

Maysville

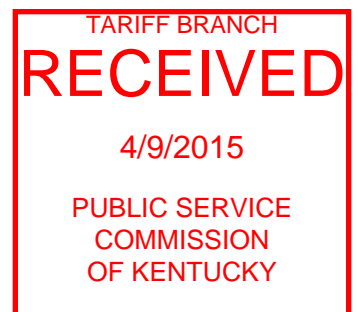
**WATER PURCHASE CONTRACT**

THIS CONTRACT for the sale and purchase of water is entered into as of 9<sup>TH</sup> January 2003, between the City of Maysville, 216 Bridge Street, Maysville, Kentucky 41056, hereinafter referred to as the "Seller", and Buffalo Trail Water Association, 41135 U.S. 62, Sardis, Kentucky 41056, hereinafter referred to as the "Purchaser",

WHEREAS, WITNESSETH: the Purchaser desires to increase the supply of water available to its users by construction of a water supply transmission system from the Seller's system to the Purchaser's system and to accomplish this purpose, the Purchaser will require a supply of treated water, and

WHEREAS, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated supplemental water needs to be required by the said Purchaser, and

WHEREAS, by Resolution No. 03C-\_\_\_ enacted by the Board of Commissioners of Seller on 9 January 2003, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this Contract by the Mayor on behalf of Seller to carry out said Resolution was duly authorized, and



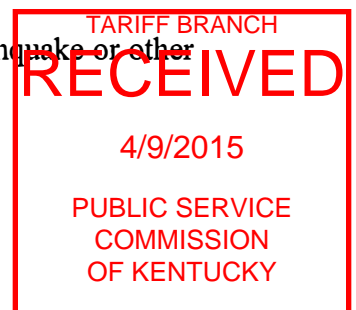
WHEREAS, by Resolution of the Board of Commissioners of the Purchaser, enacted on \_\_\_\_\_  
\_\_\_\_\_ 2003, the purchase of water from the Seller in accordance with the terms set forth in the  
said Resolution was approved, and the execution of this Contract by the Chairman on behalf of  
Purchaser was duly authorized.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set  
forth:

A. The Seller Agrees:

(1) (Quality and Quantity) To furnish the Purchaser at the Point of Delivery specified  
in paragraph (2) below, during the term of this Contract or any renewal or extension hereof, potable  
treated water meeting applicable purity standards of the Commonwealth of Kentucky as defined in  
KRS 224.032 and in accordance with the Kentucky Public and Semi Public Water Supplies  
Regulations (KAR. Title 401, Chapter 6) in such quantity as may be required by the Purchaser at  
a minimum of 350,000 gallons per month and not to exceed 800,000 gallons per month.

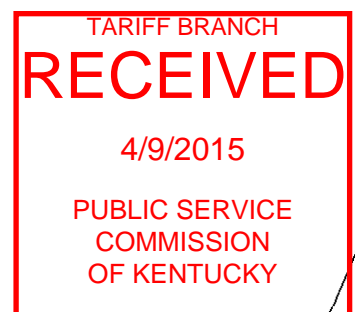
(2) (Point of Delivery and Pressure) Water will be furnished at a reasonably constant  
pressure calculated at 30 psi from an existing six inch main supply at a point located on Clarkes Run  
Road, Maysville, Kentucky (hereinafter the "Point of Delivery"). If a greater pressure than that  
normally available at the Point of Delivery is required by the Purchaser, the cost of providing such  
greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to  
main supply line breaks, power failure, flood, fire, use of water to fight fire, earthquake or other



catastrophe shall excuse the Seller from the provisions concerning pressure and supply for such reasonable period of time as may be necessary to restore service.

(3) (Metering and Equipment) To operate and maintain at its own expense at the Point of Delivery, the necessary metering equipment, including a meter house or pit and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser. Seller will calibrate such metering equipment whenever requested by Purchaser but not more frequently than once every twelve months. A meter registering not more than two percent above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the six months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the fifteenth day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

B. The Purchaser Agrees to pay the Seller, not later than the 15<sup>th</sup> day of each month, for all water delivered, but not less than 350,000 gallons per day, at the rate of one dollar forty-nine cents (\$1.49) per 1,000 gallons.

