

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is made and entered into this 7<sup>th</sup> day of October, 1994, by and between the CITY OF DANVILLE, KENTUCKY, a municipal corporation of the third class, hereinafter referred to as the "SELLER"; and the PARKSVILLE WATER DISTRICT, hereinafter referred to as "PURCHASER";

W I T N E S S E T H:

WHEREAS, the Seller owns and operates a water supply distribution system and is currently providing water unto Purchaser, Parksville Water District, pursuant to a contract dated December 1, 1964 and

WHEREAS, the Purchaser intends to make improvements to its water service to its customers and in order to do so must borrow money from the United States of America, Farmers Home Administration, and in order to satisfy the requirements of the United States of America, Farmers Home Administration, the Purchaser must have an extension of its right to purchase water from the City of Danville; and

WHEREAS, the Purchaser, Parksville Water District, does now desire to continue to purchase its entire water supply directly from Seller, City of Danville, for the next forty (40) years; and

WHEREAS, the Seller, City of Danville, desires to sell water directly to the Purchaser for the next forty (40) years; and

WHEREAS, resolutions have been duly passed by each of the legislative bodies of the respective parties hereto, which resolutions approved the terms and provisions of this agreement and do further authorize the respective officers of each party to execute this agreement;

NOW, THEREFORE, in consideration of the foregoing and in further consideration of the mutual promises and agreements contained herein, the parties hereto do now agree to the following terms and conditions:



1. The term of this contract shall be for a period of forty (40) years, commencing effective \_\_\_\_\_, 1994.

2. The Seller agrees to furnish the Purchaser at the point of delivery hereinafter specified during the term of this contract potable treated water, meeting applicable purity standards of the state health department, in such quantity as may be required by the Purchaser. The Purchaser specifically agrees and covenants to purchase from the Seller during the term set forth above the Purchaser's entire water needs.

3. The water to be sold hereunder will be furnished at a reasonably constant pressure from the twelve (12") water main location on the Industrial Foundation property parallel to KY 34 approximately 1100 feet from its intersection with Alum Springs Cross Pike. If a greater pressure than normally available at the point of delivery is required by the Purchaser, the costs and means of providing such greater pressure shall be the responsibility of the Purchaser. It shall be the expense and the responsibility of the Purchaser to (a) construct and maintain any line or lines between the Parksville Water District and the point of delivery, (b) purchase and install a water meter consistent with the specifications directed by the Seller's City Engineer, and (c) provide the hookup or connection at the point of delivery, but subject to the supervision and approval of the Seller's City Engineer.

4. The water purchased and sold under this agreement shall be delivered by Seller at the above stated point of delivery and shall pass through and be measured by a meter or meters capable and sufficient to measure the quantity of water so delivered. It shall be the expense and responsibility of the Purchaser to furnish, install, operate and maintain at the point of delivery the necessary equipment, including a meter house or pit, and required devices of standard types for properly measuring the quantity of water delivered to the Purchaser and to calibrate and test for accuracy such metering equipment annually, or at such



other times as are reasonably requested by the Seller. A meter registering not more than 2% above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three months previous to such tests in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water delivered in the corresponding period immediately prior to the failure shall be considered the amount consumed, unless the Seller and the Purchaser shall agree upon a different amount. The metering equipment shall be read on a regular basis, but not less than once every two months. An appropriate official or representative of the Purchaser shall at all reasonable times have access to the meter for the purpose of verifying its readings.

5. The Purchaser agrees to pay unto Seller for the water delivered in accordance with the following rate schedule:

	QUANTITY (Cu. Ft.)	RATE (\$/100 Cu. Ft.)
First	20,000 cu. ft.	1.68 (Min.448.00 per mo.)
Next	80,000 cu. ft.	1.35
Next	100,000 cu. ft.	1.05
Next	300,000 cu. ft.	.96
All over	500,000 cu. ft.	.91

In addition to the foregoing schedule of rates, the Purchaser shall further pay unto the Seller a surcharge of twenty percent (20%) added to the total water bill only less taxes.

HOWEVER, the parties understand and agree that if at any time during the term of this agreement the rate charged to the other wholesale or industrial consumers, including other municipalities, independent water districts, or privately owned water companies, are modified, either increased or decreased, the rate of charge to the Purchaser shall automatically be modified to conform to such rates; similarly, it is agreed and understood



that in the event the amount of the surcharge which is charged to all customers outside the city limits of Seller is modified, then the rate of surcharge unto Purchaser shall automatically be modified to conform with such surcharge rate. It is understood and agreed by the parties that modification of the water purchase rate and surcharge thereon shall be at the discretion of the Seller, City of Danville.

