

**CITY OF NORMAN AND NORMAN UTILITIES AUTHORITY
WATER SERVICE AGREEMENT**

THIS AGREEMENT is made and entered into between The City of Oklahoma City (“Oklahoma City”) and the Oklahoma City Water Utilities Trust (“OCWUT”)(hereinafter collectively referred to as the “Supplier”), and the City of Norman (“Norman”) and the Norman Utilities Authority(“NUA”)(hereinafter collectively referred to as the “Purchaser”).

WITNESSETH:

WHEREAS, the Purchaser owns and operates a water system for its customers, hereinafter referred to as “Purchaser’s System;” and

WHEREAS, to further the Purchaser’s ability to serve existing and future customers, the Purchaser will need additional water supplies; and

WHEREAS, Oklahoma City owns and operates and OCWUT leases and finances a water supply, treatment and distribution system, hereinafter referred to as the “Supplier’s System”; and

WHEREAS, the Purchaser has made a connection to and may in the future need additional connection(s) to the Supplier’s System; and

WHEREAS, the Supplier’s System at present has sufficient capacity to meet the current needs of the Supplier’s customers and the current needs of the Purchaser, as provided for in this Agreement; and

WHEREAS, it is the intent and purpose of this Agreement for the Supplier to provide and the Purchaser to receive and pay for water and water services in the quantities and manner specified herein and subject to the terms of this Agreement; and

WHEREAS, the Purchaser has an existing Water Service Agreement and is hereby terminating that Water Service Agreement and transitioning to this Water Service Agreement; and

NOW, THEREFORE, in consideration of the aforesaid premises and conditions and in consideration of the mutual obligations, covenants and promises herein contained, it is agreed by and between the parties as follows:

ARTICLE 1

Permission to Connect and Receive Water Services

1.1 Purchaser may receive water from Supplier as specified in this Agreement. Supplier hereby grants Purchaser permission to connect to the Supplier's System at locations mutually designated and agreed upon by Supplier and Purchaser. The existing Connection(s) and Connection Extension(s) to the Supplier's System and point(s) of delivery to the Purchaser's System are set forth on **Attachment "A,"** which is attached hereto and incorporated herein by reference. **Attachment "A"** may be amended from time to time, upon agreement of all parties, to reflect any new, additional, or expanded Connection(s), Connection Extension(s), and point(s) of delivery not listed on the **Attachment "A"** attached hereto on the effective date of the Agreement. During the term of this Agreement and subject to Supplier's System constraints and Purchaser's fulfillment of the permitting and design requirements of the Oklahoma Department of Environmental Quality (ODEQ) and the City of Oklahoma City, the Director is hereby authorized on behalf of Supplier to approve new, additional and/or expanded Connection(s) and Connection Extension(s) to the Supplier's System and point(s) of delivery to the Purchaser's System subject to the terms of this Agreement. For any new, additional or expanded Connection(s), Connection Extension(s) or point(s) of delivery approved by the Director, a written and signed addendum to **Attachment "A"** (as approved by Purchaser and Supplier), indicating all existing and new, additional, and expanded Connection(s), Connection extension(s) and point(s) of delivery, shall be substituted for and replace the prior version of **Attachment "A"**, which will be deemed incorporated into this Agreement. The Director may sign addenda to **Attachment "A"** on behalf of Supplier. Such grant of permission by Supplier is subject to Purchaser fulfilling the terms of this Agreement. Any new, additional or expanded Connection(s), Connection Extension(s) and point(s) of delivery must be approved and accepted by the Director and incorporated into this Agreement before water or water service may be supplied to Purchaser through said Connection(s), Connection Extension(s) or point(s) of delivery.

1.2 Any new, additional or expanded Connection(s) or Connection Extension(s) of the Supplier's System necessary to provide water service to Purchaser shall be constructed and provided by Purchaser or Purchaser's agents, at Purchaser's cost and expense, in accordance with the most recent Oklahoma City standards and specifications and requirements and policies

of the Director. However, nothing herein shall preclude, upon the mutual agreement of the parties, Supplier from making new, additional or expanded Connection(s) and/or Connection Extension(s) for the Purchaser, in which case Purchaser agrees to pay Supplier Connection Fee(s) in the amount of all actual costs and expenses incurred by Supplier in making such new, additional or expanded Connection(s) and Connection Extension(s) and pay such other charges, fees, and water system development charges as set forth in the then current Oklahoma City Municipal Code.

1.3 Each Connection includes tapping saddles and facilities for the installation of the tap and/or creation of a connection to the Supplier's System as may be required by the most recent Oklahoma City standards and specifications and requirements and policies of the Director. Each Connection Extension includes the water transmission system extending from the Connection to the points of delivery, including but not limited to the mains, valve, tanks, surge protection, and other appurtenances, and the meter facilities including but not limited to the meter(s), meter vault cut off valve(s), bypass valve(s), and bypass meter(s) for emergency and repair service, and other appurtenances ("Meter Facilities") all in accordance with the most recent specifications of Oklahoma City and requirements and policies of the Director.

