

Form RD 442-30
(Rev. 10-96)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROV
OMB NO. 0575

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 12 day of August

2002, between the Bath County Water District

PO BOX 369 Salt Lick, KY 40371
(Address)

hereinafter referred to as the "Seller" and the City of Owingsville

PO BOX 639 Owingsville, KY 40360
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Ky Const. 156 & Chapter 81, 82, 83A Code of K.R.S., for the purpose of constructing and operating a water supply distriul system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this pu 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 p customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans system now on file in the office of the Purchaser, and

Whereas, by Resolution No. _____ enacted on the 27 day of August, 2002 by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution Board of Commissioners, and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Owingsville City Council of the Purc enacted on the 12 day of August, 2002, the purchase of water from the in accordance with the terms set forth in the said Resolution #2002-12 was approved, and the execution of contract by the Mayor, City of Owingsville, and attested by the Secretary 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 hereinafter specified, during the term of this cont any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky

Department of Natural Resources & Environmental Protection

in such quantity as may be required by the Purchaser not to exceed 300,000 BY John E. Dyer EXECUTIVE DIRECTOR

PUBLIC SERVICE COMMISSION
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2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated

66 PSI from an existing 12 inch main supply at a point located

On South side of US 60 East of Owingsville, Near HWY 36 West.

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, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at 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 and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) 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 12 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 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

15TH Day of the Month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10TH day of each month with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15TH day of each month, for water delivered in accordance with the following schedule of rates:

a monthly Flat Fee

- a. \$ 4,733.91 for ~~the first~~ XXXXX, which amount shall also be the minimum rate per month.
- b. \$ 1.55 cents per 1000 gallons for water ~~in excess of XXXXXXXX gallons but~~ less than 300,000 gallons.
- c. \$ _____ cents per 1000 gallons for water in excess of _____ gallons.

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BY Thomas H. [Signature]
EXECUTIVE DIRECTOR

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser the sum of 0.00 dollars which shall cover any and all costs of the Seller for installation of the metering equipment and N/A

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

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That: 30 days prior to the estimated date of completion of construction of the Purchaser's supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ 0.00 which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failure 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 Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, and such costs shall ~~not~~ include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement ^{as necessary to serve the Purchaser.}

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

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

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

9. This Contract is hereby pledged to the United States of America acting through the USDA Rural Development as part of the security for a loan from the United States of America.

10. PURCHASER is cognizant of the fact that SELLER purchased water from Morehead Utility Plant Board at a rate based on a flat fee component and a per 1,000 gallon purchase price that is subject to recalculation annually based on the cost of producing and delivering water to SELLER. At the time of each future rate recalculation SELLER will notify PURCHASER of the increase or decrease in SELLER'S per 1,000 gallon purchase price of water and any such increase or decrease shall be added to the rate charged to PURCHASER, without increase or diminution, for the month in which the recalculation is finalized and subsequent months until the next recalculation.

11. Other provisions of this contract notwithstanding, SELLER agrees that it will install at its own cost, any necessary parallel lines to the point of delivery and any necessary booster pumps required to provide water at sufficient gallons per minute (208 GPM) to PURCHASER to ensure consistent water service in accordance with the terms of this contract.

BY Thomas L. Dorn
EXECUTIVE DIRECTOR
EFFECTIVE

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BY Thomas L. Dorn
EXECUTIVE DIRECTOR

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be executed in 7 (seven) counterparts, each of which shall constitute an original.

Seller:

Bath County Water District

By Smithell Cook

Title CHAIRMAN

Attest:

Jana Reynolds
Secretary

Purchaser:

City of Owensville

By Connie Rester

Title Mayor

Attest:

Jaeger Davis
Secretary

This contract is approved on behalf of Rural Development this 30th day of October
19 2002

By Thomas C. Bean

Title Program Director

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SECTION 9 (1)

BY Thomas W. Don
EXECUTIVE DIRECTOR

RESOLUTION

In order to continue public water supply service, and to provide adequate water supply, and to comply with Rural Development guidelines, it is hereby resolved the Bath County Water District enter into a Water Purchase Agreement with the City of Owingsville. The Water Purchase Agreement is attached to this resolution and adopted /approved this 27 day of August, 2002.

By: Mitchell Crooks
Mitchell Crooks, Chairman

Attest: Lena Reynolds
Lena Reynolds, Secretary

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PURSUANT TO 807 KAR 6:011
SECTION 9 (1)

BY: Charles L. Dorn
EXECUTIVE DIRECTOR

RESOLUTION NO. 2002-12

RESOLUTION OF THE CITY OF OWINGSVILLE, KENTUCKY, ENTERING INTO A WATER PURCHASE CONTRACT WITH BATH COUNTY WATER DISTRICT

WHEREAS, the City of Owingsville is contemplating entering into a contract with the Bath County Water District for the purchase of water for the City of Owingsville; and


WHEREAS, the terms and provisions of said sale and purchase of a water supply for the City of Owingsville have been set out in a Water Purchase Contract,

NOW, THEREFORE, BE IT RESOLVED by the City of Owingsville, Kentucky, as follows:

1. The proposed Water Purchase Contract (a copy of which is attached to this Resolution) is hereby adopted, ratified, and approved.
2. The Mayor of the City of Owingsville shall execute said Water Purchase Contract and same to be attested by the City Clerk.

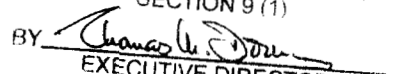
PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF OWINGSVILLE, KENTUCKY, THIS the 12th day of AUGUST, 2002.


HON. CLARENCE RISTER, MAYOR

ATTEST:

FAYE DAVIS, CITY CLERK

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