any such audit report.

(c) **Retroactive Adjustment for Fiscal Year.** Contemporaneously with its submission, pursuant to the provisions of Section 11 of this Agreement, of the first statement next following an adjustment of the Base Rate pursuant to the provisions of this section, Cullman shall also submit to the Buyer a statement of

(1) the total quantity of water delivered and billed to the Buyer during the then current Fiscal Year at the Base Rate applicable prior to such adjustment (the "Pre-Adjustment Water Service"), (2) the total billings to the Buyer for Pre-Adjustment Water Service, (3) the amount that said billings for Pre-Adjustment Water Service would have been had the new Adjusted Base Rate been applied in computing such billings, and (4) the difference between the amount referred to in the preceding (2) and the amount referred to in the preceding clause (3). The difference referred to in clause (4) of the preceding sentence shall be divided by the number of calendar months (including the then current calendar month) remaining in the then current Fiscal Year and the amount of the quotient obtained shall be added as a separate item to the statement submitted to the Buyer in each calendar month remaining in such Fiscal Year, all to the end that all Base Rate charges for water incurred during the part of such Fiscal Year prior to the filing of the notice provided for in this section shall be paid in full prior to the end of such Fiscal Year.

(d) **Credit for Certain Investment Earnings.** Each statement furnished by Cullman to the Buyer during the months of January, April, July and October of each year shall be accompanied by a certificate of the manager of the Cullman Water Distribution System stating the amount of the Proportional Share of Interest Credited to Debt Service during the three calendar months next preceding the submission of such statement. The amount of the Proportional Share of Interest Credited to Debt Service (if any) shown in such certificate shall be credited in full on the amount of the statement it accompanies and any excess shall be credited in full until exhausted against future statements; provided, however, that the Proportional Share of Interest Credited to Debt Service so credited during any Fiscal Year shall not exceed the Proportional Share of Water System Debt Service during the same Fiscal Year and, to the extent of such excess, shall be carried forward for credit in the succeeding Fiscal Year or years until exhausted. Nothing in this subsection (d) shall be construed to impose upon Cullman any obligation to make or to cause to be made any investment of funds held by it or held under the 2001 Indenture or to prevent Cullman from causing the yield on investments of any such funds to be restricted in such manner as Cullman shall deem to be necessary under the provisions of Section 148 of the Internal Revenue Code of 1986, as now or hereafter amended.

Section 6. Point of Delivery. All water sold hereunder shall be delivered to the Buyer at the presently existing point of connection between a water main forming a part of the Cullman Water Distribution System and the Buyer's System.

Section 7. Meter. A master water meter with appurtenant valves and fittings shall be located at a point at or near the said point of delivery. The said meter shall be used to measure the quantity of water delivered by Cullman to the Buyer. The quantities of water recorded by the said meter and by any new meter installed in replacement thereof pursuant to the provisions hereof shall be the sole basis for the determination of the quantity of water furnished hereunder.

Section 8. Maintenance of Meter. The Buyer agrees to provide at its own cost the meter used in measuring the quantities of water furnished hereunder and to keep the said meter in

good repair and good operating condition, making at its expense all needed repairs thereto and replacing the meter at its expense if such replacement should be necessary. The said meter shall be deemed to be in good operating condition if it functions within two per cent (2%) of accuracy.

Section 9. Reading of Meter. The meter shall be read on the Initial Delivery Date. Thereafter the meter shall be read on the first business day of each calendar month for the purpose of ascertaining the quantity of water delivered hereunder since the then preceding reading of the meter. Each meter reading shall be made by a representative of Cullman; and the Buyer shall have the right to have a representative present at each meter reading.

Section 10. Meter Tests. The meter used in measuring the quantity water supplied hereunder shall be tested by comparison with accurate standards by the Buyer not less than once in every period of three (3) years, commencing with the Initial Delivery Date. The meter shall also be tested by comparison with accurate standards by a representative of Cullman and a representative of the Buyer at such time or times as either of the said parties hereto shall give written notice to the other that a test of the meter is requested. If the meter shall be found, at the time of any such test, to deviate from accuracy in measuring the flow of water by as much as two per cent (2%) it shall thereupon be restored by the Buyer to an accurate condition, or a new meter which registers within two per cent (2%) of accuracy shall be substituted there for by the Buyer. The expense of any meter test shall be borne by the party at whose request such test shall be made; provided, that if any test requested by Cullman shall reveal that the water deviates from accuracy by more than two per cent (2%), then the cost of making that test will be borne by the Buyer. The result of all meter tests shall be open to examination by the authorized representative of either of the parties.