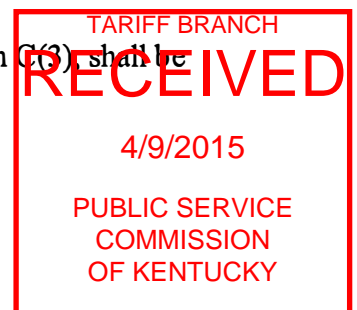


C. It is further mutually agreed between the Seller and the Purchaser as follows:

(1) (Term of Contract) That the initial term of this Contract shall commence upon complete execution hereof and shall extend for the useful life of said water supply transmission system, hereby agreed to be forty years from the date of initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser. Provided, that Purchaser's right to purchase water under this Contract after the initial term hereof shall be renewed or extended at the option of the Purchaser. Purchaser's option may be exercised by written notice delivered to the other party during the final full calendar year of the initial term of this Contract, or at any time thereafter within one year after written interrogation by Seller as to such renewal or extension. If Purchaser fails to exercise its option, then its right hereunder shall be deemed automatically renewed and extended year by year pending its timely answer to such interrogation from Seller.

(2) (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be reasonably necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to the Purchaser shall be reduced or diminished in the same ratio or proportion as the supply to Seller's other consumers is reduced or diminished.

(3) (Modification of Contract) That the provisions of this Contract pertaining to the rate to be paid by Purchaser for water purchased, and for water used pursuant to paragraph C(3) shall be



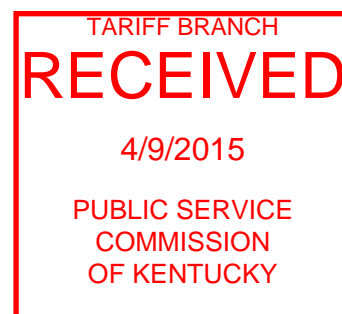
subject to modification as required. Provided, that any increase or decrease in rates shall be only in conjunction with a general rate adjustment for all large volume customers (defined as usage over 50,000 gallons per month). Other provisions of this Contract may be modified or altered by mutual agreement in writing.

(4) (Regulatory Agencies) That this Contract is subject to applicable laws and regulations. The parties will cooperate in obtaining such permits, certificates, and similar authority required to comply with applicable laws and regulations.

(5) (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions of this Contract pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

(6) (Successors) That in the event of any occurrence rendering either party incapable of performing under this Contract, any successor of such party, whether the result of legal process, assignment, or otherwise, shall succeed to the rights and duties of such party hereunder.

(7) (Prior Agreements) That this Contract represents the agreement between Seller and Purchaser in its entirety.



SELLER

PURCHASER

CITY OF MAYSVILLE

BUFFALO TRAIL WATER ASSOCIATION

*David W. Cartmell*

David W. Cartmell, Mayor

*Dick Clary*

Dick Clary, Chairman

ATTEST:

ATTEST:

*Sharon A. Swisher*

Sharon A. Swisher, City Clerk

*Ralph Simms*

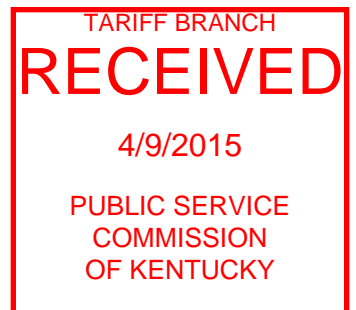
Ralph Simms, Secretary *by J. Saunders  
per phone*

APPROVED:

This Contract is approved on behalf of ~~the Board of Public Administration~~ *RURAL DEVELOPMENT* this JANUARY 27, 2003.

By *Jimmy H. Hall*

Title *Rural Utilities Specialist*



CERTIFICATE

The undersigned certifies that she is the duly appointed and acting City Clerk of the City of Maysville, Mason County, Kentucky; that the Board of Commissioners of the City of Maysville at its regular meeting on 9 January 2003 adopted the attached Resolution approving a Water Purchase Contract with Buffalo Trail Water Association; and that said Resolution as attached hereto is in full force and effect, this \_\_ January 2003.

*Sharon A. Swisher*

Sharon A. Swisher, City Clerk

(SEAL)

