NORTHWESTERN WATER AND SEWER DISTRICT
AND CITY OF OREGON
WATER CONTRACT

This contract entered into this 8th day of October, 2001, between the City of Oregon, hereinafter designated as "Oregon", or "City", acting through its Mayor, Finance Director and Director of Public Service and the Northwestern Water and Sewer District, formerly known as the Wood County Regional Water and Sewer District, hereinafter designated as "District", acting through its Board of Trustees.

WITNESSETH:

WHEREAS, Chapter 6119 of the Revised Code, as well as orders of the Common Pleas Court of Wood County, Ohio, authorized the District to establish water districts or systems; and,

WHEREAS, the District, acting through its Board of Trustees established a District effective January 1, 1994; and,

WHEREAS, the parties have always enjoyed a healthy relationship which benefits all users alike; and,

WHEREAS, Oregon has determined that it would be in the best interest for the people of Oregon to re-enter into a contract with the District to sell water to the extent that it may lawfully do so and it would be more economical and feasible for the District to purchase said water from Oregon.

NOW, THEREFORE, IT IS AGREED by and between Oregon and the District as follows:

SECTION 1. The District and the City shall mutually establish a Water Service Area which shall be the area covered by this Agreement. A complete written description and drawing of same is hereby attached to this Agreement and fully incorporated herein and marked "Exhibit
A" and fully incorporated herein. It is mutually agreed that the area to be covered and serviced by Oregon shall not include any area that is serviced by any other water system.

SECTION 2A. OBLIGATION OF DISTRICT. During the life of this contract the District shall take no action, except as required by the statutes of the State of Ohio, a court of competent jurisdiction, or by this contract, or in any manner aid or assist any others in taking action, to effect the construction or operation of any public water system in the agreed upon Water Service Area, or to secure a source of water supply for any consumer in the agreed upon Water Service Area, other than that provided for in this contract, unless Oregon is unable for any reason to supply water to the District.

SECTION 2B. OBLIGATION OF OREGON. Oregon will not assist others inside the District's water service area to construct parallel water systems, or to provide water for resale.

SECTION 3. EXTENSION AND CONSTRUCTION OF SERVICE MAINS. Construction by the District of service mains or extensions thereof shall be in accordance with Chapter 6119 of the Revised Code of Ohio. No extension and/or construction of service mains in the agreed upon Water Service Area shall be commenced without notifying, in advance, the Service Director of the City together with full compliance with the procedures set forth in this section.

Any such new extension or construction of service mains shall be in accordance with any and all Federal and State laws and regulations as well as standards set forth by the American Water Works Association. There shall be no connection of service mains to trunk mains owned and operated by the City and constructed and installed under this contract unless the location and construction of such connections and the connection itself is approved by the Service Director of the City prior to installation through the plans submitted. Any time there is to be a substantial increase in usage beyond 1.0 MGD, the District and City shall meet in advance to discuss the needs.

SECTION 4. MATERIAL AND WORKMANSHIP. Materials and workmanship up to the master meter connection points, with respect to, but not limited to, all service trunk mains, reservoirs, tanks, pumping stations and other improvements constructed by the District shall conform with all Federal and State laws and regulations and the standards of the American
Water Works Association. The District agrees to maintain and operate the system in accordance with all current state and Federal laws and regulations as well as standards set forth by the American Water Works Association.

**SECTION 5. MAINTENANCE AND OPERATION.** The District shall be responsible for the maintenance, operation and repair of all service and trunk mains and all other appurtenances which may be constructed in the future for the operation of the system. The District agrees to maintain and operate the water distribution system in accordance with all current Federal and State laws and regulations as well as with standards set forth by the American Water Works Association.

**SECTION 6. ACQUISITION OF RIGHTS-OF-WAY AND INSTALLATION OF TRUNK MAINS WITHIN THE CITY OF OREGON.** The District shall secure at its own cost, all necessary rights-of-way and work easements required for the purpose of installing the District water system within the corporate limits of the City of Oregon. The District shall install all trunk water mains in accordance with plans and specifications to be approved by the Service Director of Oregon or his authorized representative. No installation shall be made without having obtained the aforementioned approval.

**SECTION 7. METERS.** The District will be required to install and maintain master meters at locations mutually agreed upon in the vicinity of the City corporation line at the District's expense.

