

WATER PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into this 13 day of November, 1989, by and between the City of Carlisle, Kentucky, hereinafter referred to as "SELLER", and Sharpsburg Water District, hereinafter referred to as "PURCHASER".

WITNESSETH:

WHEREAS, Sharpsburg Water District desires an additional source of water supply; and

WHEREAS, City of Carlisle has the ability to deliver water to Sharpsburg Water District provided proposed upgrades of their existing system are completed, respectively;

NOW, THEREFORE, the parties do hereby mutually agree as follows:

A. The SELLER agrees:

1. (QUALITY and QUANTITY) To furnish the PURCHASER at a 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 Kentucky Department for Human Resources in such quantity as may be required by the PURCHASER not to exceed one hundred thousand (100,000) gallons per day.
2. (CARLISLE SYSTEM IMPROVEMENTS) To supply water to the Sharpsburg Water District, the SELLER shall first meet the terms of Agreed Order 87222, complete construction of the raw water transmission line and pump station improvements; including application for and receipt of a revised Water Withdrawal Permit from the Division of Water incorporating the Agreed Order improvements. The SELLER shall supply certification to

EXHIBIT

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the Division of Water that this work has been satisfactorily completed prior to delivery of water to the PURCHASER.

3. (POINT OF DELIVERY AND PRESSURE) That water will be furnished at a reasonably constant pressure calculated at fifty (50) p.s.i. from the proposed termination point and master meter of the to be constructed 8-inch transmission main supply line located at the intersection of State Highway 36 and the T.T.I. Railroad crossing. If a greater pressure than 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 failures, flood, drought, curtailment of draw, fire and use of water to fight fire, earthquake or other catastrophe, including periodic failure of pressure due to maintaining of the system by SELLER, shall excuse the SELLER from this provision for such reasonable period of time as may be necessary to restore service.

4. (METERING EQUIPMENT) To operate and maintain at its own expense to point of delivery, the 8-inch transmission line, the necessary metering equipment, including a meter house or pit, and required devices of standard type (all to be supplied and dedicated by the PURCHASER) 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 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 (6) 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 in the year immediately prior to the failure, unless SELLER and PURCHASER shall agree upon a different amount. The metering equipment shall be read in accordance with SELLER'S usual reading and billing schedule. An appropriate official of the PURCHASER at all reasonable times shall have access to the meter for the purpose of verifying its readings.

5. (SYSTEM IMPROVEMENTS) That the proposed 8-inch transmission line proposed to be constructed by PURCHASER from the SELLER'S existing 10-inch line on Oriole Street to the T.T.I. Railroad tracks is designed to benefit to SELLER'S system as well the system of the PURCHASER. Therefore, the SELLER agrees to pay the PURCHASER the actual cost difference between a 6-inch transmission line which would be necessary to supply water to the PURCHASER only, and an 8-inch transmission line which is necessary to mutually benefit both PURCHASER and SELLER, not to exceed Nine Thousand (\$9,000.00) Dollars, which fee is to represent the difference in cost of materials required to oversize the line.

6. (BILLING & STATEMENTS) To furnish the PURCHASER, in accordance with SELLER'S usual billing schedule, a monthly statement including the quantity of water furnished for the preceding billing month and the current amount due.

B. The PURCHASER agrees:

1. (UPGRADE OF SELLER'S SYSTEM) To construct an 8-inch transmission line ("the 8" Line") from the end of SELLER'S existing 10-inch line at Oriole Street near the SELLER'S existing 182,000 Gallon Tank to the T.T.I. Railroad Crossing of Route 36, including the construction of necessary metering equipment and facilities to be maintained and operated thereafter at the cost and expense of SELLER.

2. (METERING EQUIPMENT) To furnish and install one (1) dual turbine meter pit and connections to the SELLER'S system as set out in Paragraph A(3) above. Said meter vaults and metering equipment and connections ("the Equipment") shall follow good and normal engineering principles and said design and installation shall be approved by the SELLER and performed by the PURCHASER.

3. (DEDICATION) Upon completion, testing, and acceptance by the SELLER, "the 8" Line" and "the Equipment" shall become the property of the SELLER, which will operate and maintain same in accordance with Paragraph A(4) above.

4. (RATES AND PAYMENT DATE) To pay the SELLER, not later than ten (10) working days following billing by SELLER, for water delivered in accordance with the usual schedule of water rates as established from time

to time of ordinance of SELLER, currently per the following schedule of rates:

First 1,000 gallons @	\$6.00
Next 4,000 gallons @	1.60 per 1,000 gal.
Next 5,000 gallons @	1.55 per 1,000 gal.
Next 5,000 gallons @	1.30 per 1,000 gal.
Next 10,000 gallons @	1.20 per 1,000 gal.
Next 25,000 gallons @	1.00 per 1,000 gal.
All over 50,000 gallons @	.95 per 1,000 gal.

