

WATER PURCHASE AGREEMENT

THIS CONTRACT for the sale and purchase of water is entered into the 24th day of April, 2007, between:

The Nicholas Co. Water District
1639 Old Paris Road
Carlisle, Kentucky 40311

hereinafter referred to as the "Seller"; and

The Harrison County Water Association, Inc.
P.O. Box 215
Cynthiana, Kentucky 41031

hereinafter referred to as the "Purchaser".

WITNESSETH:

WHEREAS, the Purchaser is organized and established under the provisions of KRS Chapter 74 of the Code of the Kentucky Revised Statutes, for the purpose of constructing and operating a water supply distribution system and to accomplish this purpose the Purchaser requires an additional 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 quantity of water stipulated in the contract to be taken by the Purchaser, and

WHEREAS, by Resolution No. _____, enacted on the 24th day of April, 2007, by the Seller, the sale of water to the Purchaser in accordance with the provisions of said Resolution was approved, and the execution of this contract carrying out the said water purchase contract by

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Nicholas County Water District and attested by the Secretary/Treasurer, was duly authorized by the Board of Directors and

WHEREAS, by action of the Board of Directors of the Purchaser, enacted on the 24th day of April, 2007, the purchase of water from the Seller in accordance with the terms set forth in the said water purchase contract was approved, and the execution of this contract by the Harrison County Water Association, Inc., 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. (Quantity and Quality) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable water meeting applicable purity standards of the Kentucky Department of Natural Resources - Division of Water in a quantity averaging 50,000 gallons per day.

_____2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure at a minimum of 35 PSI from an existing 6 inch main supply at a point located on Hick Hardy Road. 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 of supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or provision for such reasonable period of time as may be necessary to restore service.

_____3. (Billing Procedure) The metering equipment shall be

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read on the last day of the month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purposes of verifying its readings. If any meter fails to register for any period of time, the amount of water furnished during such period shall be deemed to be the immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount.

The Seller will furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount furnished to the Purchaser during the preceding month.

____ 4. (Successor to the Seller) That in the event of any occurrence rendering the Seller incapable of performing under this contract, any successor of the Seller, whether the results of legal process, assignment, or otherwise, shall succeed to the rights of the Seller hereunder.

B. The Purchaser agrees:

____ 1. (Rates and Payment Date) To pay the Seller, not later than the 20th day of each month, for water delivered at a rate of 2.10 per thousand gallons of water purchased.

____ 2. The Seller and Purchaser agree to split the cost to purchase and install the master meter pit and metering equipment.

____ 3. (Maintenance and Meter Testing) The seller agrees to maintain all metering equipment and devices required to deliver water to the Purchaser. Such metering equipment shall be calibrated whenever requested by either party but not more frequently than once every twelve months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous reading of any

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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 test.

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

_____1. (Terms of Contract) That this contract shall extend for a term of ten (10) years from the delivery date 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. (Delivery of Water) That thirty (30) days prior to the estimated date of completion of construction of the Purchaser's meter, pump, and lines involved in this project, 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 the time, at a flat rate charge of \$2.10 per thousand gallons which will be paid by the contractor, or on his failure to pay, 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 the quantities specified in this contract. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or

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the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to the Purchaser, and therefore to the Purchaser's consumers, shall be reduced or diminished in the same ratio or proportion as the supply to the Seller's consumers is reduced or diminished.

_____5. (Modification of Contract) That the provisions of this contract pertaining to the scheduled rates to be paid by the Purchaser for water delivered are subject to modification at the end of every three (3) year period. Any increase or decrease in rates shall be based upon a demonstrable increase in the costs of performance hereunder, but such costs shall not include the 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 collaborator in obtaining such permits, certifications, or the like, as may be required to comply therewith.

_____7. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor or the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in two (2) counterparts, each of which shall constitute an original.

Seller:

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Nicholas County Water District

By: Mary Jo McCord

Title: Chairperson

Attest:

Jerry Reynolds
Clerk

Purchaser:

HARRISON COUNTY WATER ASSOCIATION, INC.

BY: William R. Lodvone

TITLE: President

Attest:

Charles Tribble
Charles Tribble Secretary

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