Section 11. Billing for Water Furnished Hereunder. Due Date; Source of Payment. At least once during each calendar month, Cullman will submit to the Buyer a written statement of the quantity of water delivered and the amount payable under this contract for the then preceding period between monthly meter readings (the period between meter readings to be deemed the monthly billing period) and the amount due at then applicable Base Rate. Each statement shall be due when rendered and shall be paid by the Buyer within ten days thereafter, either directly to Cullman or upon its written order. The sums payable by the Buyer hereunder shall be payable solely out of and shall constitute a first charge on, the revenues derived by the Buyer from operation of the Buyer's System, except that, if the Buyer is the recipient of a loan from the United States Department of Agriculture - Rural Development (a "USDA Beneficiary") the sums so payable shall be subordinate to the security papers to the Farmer's Home Administration. The Buyer recognized that the said payments constitute an operating expense of the Buyer's System.

Section 12. Standard of Service. The water to be furnished under this Agreement shall be potable treated water of a quality approved by the Alabama State Board of Health. The water pressure at the point of delivery herein provided for shall at all times be not less than 50 pounds per square inch and not more than 100 pounds per square inch. Cullman shall not be liable for interruption in the furnishing of such water as a result of any cause beyond its control, but in case of any such interruption, Cullman shall use the utmost diligence in restoring the service so interrupted. The Buyer recognizes that if it should at any time require a water pressure at the point of delivery greater than 100 pounds per square inch, the Buyer will have the

responsibility of providing at its own expense the needed facilities to provide such increased pressure

Section 13. Furnishing of Water Hereunder in Excess of Maximum Specified in Section 1 Hereof. Cullman shall not be obligated to deliver to the Buyer during any month water in excess of the maximum quantity specified in Section 1 hereof, provided, however, that whenever the requirements of the Buyer exceed the said maximum, then if Cullman in its sole judgment shall deem that it has water available for that purpose, it will sell and deliver to the Buyer water in excess of the said maximum. The sale of that quantity of water in excess of the said maximum shall be made at the rate specified in Section 4 hereof (including any adjustment of the said rate that may be made pursuant to Section 5 hereof), and shall otherwise be subject to all the provisions of this Agreement (except the aforesaid limits as to maximum quantity set forth in Section 5 hereof), and shall otherwise be subject to all the provisions of this Agreement except the aforesaid limits as to maximum quantity set forth in Section 1 hereof.

If the Buyer should have requirements of water in excess of the aforesaid maximum quantity of water that Cullman is obligated to supply to the Buyer and if Cullman should be unable, or should for any reason decline to supply water to the Buyer in excess of the aforesaid maximum, then the Buyer may at its option purchase elsewhere, or provide by other means for, that portion of its water requirements that is in excess of the aforesaid maximum quantity that Cullman is obligated hereunder to supply to the Buyer.

Section 14. Source of Water Furnished Hereunder by Cullman. The water supply system owned by the Supply Board and the right of Cullman to receive water therefrom under the provisions of a water supply agreement between the Supply Board and Cullman constitutes the present source of supply of water for the Cullman Water Distribution System. It is the present intention of Cullman that the water sold and delivered by it hereunder will constitute a portion of the water supplied to it by the Supply Board from the said water supply system. Nothing in this Agreement shall, however, be deemed to limit or restrict the source from which Cullman may derive the water that it is obligated to sell and deliver to the Buyer hereunder. Cullman may fulfill its obligations hereunder with water derived by it from any sources so long as the water sold and delivered to the Buyer hereunder is of the quality and pressure herein specified and is so delivered at the point of delivery. Furthermore, the right of the Buyer for the sale and delivery to it hereunder of its water requirements is not restricted to water supplied to Cullman from the supply system of the Supply Board.

