

19 AUG 2002

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

Position 5
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0015

EMERGENCY WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 8th day of July 2002, between the Rattlesnake Ridge Water District
P.O. Box 475 Grayson, KY 41143
(Address)
hereinafter referred to as the "Seller" and the Sandy Hook Water District
P.O. Box 726, Howards Creek Sandy Hook, KY 41171
(Address)
hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Kentucky Revised Statutes of the Code of Chapter 74, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser 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 number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by Resolution No. 7-8-02 enacted on the 8th day of July, 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 by the Chairman, Rattlesnake Ridge Wtr Dist. and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Chairman of the Purchaser, enacted on the _____ day of _____, 2002, 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, Sandy Hook Water District 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 contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the USEPA and Commonwealth of Kentucky Division of Water in such quantity as may be required by the Purchaser not to exceed 3,000,000 gallons per month.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 Independence Avenue, S.W., Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

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 See Below years from the date of the 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 Purchaser.

2. (Delivery of Water) That 14 days prior to the estimated date of completion of construction of the Purchaser's water 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 \$2.90/1,000 gallons 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 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'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 2 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but 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.

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 made 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.

~~1a.~~ *As this contract is for EMERGENCY use only, it is agreed and understood that Rattlesnake Ridge Water District shall reserve enough water supply to meet it's own customers demands and their own emergency demands..*

Upon purchaser's belief of the existance of an emergency, notice to Rattlesnake Ridge Water District at 606-474-7570 or 606-738-6644 (or other emergency number as designated) shall be given within 4(four) hours to Rattlesnake Ridge Water District upon opening of the valve)or use) for emergency water use by purchaser.

Howerver, upon appropriate notice as set forth hereinabove, then at Seller's sole discretion of an emergency situation existing for purchaser, purchaser may continue use of water for a period not too exceed five (5) consecutive days.

If said emergency shall exist longer than a (5) five consecutive day period, then in that event purchaser, seller, and Rural Development shall meet to determine approval for continuing use of water from seller.

1010 → 1b. ~~Once the state prison is operational, the seller reserves the right to re-evaluate the furnishing of the Emergency Water Supply.~~
AK R.P. 1111 R. 5. 12

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

Seller:

By Bill Gilbert
Title Chairman

Attest:

Larry Lawell
Secretary

Purchaser:

SANDY HOOK WATER DISTRICT
By Charles J. Fortrick
Title Chairman

Attest:

A. C. Dickson
Secretary

This contract is approved on behalf of Rural Development this

20th day of August

19 2002

By James H. Hill
Title Public Utilities Specialist

AUG 28 2002



United States
Department of
Agriculture

Rural
Development

771 Corporate Drive, Suite 200
Lexington, KY 40503-5477
(859) 224-7336 TTY(859) 224-7422

August 22, 2002

SUBJECT: Sandy Hook Water District
Water Purchase Contract

TO: Rural Development Manager
Morehead, Kentucky

The subject applicant's Water Purchase Contract has been reviewed by this office. Please find enclosed three copies of the Contract, along with Rural Development's concurrence. This office has retained a copy for our files.

Please distribute the enclosed copies accordingly.


KENNETH SLONE
State Director
Rural Development

Enclosures