

WATER PURCHASE CONTRACT

THIS CONTRACT for the sale and purchase of water made and entered into this 16th day of April, 2007, by and between **MONROE COUNTY WATER DISTRICT**, hereinafter referred to as the "SELLER," and **FOUNTAIN RUN WATER DISTRICT**, hereinafter referred to as the "PURCHASER."

WITNESSETH

Whereas, the Purchaser operates a rural water district for the purpose of constructing and operating a water supply distribution system serving water users within their designated area, including an area of Monroe County known as White Oak Ridge, and

Whereas, the Purchaser has had pressure problems in the area of White Oak Ridge for several years and the Division of Water has instructed the Purchaser to have this problem resolved, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the Purchaser's needs on White Oak Ridge, specifically, the Seller has a four (4) inch water main that is only 3,000 feet away from the Purchaser's current lines going to White Oak Ridge that has sufficient pressure and flow to supply White Oak Ridge.

Now, therefore, in consideration of the foregoing and mutual agreement hereinafter set forth,

A. THE SELLER AGREES:

1. **QUALITY AND QUANTITY:** to furnish the Purchaser at the point of delivery, specifically at the tie in between the Fountain Run Water and the Monroe County Water District in the vicinity of White Oak Ridge, during the term of this Contract

or any extension therefore, potable treated water meeting applicable purity standards as propagated by the appropriate divisions of Kentucky government, in such quantity as may be required by the Purchaser, with no minimum or maximum usage stated.

2. **MONITORING:** To calibrate the metering equipment whenever requested by the Purchaser but not less frequently than once of every twelve months. A meter registering not more than 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 three (3) months previous to such tests in accordance with the percentage of inaccuracy found by such test.* 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 of equipment shall be read on or about the 18th 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.

3. **BILLING PROCEDURE.** To furnish the Purchaser at the above address no later than the 10th day of each month, an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. PURCHASER AGREES:

1. **METERING EQUIPMENT:** To furnish, install, operate and maintain at its own expense, at points 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;

2. **RATES AND PAYMENT DATE:** To pay the Seller no later than the 20th day

of each month for water delivered in accordance with the following rate schedule:

\$1.49 per thousand gallons

C. IT IS FURTHER MUTUALLY AGREED BETWEEN THE SELLER AND PURCHASER AS FOLLOWS:

1. **TERM OF CONTRACT.** This contract shall extend for a term of 10 years from the date of initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and thereafter may be renewed or extended for such term or terms as may be agreed upon by the Seller and the Purchaser.

2. **FAILURE TO DELIVER.** That the Seller will at all times, operate and maintain the system in an efficient manner and will take such action as may be 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 Purchaser shall be reduced or diminished in the same ratio or proportion as the supply to the Sellers consumers is reduced or diminished.

3. **MODIFICATION OF CONTRACT AND ITS PROVISIONS.** 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 two (2) year period. Any increase or decrease in rate shall be based upon a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Sellers system. Other provisions of this contract may be modified or altered by mutual agreement.

4. **REGULATORY AGENCIES.** This contract is subject to such rules, regulations, or laws that may be applicable to similar agreements in this state and the Seller

and Purchaser will collaborate in obtaining permits, certificates or the like, as may be required to comply with the regulatory agencies.

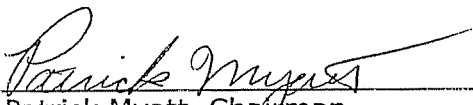
IN WITNESS WHEREOF, the parties hereto acting under the authority of their respective governing bodies, do cause this contract to be duly executed in triplicate originals.

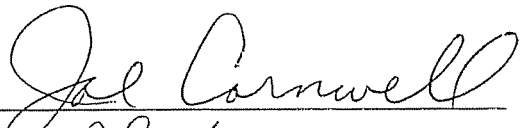
SELLER:

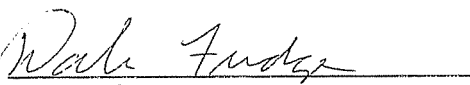
PURCHASER:

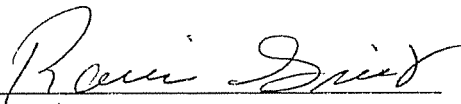
MONROE COUNTY WATER DISTRICT

FOUNTAIN RUN WATER DISTRICT

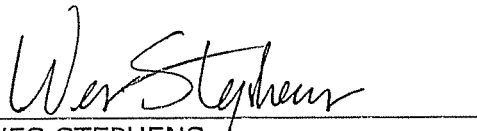
BY: 
Patrick Myatt, Chairman

BY: 
TITLE: Chairman

Attest: 
Dale Fudge, Secretary

Attest: 
Secretary

THIS INSTRUMENT PREPARED BY:


WES STEPHENS
Attorney at Law
215 North Main Street
Tompkinsville, Kentucky 42167
Telephone: (270)487-6303
Facsimile: (270)487-1013
E-Mail: wslaw42167@yahoo.com