

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 3rd day of August,  
19 84, between the Bath County Water District, Salt Lick, Ky.

(Address)

hereinafter referred to as the "Seller" and the City of Frenchburg  
Frenchburg, Kentucky

(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 177.122 of the  
Code of KRS, 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. \_\_\_\_\_ enacted on the 9th day  
of May, 19 84, 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 board of Commissioners of the seller,  
and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the City Council  
of the Purchaser, enacted on the 3rd day of August, 19 84,  
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 Mayor, City of Frenchburg, 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 \_\_\_\_\_  
KENTUCKY Department of Natural Resources and Environmental Protection  
in such quantity as may be required by the Purchaser not to exceed 175,000 gallons per ~~week~~ day.

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 40 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 30 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 \$ -0- 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 ONE 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 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.

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.

9. This contract is hereby pledged to the United States of America acting through the Farmers Home Administration as part of the security for a loan from the United States of America.

10. Whereas, the cost of water charged the Bath County Water District is adjusted annually by its supplier, the City of Morehead, and the Bath County Water District has previously been unable to pass a proportion of the City of Morehead adjustment on to its users, the parties herein agree that the adjustment may be proportionately billed to the several Bath County water District water users. The increase or decrease adjustment for the year shall be calculated annually pursuant to the following formula:

(see attached sheet)

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 80 PSI from an existing 6 inch inch main supply at a point located on

Ky. Highway 211 near Salt Lick Creek at Salt Lick, Ky. in Bath County.

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.

3. (Metering Equipment) To 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 Purchaser 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 12 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 on 5th day of the month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ 1.06 for the first per 1,000 gallons, of water  
~~XXXXXXXXXXXXXXXXXXXX~~  
~~XXXXXXXXXXXXXXXXXXXX~~
- b. \$ ----- cents per 1000 gallons for water in excess of ----- gallons but less than ----- gallons.
- c. \$ ----- cents per 1000 gallons for water in excess of ----- gallons.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of -0- dollars which shall cover any and all costs of the Seller for installation of the metering equipment and N/A

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 3 counterparts, each of which shall constitute an original.

Seller:

Board of Supervisors - District

By

Title

Attest:

Wynne Johnson  
Secretary

Purchaser:

City of Frenchburg

By

Title

Attest:

Deven Delpy Mayer  
Secretary

Thomas L. Adams

Mayor

This contract is approved on behalf of the Farmers Home Administration this 11<sup>th</sup> day of October,

19 84.

By

Title

David R. King  
Community & Business Program Sec.

(continued)

total Gallonage purchased annually by City of Frenchburg	X	City of Morehead	=	Adjustment amount due from
<u>Total Water sold yearly by Bath County Water District to its customers and other users including City of Frenchburg</u>		Adjustment charged to Bath County Annually		Frenchburg Water District

The annual amount of adjustment determined to be due from the City of Frenchburg shall be payable without interest within 60 days of said determination