

THIS CONTRACT FOR THE SALE AND PURCHASE OF WATER is entered into as of the 31 day of August, 1985, between the City of Owenton, Owenton, Kentucky, hereinafter referred to as the "Seller" and the Tri-Village Water District, Owenton, Kentucky, hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of an Order of the Owen County Fiscal Court, Owenton, Kentucky, and has as one of its purposes the constructing and operating of 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 enacted on the 15 day of August, 1985, 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, the City of Owenton by the Mayor, City of Owenton, and attested by the Clerk, was duly authorized, and

Whereas, by resolution of the Commissioners of the Purchaser, enacted on the 15 day of August, 1985, 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, 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 State of Kentucky in such quantity as may be required by the Purchaser not to exceed nine million gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at the Purchaser's meter from an existing eight (8) inch main supply at the Purchaser's existing meter located at the Northeastern corner Garroll L. Shryock's property on U.S. Highway 127, Owen County, Kentucky, and the new meter located on the property of R. C. Ford, Jr., Owenton, Owen County, Kentucky. 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 or supply due to main supply line breaks, power failure, flood; fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service. It is agreed and understood that the Seller shall not be required to provide or maintain pressure to the Purchaser's customers except as herein set out, nor does the Seller in any way obligate itself to provide fire protection.

3. (Billing Procedure) The Seller shall furnish the Purchaser at the above address not later than the tenth (10th) day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month. The Purchaser agrees to abide by the standard rules of the Seller with respect to payment, penalty for delinquent account, and termination of service for nonpayment.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, in accordance with the standard rules of the Seller for water delivered at the rate of the cost of \$1.06 per 1,000 gallons of

water plus five (5) percent of the cost for related service fees, for a total of \$1.11 per 1,000 gallons of water. Said rate shall become effective ninety (90) days from the execution of this agreement.

2. (Metering Equipment) The Purchaser will furnish, install, operate, and maintain at its own expense at point 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 and to calibrate such metering equipment whenever requested by the Seller but not more frequently than once every twelve (12) months. A meter registering not more than two percent (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 two (2) 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 immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read monthly. Appropriate officials of the Purchaser and Seller at all reasonable times shall have access to the meter for the purpose of verifying its readings.

PROVIDED, HOWEVER, that on or about January 1, 1987, and every January 1st thereafter, each party shall have the right to request a review of the actual cost of the water being supplied to the District, and authorize a mutually agreeable engineer to perform a study on the cost of water production and distribution by the Seller to the Purchaser. Each party to this contract shall bear fifty (50) percent of the cost of the study, and shall agree to abide by the results of the study. The new rate which shall be established based upon the actual cost of water production and distribution by the Seller to the Purchaser plus five (5) percent. The subsequent increases or

decreases in the water rate shall take effect on April 1st of that year in which the rate is increased or decreased.

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 fifty (50) years from the date of the initial delivery of 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. (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.

3. (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 proportions as the supply to Seller's consumers is reduced or diminished.

4. (Expansion of lines) The purchaser agrees not to expand its lines other than the construction project currently pending before the Kentucky Public Service Commission without the prior written approval of the City of Owenton.

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 as set forth above. 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 herewith.

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 the Farmers Home Administration 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 the Farmers Home Administration.

This contract is hereby pledged to the United States of America, acting through the administrator of the Farmers Home Administration as part of security for loans made by the Farmers Home Administration to the Purchaser.

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.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in triplicate, each of which shall constitute an original.

SELLER: CITY OF OWENTON

BY *A. C. Spawm Jr*  
Mayor

Attest:

*Jarvis*  
City Clerk

PURCHASER:

TRI-VILLAGE WATER DISTRICT

BY: Wilborn A Payne  
Chairman

Attest:

Olsen B. Stewart  
Secretary

This contract is approved on behalf of the Farmers Home Administration this the 10 day of ~~August, 1985.~~  
January, 1986

BY: David R. King  
Title Community & Business Program Spec.