A penalty of ten (10) percent of the amount due will be assessed and paid on all bills not paid in full within ten (10) working days in accordance with ordinances of SELLER.

5. (CONNECTION FEE) If all connections are accomplished by PURCHASER, there shall be no connection fee due SELLER; if however, SELLER is required or requested to perform any connections PURCHASER shall pay SELLER the actual cost of materials required to make such connection.

C. It is further mutually agreed as between the SELLER and the PURCHASER as follows:

1. (CONDITIONS PRECEDENT) The parties mutually acknowledge that the construction of the 8-inch water transmission supply line and improvements and water distribution system improvements by the PURCHASER is proposed in anticipation of financing by a Community Development Block Grant and through the Farmers Home Administration, Department of Agriculture, and the provisions hereof are conditioned upon the approval of the appropriate administrators of the Block Grant and FmHA grant and loan programs. This Contract, in its entirety, is further specifically conditioned upon the

receipt of sufficient financing from said sources to enable PURCHASER to undertake and complete the proposed project according to terms imposed by the said financing agencies.

2. (TERM) That this Contract shall extend for a term of forty (40) years from the date of the initial delivery of water as shown by the first bill submitted by the SELLER and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the SELLER and the PURCHASER.

3. (DELIVERY OF WATER) That ten (10) days prior to the estimated date of completion of construction of the PURCHASER'S water distribution system improvements, the PURCHASER will notify the SELLER in writing of the date for the initial delivery of water.

4. (WATER FOR TESTING) When requested by the PURCHASER, the SELLER will make available to PURCHASER'S contractor at the point of deliver, or other point reasonably close thereto, water sufficient for testing, flushing and trench filling "the 8" Line" and "the Equipment" during construction, irrespective of whether the metering equipment has been installed at that time at a reasonable charge to be paid by the contractor, or, upon his failure to pay, by the PURCHASER.

5. (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 the quantities of water required by the PURCHASER. Temporary or partial failures to supply water shall be remedied with all

possible dispatch. In the event of an extended shortage of water, or should the supply of water that is available to the SELLER be 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 SELLER'S other purchasers is reduced or diminished.

6. (MODIFICATION OF RATES) The rate charged PURCHASER by SELLER for potable water shall be in accordance with rates charged SELLER'S other customers as established from time to time by Ordinance of the City of Carlisle, Kentucky.

7. (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 PURCHASER and SELLER will collaborate in obtaining such permits, certifications, or the like, as may be required to comply therewith.

8. (PLEDGE AS SECURITY) This Contract is pledged to the United States of America, acting by and through the Farmers Home Administration (FmHA), as security for the loan made to the PURCHASER by FmHA.

9. (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.

10. (CONFLICTS OF LAW) This Contract shall be

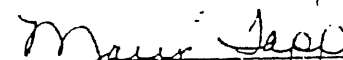
construed according to the laws of the Commonwealth of Kentucky.

11. (MODIFICATION) This Contract shall not be modified except in writing executed by both Parties hereto.


IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in six (6) counter parts, each of which shall constitute an original.

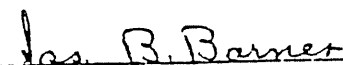
City of Carlisle, Kentucky
SELLER

BY: 
Lee Bentz, Mayor


ATTEST: 
Mary Tapp, City Clerk

Sharpsburg Water District
PURCHASER

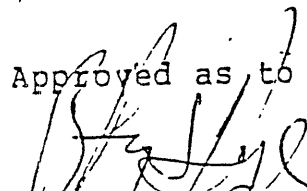
BY: 
Mike Pryor, Chairman

ATTEST: 
Secretary

Approved as to form:


Henry Watson III, Attorney at Law
Counsel for City of Carlisle

Approved as to form:


Billy G. Hopkins, Attorney at Law
109 Main Street
Carlisle, Kentucky
Counsel for Sharpsburg Water District

The Water Purchase Agreement dated November 13, 1989, by and between the City of Carlisle (SELLER) and Sharpsburg Water District (PURCHASER) is approved on the behalf of the Farmers Home Administration (FmHA) subject to no FmHA funds being used to pay for any project costs associated with the construction of the 8-inch transmission line and metering equipment (Paragraph B4) which will be dedicated to the City of Carlisle.

March 2, 1990

Date

BY: Robert W. Letton

ROBERT W. LETTON

TITLE: Chief, Community & Business Programs