

**DRAFT****V-F****WATER PURCHASE CONTRACT**

This amended contract for the sale and purchase of water is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 19\_\_, between the City of Munford, Tennessee, P.O. Box 725, Munford, Tennessee, 38058-0725, hereinafter referred to as the "Seller", and the Town of Atoka, Tennessee, P.O. Box 70, Atoka, Tennessee, 38004, hereinafter referred to as the "Purchaser".

**WITNESSETH:**

Whereas, the Purchaser is organized under the provisions of Chapter 373 of the Private Acts of Tennessee of 1911, and has the authority as such to construct and operate a water supply distribution system serving water users with 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 show in the plans of the system now on file in the office of the Purchaser, and;

Whereas, by resolution enacted on the 22nd day of November, 1971 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 the contract carrying out the said resolution by Mayor W.L. Pickard and attested by the Secretary, was duly authorized, and;

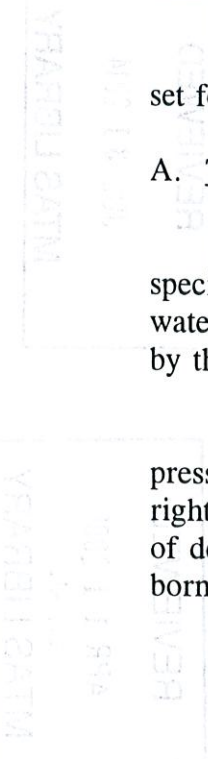
Whereas, by resolution of the Board of Mayor and Aldermen of the Purchaser, enacted on the 6th day of December, 1971 the purchase of water from the Seller in accordance with the terms set forth in the said resolution was approved, and the execution of this contract by Mayor C.L. Walker, and attested 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 of the State of Tennessee in such quantity as may be required by the Purchaser not to exceed 6.0 million gallons per month.

2. (Point of delivery and pressure) That water will be furnished at a reasonably constant pressure calculated at 500 GPM @ 20 psi from an eight inch main supply located in the west right-of-way of U.S. Highway 51. If 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) The Purchaser shall operate and maintain at it's own expense at the 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 said metering equipment not more than 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 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 the water furnished during such period shall be deemed the amount of water delivered in the corresponding period. The metering equipment shall be read on the first (1) day of each month. An appropriate official of the Purchaser at all reasonable time shall have access to the meter for the purpose of verifying it's readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the fifth (5) 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 tenth (10) day of each month, for water delivered, a flat rate of \$0.95 per one thousand (1,000) gallons.

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

1. (Term of Contract) That this contract shall continue in existence 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 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. (Failure to Deliver) That the Seller will, at all times, operate and maintain it's system in an efficient manner and will take such actions 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 the Purchaser's customers shall be reduced or diminished in the same ratio as the supply to Seller's customers is reduced or diminished.

3. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by Purchaser for water delivered are subject to modification at the end of three (3) years from the signing of this amended contract and shall be subject to modification every three (3) years thereafter for the duration of this contract. Any increase or decrease in rates shall be based on a demonstrable increase or decrease on the costs of performance by the Seller hereunder, but such costs shall not include increased capitalization in

Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

4. (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.

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

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Mayor of Atoka

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Mayor of Munford