Section 15. Remedies on Default. (a) In the event any monthly payment for water furnished hereunder shall not be made within twenty (20) days after such payment becomes due, or in the event that the Buyer shall fail to comply with any of the other agreements on its part hereunder, Cullman shall have the following options, either or both of which may be exercised at any time thereafter so long as said payment remains due and unpaid:

- (1) Cullman may discontinue furnishing water hereunder until such time as any payment then due hereunder shall be made, provided, that, if the Buyer is a USDA Beneficiary, Cullman shall not discontinue furnishing water under the provisions of this paragraph (1) unless not less than thirty (30) days prior to such discontinuance, it shall have given

written notice to the Buyer and the State Director of the Farmer's Home Administration of its intentions to discontinue furnishing water; or,

(2) Cullman may terminate this Agreement by giving to the Buyer and, if the Buyer is a USDA Beneficiary, the State Director of the Farmer's Home Administration ninety (90) Days' notice in writing of its election so to do. In the event, any sums at the time due hereunder shall not be paid within ninety (90) days after such notice shall be given, this Agreement shall thereupon terminate at the end of the said period of ninety (90) days.

(b) In the event Cullman shall fail to perform any of the agreements on its part hereunder, the Buyer shall give Cullman and the State Director of the Farmer's Home Administration notice in writing, specifying in such notice the default complained of, and Cullman shall have thirty (30) days after receipt of such notice in which to make good such default. In the event Cullman shall not make good such default within the said period of thirty (30) days, the Buyer, at its option, may terminate this Agreement.

Section 16. Restriction on Disposal of the Buyer's System. So long as this Agreement remains in effect, the Buyer will not sell, lease or otherwise dispose of the whole or any integral part of the Buyer's System without the consent of Cullman. In the event Cullman consents to a sale or other disposition of the Buyer's System, it shall be provided in the deed or other instrument making such disposition that the person who may take possession of the Buyer's System under such deed or other instrument will assume the obligations of the Buyer under this Agreement; provided, that this section shall not be construed to restrict the right of the Buyer to execute mortgages or mortgage indentures and deeds of trust covering the Buyer's System.

Section 17. Restriction on Disposal of the Cullman Water Distribution System. So long as this Agreement remains in effect, Cullman will not sell, lease or otherwise dispose of the whole or any integral part of the Cullman Water Distribution System unless it shall be provided in the deed or other instrument making such disposition that the persons who may take possession of the Cullman Water Distribution System under such deed or other instrument, will assume the obligations of Cullman under this Agreement; provided, that this section shall not be construed to restrict the right of Cullman to execute mortgages or mortgage indentures and deeds of trust covering the Cullman Water Distribution System.

Section 18. Assignment of Contract to Farmer's Home Administration. If the Buyer is a USDA Beneficiary, this contract is hereby pledged to the United States of America, acting through the Farmer's Home Administration, as part security for a Loan from the United States of America.

Section 19. Restriction on Assignment of This Agreement. Other than a pledge of this Agreement pursuant to Section 18 hereof and any pledge of this Agreement to the Supply Board to secure the Cullman/Supply Board Agreements, neither this Agreement nor any interest herein shall be assigned by either Cullman or the Buyer without the written consent of the other party hereto, and any such assignment without such consent shall be void; provided, that the foregoing provision shall not prevent the assignment or pledge by either Cullman or the Buyer of

their respective interests hereunder to a trustee or otherwise as security for any bonds or other securities that may be issued by Cullman or the Buyer. In the event of such assignment or pledge by Cullman or the Buyer to such a trustee the latter shall have all rights and remedies herein accorded to the party making such assignment or pledge.

Section 20. Notices. Any notice hereunder shall be deemed to be property given if sent by United States registered or certified mail, postage prepaid, addressed as follows: if such notice is intended to be given to Cullman, it shall be addressed to Cullman at the Cullman City Hall, Post Office Box 278, Cullman, Alabama 35056-0278; if such notice is intended to be given to the Buyer, it shall be addressed to the Buyer at Cullman County Courthouse, Cullman, Alabama 35056; if such notice is intended and required to be given to the State Director of the United States Department of Agriculture - Rural Development, it shall be addressed to the State Director of the United States Department of Agriculture - Rural Development 4121 Carmichael Road, Suite 601, Sterling Centre, Montgomery, Alabama 36106.