These meters shall be inspected and checked for accuracy at least annually by the District and any such costs shall be borne by the District. Any repairs required shall be at the expense of the District. Any additional meters required by the City to service the District shall be installed and maintained at the expense of the District.

The City will read these meters monthly to determine water usage/consumption and subsequent billing. Readings will be transmitted to a remote location acceptable to the City.

The City shall approve all meters. No by-passes will be installed at any time unless they are metered. No unmetered by-passes will be permitted pursuant to this agreement.

**SECTION 8. BILLING AND COLLECTION.** The City shall continue to bill the District on
a monthly basis based on meter readings pursuant to Section 7, unless mutually agreed otherwise.

**SECTION 9. WATER RATES.** The base monthly rates to be charged to the District shall be as follows:

(a) The District shall pay to the City the base monthly rate for commercial and industrial consumers as established by O.M.C. 943.01(c) and as it may be amended from time to time.

(b) The District shall pay to the City the base monthly rate as set forth in Section 9a (above), plus a surcharge of fifty percent (50%) of the base monthly rate. The base rate may be changed by Oregon without the consent of the District when it is necessary to increase the base rate to recover the costs of furnishing water service.

(c) The Service Director shall, when it is determined to increase the base rate, notify the District as soon as possible, but in no event later than sixty (60) days prior to the proposed effective date thereof and shall furnish the District a cost analysis if requested.

**SECTION 10. OREGON TO SUPPLY WATER; AMOUNT AND PRESSURE NOT GUARANTEED.** Oregon agrees to supply water to the District's Water Service Area for domestic, commercial or industrial purposes. It is, however, specifically agreed and understood by the parties that such supply of water beyond 1 MGD is at all times subordinate to the needs of consumers within Oregon, and Oregon does not guarantee any fixed pressure or continuous supply of water. In the event of serious damage to Oregon reservoirs or pumping stations or other emergencies, Oregon water may be shut off without notice. Any suspension of water service or inadequacy of water pressure for any of the foregoing causes and/or for any reasons beyond the control of Oregon shall in no case render Oregon liable for damages to any person, firm, corporation, entity and/or governmental body in the District.

When it is determined by a feasibility study that the capacities at the District connections to the Oregon systems have been exceeded and fail to provide adequate water to the District area, the District shall, subject to the City of Oregon Administrator or his designee and at no expense to Oregon, construct and install outside of the Oregon corporate limits additional storage facilities, pumping, or City approved additional connections to the Oregon system.

Oregon guarantees 1 MGD supply of water to the District. Oregon shall increase the guaranteed supply of water to the District beyond 1 MGD upon request and certification by the
District that a need exists at the time of the request, or that such need will exist within a reasonable period of time following the request. The request for an increase in the guaranteed supply may be denied, at the sole discretion of the City, if the amount requested exceeds the demonstrated need, the amount requested jeopardizes the ability of the City to meet its anticipated peak demands in consideration of expected plant efficiency as determined by the City Service Director, the amount requested is allocated for anticipated future development or growth within the City, the amount requested is needed to provide water service to a business or development that the City desires to locate within the City, or the amount requested is unavailable.

If, in accordance with the above paragraph, the City increases the guaranteed supply of water, the District shall pay a capital improvement fee to the City to reimburse the City for all capital improvements, as defined in Section 12, constructed from the date of the signing of this agreement. This reimbursement will be determined in the following manner: 1) the cost of all capital improvements made since the beginning of the contract period will be added together and adjusted upward based on accumulated interest paid and inflation; 2) the resulting sum will be reduced by evaluating the useful life expended of each capital improvement; 3) the additional guaranteed supply will be divided by the system's total annual consumption to determine a percentage; 4) the resulting percentage will be multiplied by the reduced sum of capital improvements as determined in 2) above. The resulting capital improvement fee shall be payable to the City within sixty (60) days of the availability of the additional guaranteed supply. All future capital improvement costs to the District will be based on the new total guaranteed supply in accordance with Section 12.

If Oregon cannot meet the needs of the District, in accordance with the conditions above, the District has the right to seek other providers in order to secure its additional need. This shall not relieve the District of its obligations under Section 2A of this contract.

Water needs beyond a guaranteed supply will be available to the District depending upon Oregon's surplus capacity.

