

RESOLUTION 03-31

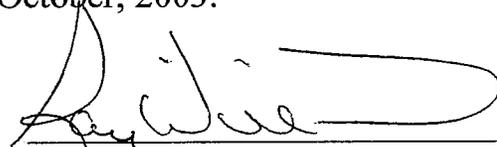
**A RESOLUTION APPROVING A WATER PURCHASE CONTRACT
AND AN ISSUE SETTLEMENT AGREEMENT BETWEEN THE
CITY OF SPRING HILL AND HB&TS UTILITY DISTRICT**

WHEREAS, there are some existing issues between the City of Spring Hill and the HB&TS Utility District regarding the delivery of water to HB&TS and the City's service area under prior agreements; and

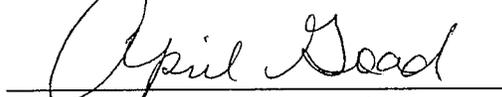
WHEREAS, those issues have now been resolved and reduced to a written settlement agreement and contract for the sale and delivery of water to HB&TS. The agreement and contract are attached hereto and made a part of this Resolution; and

NOW, THEREFORE BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee, that the settlement agreement and contract for the sale and delivery of water are hereby approved and the Mayor is authorized to sign each document on behalf of the City of Spring Hill.

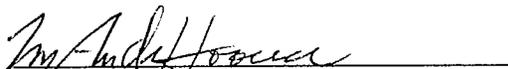
Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 20th day of October, 2003.


Ray Williams, Mayor

ATTEST:


April Goad, City Recorder

APPROVED AS TO FORM:


Andrew Hoover, City Attorney

WATER PURCHASE CONTRACT

This Contract for the sale and purchase of water is entered into as of the 22nd day of October, 2003 between the City of Spring Hill, Tennessee, hereinafter referred to as the "Seller" or "Spring Hill", and the H.B. & T.S. Utility District of Williamson County, Tennessee, hereinafter referred to as the "Purchaser" or "District",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of T.C.A. §§ 7-82-101 through 7-82-804 for the purpose providing water service in Williamson County, Tennessee, and the Purchaser desires to purchase treated water from the Seller,

Whereas, the Seller owns and operates a water supply distribution system with the capacity to serve the Seller's present customers and to supply the quantity of water to the Purchaser set forth in this Contract;

Whereas, the Purchaser and the Seller are parties to a water purchase contract dated February 16, 1982 and Amendments to this water purchase contract dated February 27, 1984 and June 11, 1996; and

Whereas, the Purchaser and the Seller desire to amend the water purchase contract to incorporate the provisions of the settlement of outstanding claims between the parties in a pending action in the Williamson County Chancery court styled *City of Spring Hill, Tennessee v. H. B. & T. S. Utility District of Williamson County, Tennessee*, Case No. 29746; and

Whereas, the parties desire to incorporate the amendments to the original water purchase contract and the terms of this settlement of the pending action into a new water purchase contract.

Now, Therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth, the parties mutually agree as follows:

1. Quality and Quantity. The Seller agrees 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 Tennessee Department of Environment and Conservation in such quantity as may be required by the Purchaser as follows: (1) not to exceed 300 gallons per minute (gpm) prior to completion of the Seller's 1,400 gpm pump station and water line along Highway 31; (2) thereafter not to exceed 400 gpm until the Seller completes the installation of an eighteen inch water line to the pump station on Highway 31; and (3) thereafter not to exceed 500 gpm. The Seller agrees to complete these improvements in a timely manner and with all reasonable diligence.

2. Points of Delivery and Pressure. Seller agrees that water will be furnished at a reasonably constant pressure calculated at 40 psi residual pressure at 500 gallons per minute (gpm) demand from the parties' current interconnection point located on Thompson Station 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 or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fires, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service. The parties may maintain or establish other additional interconnection points by mutual agreement.