Section 21. Endorsement by State Director of Farmer's Home Administration. If the Buyer is a USDA Beneficiary, this Agreement shall be conditioned upon approval, in writing, of the United States Department of Agriculture - Rural Development by the State Director or his/her representative, and Cullman and the Buyer shall not have or incur any obligations under the provisions of this Agreement until such time as the said State Director (or such representative) shall indicate such consent; provided, that if the said State Director (or such representative) shall refuse or fail to approve this Agreement within sixty (60) days after the date of execution and delivery hereof (as specified in the testimonium preceding the signatures hereto), this Agreement shall be deemed rescinded and neither Cullman nor the Buyer shall thereafter have or incur any obligations under the provisions hereof

Section 22. Certain Prior and Contemporaneous Agreements Canceled. Except as provided in Section 23 hereof, this Agreement shall completely and fully supersede all other prior or contemporaneous agreements (including, without limitation, all existing water purchase agreements) both written and oral, between Cullman and the Buyer. Except as provided in Section 23 hereof neither Cullman nor the Buyer shall hereafter have any rights under any such prior or contemporaneous agreement but shall look solely to this Agreement for definition and determination of all their respective rights, liabilities and responsibilities respecting the subject matter of this Agreement.

Section 23. Concerning the Financing Agreement. Cullman and the Buyer agree that the Financing Agreement shall remain in full force and effect subject to the following:

(a) The provisions of this Agreement and of the agreements with the other wholesale water customers of Cullman, as represented and warranted by Cullman in the first sentence of this section, shall be deemed to be in full compliance with the provisions of Sections 5 and 6 of the Financing Agreement.

(b) The provisions of Section 3 of the Financing Agreement to the contrary notwithstanding, the principal amount of the Reservoir Bonds shall not be limited to \$50,000,000.

(c) The provisions of Sections 7 and 8 of the Financing Agreement to the contrary notwithstanding, (i) no conveyance of the Reservoir Project shall be made to the District (as defined in the Financing Agreement) until 60 days following the payment in full] of all indebtedness of the Supply Board, (ii) commencing immediately with the organization of the District, the boards of directors of the District and the Supply Board shall meet together not less often than semiannually, and (iii) upon the conveyance of the Reservoir Project to the District, the District and the Supply Board shall enter into the District/Supply Board Agreement in accordance with the provisions of Section 8 of the Financing Agreement, except that such agreement shall have a term of not less than 30 years.

Section 24. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and have caused their corporate seals to be hereunto affixed and attested by their duly authorized officers in multiple counterparts, each of which shall be deemed an original but all of which shall be construed as one instrument, and have caused this Agreement to be dated as of the date first above written.

CITY OF CULLMAN

By Max A. Johnson
Its Mayor

ATTEST: Leah W. Rose
Its City Clerk

CULLMAN COUNTY

By James A. Stearns
Its _____

ATTEST: Harold R. Slatter
Its County Clerk

AMENDMENT TO WATER PURCHASE AGREEMENT

AMENDMENT TO WATER PURCHASE AGREEMENT between CITY OF CULLMAN ("City") a municipality corporation under the laws of the State of Alabama, and **CULLMAN COUNTY**, a political subdivision of the State of Alabama ("County"), dated as of the 31st day of October, 2014.

WHEREAS, City and County, along with other water distribution entities, heretofore entered into a Water Purchase Agreement for the purpose of financing an additional reservoir and pipeline; and

WHEREAS, under Section 3 of said Water Purchase Agreement, the agreement term ended on November 1, 2040, which is 26 years from now; and

WHEREAS, the Utility Board of the City of Cullman originally financed the entire Duck River Project under one bond issue but now it has been determined that it will best serve the rate payers if two separate bonds are issued therefore delaying for as long as possible payments on funds for the final phase of construction and the pipeline;

WHEREAS, the pipeline may not be financed until 2017 in order to delay implementation as long as possible for rate increases to consumers of various retail water distributors, Cullman County being one distributor;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, it is hereby agreed as follows:

1. Section 3 of the Water Purchase Agreement is hereby amended to read as follows:

"Section 3. Term of Agreement. This agreement shall continue in effect until 11:59 p.m. on November 1, 2048."

2. The Water Purchase Agreement, as amended by this Agreement, is hereby ratified and confirmed in all respect.

3. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and have caused their corporate seals to be hereunto affixed and attested by their duly authorized officers in multiple counterparts, each of which shall be deemed an original but all of which shall be construed as one instrument, and have caused this Agreement to be dated as of the date first above written.

City of Cullman

By: May A. Johnson
Its: Mayor

Attest

By: Wesley M. Moore
Its: City Clerk

Cullman County

By: Kenneth Weller
Its: ~~Mayor~~ Chairman

Attest

By: Kenneth R. Weller
Its: ~~City Clerk~~
County Clerk