**SECTION 11. CONTRACTS WITH OTHER SUBDIVISIONS.** Nothing in this contract shall be construed as preventing Oregon from selling Oregon water directly to any area and/or political subdivision outside the District for use outside the Water Service Area. This Water Service Area will be served by the District exclusively.
SECTION 12. CAPITAL IMPROVEMENTS. Whenever it is necessary during the term of this agreement for the City of Oregon to make capital improvements to its water plant, intake, pumping facilities, or distribution system serving the District, the District shall pay to the City directly, a proportionate share of capital improvement costs based upon total system consumption, without having the base rate affected by such improvements. Capital improvements will not include minor operation and maintenance (O/M) items. The District's share of such capital improvement costs will be based upon a 3-year average of District's consumption in proportion to the system's total annual consumption. For purposes of this calculation, the twelve-month period immediately preceding commencement of said construction shall constitute year 1 and define the period for years 2 and 3 of the average. If any service area is withdrawn (as explained under section 2), flow figures will be deducted with mutual agreement before calculating the 3-year average for sharing of costs.

The parties will meet annually to discuss any plans for capital improvements.

The District shall submit payment to the City for these improvements within 45 days of invoicing. Invoices will be mailed by the City at project completion, once final construction costs have been determined or at phase completion of a phased project. These final costs will include all project costs including interest during the construction period. If either party is successful in receiving grant funding, such award will be used as part of that party's own contribution and not shared.

SECTION 13. SAVINGS CLAUSE. Should any part of this Agreement or any provision contained herein be declared invalid by operation of State or Federal law, existing or promulgated in the future, or by a tribunal of competent jurisdiction, such invalidation of such part of provision shall not invalidate the remaining provisions thereof and they shall remain in full force and effect.

In the event any provision herein is so rendered invalid, upon the written request of either party, the parties will promptly meet for the purpose of negotiating a mutually satisfactory replacement for such provision.

SECTION 14. SUCCESSORS. This Agreement shall be binding upon the parties and upon any successors, assigns, lessors or any other parties assuring the rights and
responsibilities of either of the parties under this agreement.

SECTION 15. MISCELLANEOUS. Should the District desire to add to the service area, or to purchase substantial additional water, the parties agree that upon such written notice, they will meet to discuss and attempt to resolve issues revolving around area, volume, cost, and any other related issues.

SECTION 16. TERM OF CONTRACT. This contract shall be in force for a period of twenty-five (25) years beginning with the date hereof. This Agreement may be extended or modified or amended only upon mutual agreement of the parties which shall be in writing and subject to approval of the legislative authorities of each party.

SECTION 17. MEDIATION. Should any dispute arise under this agreement, the parties agree to submit the dispute to non-binding mediation prior to commencement of any legal actions.

SECTION 18. FUTURE NEEDS. The District and City agree to meet as needed to discuss changing and future needs within the Water Service Area, beyond this 1.0 MGD guaranteed amount.

SECTION 19. The District will not compete with the City for economical development purposes with this use of Oregon water or sanitary sewer services.

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IN WITNESS WHEREOF, the City of Oregon by its Mayor, and the District by its Board of
Trustees have caused this contract to be executed the day and year first mentioned above.

Witnesses:
Kelly Wolfe

CITY OF OREGON
By

By

By

DISTRICT
By
By

Trustees

APPROVED AS TO LAW:

P. D. Schwartz
Law Director, City of Oregon

APPROVED AS TO LAW AND FORM:

Daniel T. Spitler, Attorney for the District

APPROVED AS TO CONTENT:
DESCRIPTION

The point of beginning shall be a point 300 feet west of Drouillard Road and 300 feet north of Curtice Road. Proceed southerly to the dividing line of Township 7 North and Township 8 North; thence easterly to the railroad tracks presently owned by Consolidated Rail Corporation; thence southeasterly to the east right of way of I-280; thence follow the I-280 right-of-way in a southeasterly direction to a point 300 feet west of Pemberville Road and 300 feet south of State Route 795; thence proceed easterly along State Route 795 to Swartzlander Road; thence extending directly south for approximately 4 miles intersecting at the Packer (Two Root) Creek, thence east along Ottawa Road to Fostoria Road, thence directly north for approximately 3 ½ miles to a point 2500 square feet north of Hellwig Road, thence extending eastward 2500 feet to a point intersecting abandoned Conrail tracks (which ran southeasterly but north of Hellwig Road); thence north for approximately 4.75 miles to a point 300 feet north of Curtice Road extended, thence directly west to point of beginning.