6. Payment for such water delivered shall be made promptly and in accordance with the regular billing policy of the Seller, which shall from time to time be in effect. The Seller shall furnish Purchaser with an itemized statement for the amount of water furnished the Purchaser during the preceding period for which the meter was read.

7. The Seller will at all times operate and maintain its system to the point of delivery to Purchaser in a state of reasonable repair and will take such reasonable action as may be necessary to furnish the Purchaser with the quantities of water heretofore set forth. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or if 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 other customers located outside its corporate limits is reduced or diminished. The obligation of the Seller to supply water is limited, however, by the understanding that while the Seller shall use reasonable care and diligence in the operation and maintenance of its existing system to prevent and avoid interruptions and fluctuations in supply, that nevertheless the Seller does not guarantee that such interruption and fluctuations will not occur. The parties agree that the Seller shall not be liable for the curtailment of supply due to emergencies, breaks, leaks, defects, necessary repairs, fires, strikes, acts of God, or other causes of unusual demand upon its



system. Further, in the event of fire, storm, war, acts of God, or other emergencies, the Seller's City Manager may, without liability attaching to the Seller, and without notice, reduce or temporarily discontinue such water supply. In the event the Seller's City Manager shall be absent from the City of Danville, or be for any reason incapacitated, his power to order reduction or cessation of supply shall vest in the City of Danville's Engineer or the Mayor. In either event, the official determination of emergency shall permit such reduction or cessation during the pendency of the emergency without liability unto the Seller, but with the understanding that the same shall be rectified as quickly as is reasonably possible.

8. It is contemplated and understood that the water sold hereunder is for the purpose of providing for the needs of those residents and businesses located within the boundaries of the Parksville Water District, or within close proximity thereto. It is agreed and understood that the Purchaser shall not circumvent the intention of this contract by the selling of such water, or any portion thereof, unto other municipalities, water districts, or such other entities providing water to persons or businesses not located within the boundaries of the Parksville Water District or within close proximity thereto without the express written consent of the City of Danville.

9. Should a major industrial consumer of water desire to be located in the area served by the Parksville Water District, the Parksville Water District shall not supply water unto said major industrial consumer of water without the express written consent and approval of the City of Danville, which consent and approval shall not be unreasonably withheld. A major industrial consumer of water is defined as one using more than 500,000 gallons of water per month.

10. From and after the date of this Contract, all waterlines and other appurtenant and related water facilities developed within the annexable area as shown and designated in the City of



Danville's Growth Management Area shall be built and constructed according to all applicable construction regulations and specifications for the same or similar facilities developed within the limits of the City of Danville.

11. The parties do hereby agree that this contract agreement shall become effective upon execution by both parties and that the agreement dated December 1, 1964 shall no longer be of any force or effect.

IN TESTIMONY WHEREOF, the parties hereto, by and through their respective authorized officers, have executed this agreement as of the date first above written.

CITY OF DANVILLE, KENTUCKY  
SELLER  
By: Wm Bunny Davis  
Mayor Pro Tem

PARKSVILLE WATER DISTRICT  
PURCHASER  
By: Ronald Russell  
Chairman

ATTEST:

ATTEST:

Craig Wolcott  
CITY CLERK

Carl Seffert  
SECRETARY

STATE OF KENTUCKY

COUNTY OF BOYLE

PRODUCED and ACKNOWLEDGED before me by William Bunny Davis, Mayor Pro Tem, a duly authorized officer of the city of Danville, Kentucky, to be his voluntary act and deed and the voluntary act and deed of the City of Danville, Kentucky.

Signed - 10-4-94

Shawn W. Broach  
NOTARY PUBLIC, STATE AT LARGE, KY  
My Commission Expires: 2-14-95

S E A L )\*\*

STATE OF KENTUCKY

COUNTY OF BOYLE

PRODUCED and ACKNOWLEDGED before me by Ronald Russell, Chairman, a duly authorized officer of the Parksville Water District to be his voluntary act and deed and the voluntary act and deed of the Parksville Water District.

Signed 10-7-94

Jerri B. Feather  
NOTARY PUBLIC, STATE AT LARGE, KY  
My Commission Expires: 4-20-99

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