

THE STATE OF TEXAS
COUNTY OF SAN AUGUSTINE

AGREEMENT FOR PURCHASE OF WATER

This contract is for the Sale and purchase of water is entered into as of the _____ day of _____, 2021, between the City of San Augustine, Texas, hereinafter referred to as “the City”, and the San Augustine Rural Water Supply Corporation, of San Augustine, Texas, hereafter referred to as “the Corporation”.

WITNESSETH:

WHEREAS, the Corporation has been organized and established under the provisions of Article 143a V.A.T.S. since 1969 for the purpose of operating a water supply distribution system serving water users within the area described in the plans on file in the office of the Corporation, and to accomplish this purpose the Corporation will require a supply of treated water that meets the requirements of TCEQ;

And

WHEREAS, the City owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the City system and the estimated number of water users to be served by the said Corporation, as shown in the plans of the system now on file in the office of the Corporation;

And

WHEREAS, by resolution enacted on the _____ day of _____, 2021, by the City Council of the City of San Augustine, the sale of water to the Corporation in accordance with the provisions of the Resolution was approved and the execution of this contract carrying out the said resolution by the Mayor of said City was duly authorized;

And

WHEREAS, by Resolution of the Board of Directors of the Corporation enacted on the _____ day of _____, 2021, the purchase of water from the City in accordance with the terms set forth in the said resolution was approved, and the execution of this contract by the President was duly authorized;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereto after set forth;

THE CITY AGREES

1. (Quality and Quantity) To furnish the Corporation, at the points of delivery hereafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State Department of Health and Texas Commission on Environmental Quality (TCEQ), in such quantities as may be required by the Corporation up to 435 Gallons Per Minute.

The Corporation currently has 644 connections requiring the 0.6 GPM minimum as per state law equaling a total requirement of 386 GPM. Allowing for possible growth over the next 5 years the Corporation does not expect the demand to be more than 435 GPM.

The limit is up to 435 gallons per minute or 18,709,676 gallons per month for the total of the six intake delivery points.

The Corporation agrees to make periodic inspections of the Corporation's entire system to insure that the applicable purity standards set by the State Department of Health and TCEQ are being maintained, and will furnish the City a signed report of such inspections, and further agrees that where individual members of the Corporation receive water under City pressure without the water having first passed through a suitable air-gap separating the two water systems; all such installations will be re-inspected by the City's plumbing inspector, when the city deems necessary, at the expense of the Corporation. All inspections are subject to re-inspection by the City.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonable constant normal pressure calculated at normal city pressure from:
 - 1) a 3-inch main on Farm Road 2213
 - 2) a 6-inch main on State Highway 353 East
 - 3) 2-inch main on U.S. Highway 96 South
 - 4) 4-inch main in the Butts Addition North of State Highway 1277
 - 5) 3-inch main 1 1/2 miles North of City Limits on State Highway 147
 - 6) 6-inch main North on FM 3230 also referred to as North Harrison Street

If a greater pressure than that normally available at the points of delivery is required by the Corporation, the cost of providing such greater pressure shall be borne by the Corporation. 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 catastrophes shall excuse the City from this provision for such reasonable period of time as may be necessary to restore services. The Corporation will furnish and install suitable check valves and rate of flow controls adjustable

within these limits. Snell devices are to meet the published standards and approval of State Health Department and the TCEQ requirements.

3. (Metering Equipment) A meter registering not more than 2% above or below the test result shall be deemed to be accurate. The previous reading of any meter disclosed by test to be inaccurate shall be corrected for the six 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 delivered in the corresponding period immediately prior to the failure, unless the City and the Corporation shall agree on a different amount.