3. Metering Equipment. At its own expense the Seller agrees to operate and maintain at the points of delivery the existing metering equipment, including a meter house or pit, and required devices of the standard type for properly measuring the quantity of water delivered to the Purchaser. The Seller shall calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering no 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 testing be inaccurate shall be corrected for the three months previous to such test in accordance with the percentage of inaccuracy found by such test. 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 the corresponding period immediately prior to the failure, unless the Seller and the Purchaser shall agree upon a different amount. The metering equipment shall be read on the first of each month. An appropriate official of the Purchaser shall have access to the meter for the purpose of verifying readings at all reasonable times. Existing water pumping stations shall continue to be operated and maintain by the Purchaser if and as needed.

4. Billing Procedure. Not later than the fifth day of each month, the Seller agrees to furnish the Purchaser with an itemized statement of the amount of water furnished to the Purchaser during the preceding month.

5. Rates and Payment Date. The Purchaser agrees to pay the Seller for water delivered in accordance with the following schedule of rates no later than the 15th day of each month:

- (a) \$1.66 per 1, 000 gallons for the first 7,500,000 gallons per month.
- (b) \$1.53 cents per 1000 gallons for water in excess of 7,500,000 gallons but less than 21,900,000 gallons per month, which is the contractual monthly average limit of 500 gpm for a 365 day year.
- (c) \$1.61 cents per 1000 gallons for water in excess of 21,900,000 gallons per month.
- (d) Duplex Road pump station transportation charge of \$0.05 per 1,000 gallons.

- (e) The amount of water purchased over 21,900,000 gallons per month shall come from the current excess capacity of the Seller's water treatment plant. It is expressly understood and agreed that the Seller may limit the sale of water to the Purchaser to the quantity set forth in Section 1 should the Seller's reserve capacity so warrant.

6. Term of Contract. The term of this Contract shall extend for a term of 40 years from the date of the beginning date of the previous water purchase contract, February 16, 1982 to February 15, 2022. Thereafter, the term of the Contract may be renewed or extended for such term or terms as may be agreed upon by the Seller and the Purchaser.

7. Failure to Deliver. At all times the Seller will operate, maintain and upgrade its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with the quantity of water set forth in Section 1. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water or of the unavailability of a supply of water to the Seller for an extended period of time, the supply of water to the Purchaser shall be reduced or diminished in the same ratio or proportion as the Seller requests its own customers to reduce water usage.

8. Rate Changes. The Seller will only increase the rates charged to the Purchaser set forth in section 5 at the same time and in the same percentage amount as the Seller increases its water rates to the Seller's inside of city residential customers. The Seller shall give the Purchaser 60 days written notice of a proposed rate increase. The Seller shall not increase the Duplex Road pump station transportation charge of \$0.05 per 1,000 gallons during the term of this Contract.

9. Service Area Transfer.

- (a) Pursuant to T.C.A. § 12-9-108, the Seller shall be permitted to provide water service within the Purchaser's boundaries to any future customer located within the urban growth boundary of Spring Hill in Williamson County as it exists on the date of this Contract (the Area). A description of Spring Hill's urban growth boundary in Williamson County and a map depicting Spring Hill's urban growth boundary in Williamson County is attached as Exhibit 1 to this Contract.
- (b) For the purpose of this Agreement the Purchaser's boundaries within the Spring Hill urban growth boundary in Williamson County are its boundaries as shown in its Order of Creation dated May 16, 1966 as amended by Order of the County Judge of Williamson County, Tennessee dated April 26, 1976 as set forth below:

Original boundary as set forth in the Order of Creation dated May 16, 1966:

thence in an easterly direction along the Williamson-Maury County line to the point of intersection with the centerline of the Louisville and Nashville

railroad tracks, said point being on Wilkes Lane; thence due east to the centerline of Interstate Highway 65.

Change in boundary as set forth in Order dated April 26, 1976:

thence northwesterly along the southern boundary of Williamson County to the point of intersection with a line running parallel to an 8,000 feet west of centerline of I-65; thence northerly along said line parallel to and 8,000 feet west of the centerline of I-65 to the point of intersection with the original southern boundary of the District, a distance of approximately 11,000 feet.

- (c) The existing boundaries of the Purchaser will remain unchanged. The parties acknowledge that they are entering into this contract in accordance with T.C.A. § 12-9-108 which permits a public agency to perform a governmental service for another public agency by contract.
- (d) The Seller will pay the Purchaser \$750 for each tap for each new residential lot in the Area except for lots in the following subdivisions: Fields of Maplelawn, Crowne Pointe, Church Hill Downs, Spring Hill Estates, and Cameron Farms west of Buckner Lane as approved by the Spring Hill Regional Planning Commission on or before February 28, 1996. In the event an individual lot is located and partially within the Purchaser's boundaries, the Seller shall pay the \$750 tap fee if more than 50% of the lot is in the Purchaser's boundaries. For each new commercial customer in the Area, the Seller will remit to the Purchaser a payment equal to 65% of the tap fee the Seller charges the commercial customer for a connection to the Seller's water system.
- (e) It is the intention of the Purchaser and the Seller that the Seller provides water service to any person or business who desires water service in the Area whether or not such person is located in a residential subdivision or development in the Area.
- (f) The Seller shall collect all tap fees for residential and commercial lots in this Area. The Seller shall periodically remit to the Purchaser a statement and payment of the tap fees collected and payable to the Purchaser in accordance with section 9(e). Such periodic remittances shall be at least quarterly. The statement shall describe the subdivision or development and lot number for which each payment included in the statement is made.
- (g) The Purchaser shall be kept informed of the developments in this Area and shall be provided access to the Seller's books and records to verify the amount of tap fees paid to the Seller and remitted to the Purchaser.

10. Regulatory Agencies. This Contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State, and the Seller and the Purchaser will collaborate in obtaining permits, certificates, or the like, as may be required to comply therewith.

11. Consent of Rural Utilities Service. This Contract is subject to the approval of Rural Utilities Service of the United States Department of Agriculture.

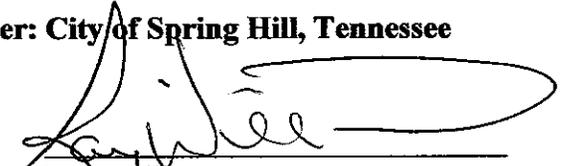
12. Successor to the Purchaser. In the event an occurrence renders the Purchaser incapable of performing under this Contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

13. Termination of Existing Contract. The existing Contract between the parties for the sale of water from the Seller to the Purchaser dated February 16, 1982 and the amendments thereto dated February 27, 1984 and June 11, 1996, shall terminate and be superseded by the contact on the date of the initial delivery of water from Seller to Purchaser under this contract.

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

Seller: City of Spring Hill, Tennessee

By:

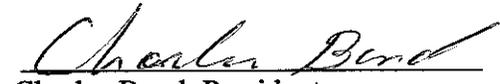

Ray Williams, Mayor

Attest:

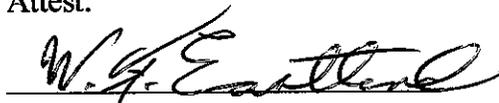


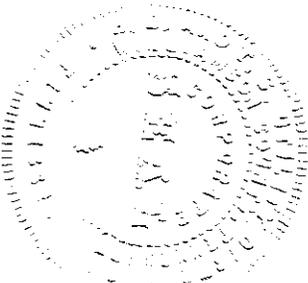
**Purchaser: H.B. & T.S. Water District of
Williamson County, Tennessee**

By:


Charles Bond, President

Attest:





This contract is approved on behalf of the Rural Utilities Service of the United States Department of Agriculture this 19~~th~~ day of December, 2003.

By: Christophe Westbrook

Title: Rural Development manager