THE CORPORATION AGREES:

1. (Rates and Payment Date) To pay the City, not later than the 15th day of each month, for water delivered at the rate set by the City through separate correspondence as approved by the City Council, on at least an annual basis with adoption of each fiscal year budget. The initial rate will be \$5.78 per Thousand Gallons. The City will accommodate reasonable requests by the Corporation to bill in a manner (ie # of accounts) most easily tracked by the Corporation.
2. (Metering Equipment) To furnish, install, operate, and maintain at its own expense, at each point of delivery, the necessary metering equipment including a meter house or vault and required devices of standard type for properly measuring the quantity of water delivered to the Corporation and to calibrate such metering equipment whenever requested by the City, but not more frequently than once every twelve months, unless a reason for questioning the accuracy arises. The metering equipment shall be read on or before the 27th day of each month.
3. (Billing Procedure) To furnish to the City Manager of the City of San Augustine, not later than the first day of each month, an itemized statement of water used by the Corporation during the preceding month. The corporation further agrees that the City shall have the right at any and all reasonable times to inspect all metering equipment belonging to the Corporation.

IT IS FURTHER MUTUALLY AGREED BETWEEN THE CITY AND THE CORPORATION AS FOLLOWS:

1. (Terms of Contract) That this contract shall extend for a term of 5 years from the date of the initial delivery of any water by the City to the Corporation which will be the year 2026 and thereafter will automatically renew on a year-by-year basis or extended for such term, or terms, as may be agreed upon by the City and the Corporation. Cancellation of this contract must be made in writing one calendar year in advance, otherwise the automatic renewal will take place as stated.
2. (Failure to Deliver) That the City 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 Corporation with quantities of water required by the Corporation. 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 City is otherwise diminished over an extended period of time, such as during an extended time of drought, the supply of water to the Corporation may be reduced to the extent needed to meet an emergency within the City. Both parties stipulate it is not possible for the City to reduced or diminish supply to the Corporation in the same ratio or proportion as the supply to the City consumers is reduced or diminished. Any restrictions are documented in

the approved Water Conservation Plan and San Augustine Rural Water Drought Plan on file at the Corporation and the City.

- 3. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Corporation for water delivered are subject to modification at the end of every two years, or by mutual agreement. 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 City 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 the State of Texas and the City and the Corporation will collaborate in obtaining such permits, certificates, or the like, as may be required to be complied therewith.
- 5. (Miscellaneous) If upgrades are to be made to the water supply system by the Corporation and are financed by a loan from the United States of America, acting through Rural Development of the U.S. Department of Agriculture then the provisions hereof pertaining to the undertakings of the Corporation will be conditioned upon the approval, in writing, by the Director of the Rural Development Board.
- 6. This contract may be assigned to the United States of America as security for a loan made to the Corporation by the United States of America through the Rural Development of the U.S. Department of Agriculture.

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

CITY OF SAN AUGUSTINE

BY: _____

Mayor Leroy Hughes

ATTEST:

City Secretary, Cinda Garner

SAN AUGUSTINE RURAL WATER SUPPLY CORPORATION

BY: _____

President, Ronald E. Caston

ATTEST:

Secretary,

(CITY ACKNOWLEDGEMENT):

THE STATE OF TEXAS

COUNTY OF SAN AUGUSTINE

BEFORE ME, the undersigned authority, on this day personally appeared Leroy Hughes, Mayor of the City of San Augustine, Texas, a corporation, known to me to be the person whose name as subscribed to the forgoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the set and deed of said corporation.

Given under my hand and seal of the office on this the _____ day of _____, A.D. 2021.

Notary Public in and for
San Augustine County, Texas

(CORPORATE ACKNOWLEDGEMENT):

THE STATE OF TEXAS,

COUNTY OF SAN AUGUSTINE

BEFORE ME, the undersigned authority, on this day personally appeared Ronald E. Caston, President of San Augustine Rural Water Supply Corporation, San Augustine, Texas, a corporation, known to me to be the person whose name as subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the set and deed of said corporation.

Given under my hand and seal of the office on this the _____ day of _____ A.D. 2021.

Notary Public in and for
San Augustine County, Texas