1.4 The Meter Facilities shall be constructed at the point(s) of delivery. The point of delivery shall be at the pipeline or main exiting Supplier's meter vault on the outlet side of the meter.

1.5 Upon completion of construction of the Connection(s) and Connection Extension(s) in accordance with the most recent Oklahoma City standards and specifications and requirements and policies of the Director, Purchaser shall dedicate the Connection(s) and Connection Extension(s) to Supplier and Supplier shall own and maintain all such Connection(s) and Connection Extension(s) from the Connection(s) to the point of delivery. Supplier may request and, if requested, Purchaser will provide such documentation acknowledging the dedication and/or transfer of the Connection(s) and Connection Extension(s) to Supplier as may be requested or required by the Director. Additionally, Purchaser's use of water passing through the Connection(s) and/or Connection Extension(s) shall be deemed affirmation of Purchaser's dedication to Supplier. Subsequent to dedication of the Connection(s) and Connection extension(s), Supplier will operate and maintain the Connection(s) and Connection Extension(s)

as part of the Supplier's System. Purchaser shall own and be responsible for the construction, operation and maintenance of the mains and facilities beyond the point of delivery at Purchaser's sole cost and expense.

1.6 Prior to commencing construction of Connection(s) and/or Connection Extension(s), Purchaser or Purchaser's agents must obtain all permits and pay all fees and charges related to construction of the Connection(s) and Connection Extension(s). The contractor constructing the Connection(s) and Connection Extension(s) must be prequalified and license to perform such work with Oklahoma City. Purchaser will pay 100% of the costs, including but not limited to, all necessary permits, fees, charges, survey costs, design costs, engineering, construction costs, materials, equipment, supplies, and all other costs for the Connection(s) and Connection Extension(s). In addition, Purchaser will pay all costs for all mains or facilities beyond the point(s) of delivery. Supplier is authorized to inspect any construction of Connection(s) and Connection Extension(s) and to inspect and test all Meter Facilities.

1.7 Supplier may, at some future point, desire to install Supervisory Control and Data Acquisition (SCADA) equipment for the Meter Facilities located at the points(s) of delivery on **Attachment "A."** Purchaser agrees to provide Supplier sufficient ground space and easements at the points(s) of delivery on **Attachment "A"** to allow Supplier to install Meter Facilities and SCADA equipment in the meter vault and easements (which may be located in the section line right-of-way). Should Purchaser desire SCADA equipment installed for its own operational needs, Purchaser shall install its SCADA equipment in such a manner so as to ensure it will not interfere with Supplier's SCADA equipment.

1.8 Purchaser, at Purchaser's cost and expense, shall prepare plans and specifications for construction of all Connection(s), Connection Extension(s) to the Supplier's System and shall submit the plans and specifications for consideration and approval by the Director prior to commencing any construction. Purchaser may commence construction upon Purchaser's receipt of written approval from the Director. Provided, however, the Director is not and shall not be deemed the engineer of record on the plans or be responsible for the design or construction of the Connection(s) or Connection Extension(s).

1.9 Purchaser is also responsible for payment of any connection fees, charges and water system development charges applicable to any new, additional or expanded Connection(s)

and/or Connection Extension(s) to the Supplier's System as provided for in the **Oklahoma City Municipal Code, 2014, and any amendment, supplement, or addition thereto**, and the most recent Oklahoma City standards and specifications and requirements and policies of the Director.

1.10 Purchaser is solely responsible for acquiring all easements and rights-of-way necessary to fulfill the responsibilities provided for in this Agreement. Purchaser is solely responsible for all costs associated with the easements and rights-of-way acquisitions and shall acquire all easements and rights-of-way for the Connection(s), Connection Extension(s) and point(s) of delivery in the name of Oklahoma City and the OCWUT in a format to be provided by Oklahoma City.

ARTICLE 2

Water Metering and Flow

2.1 Meter Facilities will be installed and maintained as provided herein at each point of delivery. It is the policy of Supplier and Supplier will own and maintain the Meter Facilities. Upon execution of this Agreement by Purchaser and Supplier, ownership of all existing Meter Facilities for existing Connection(s) and Connection Extension(s) providing water service from the Supplier's System to the Purchaser's System, if not already owned and maintained by Supplier, are hereby transferred to and henceforth shall be owned and maintained by Supplier. Ownership of all new Meter Facilities provided and/or installed by Purchaser, at Purchaser's cost and expense, during the term of this Agreement shall also be transferred to and maintained by Supplier upon completion of installation and acceptance of same by Oklahoma City. No water or water service will be provided through Connection(s) and Connection Extension(s) until the Meter Facilities are accepted by Oklahoma City.

2.2 Purchaser agrees that the Supplier has a continuing need for access to all Connection(s) and Connection Extension(s) serving Purchaser. Therefore, wherever or whenever the Connection(s) or Connection Extension(s) are not on property or an easement held by Supplier, Purchaser shall obtain and provide Supplier for the operation and maintenance of each such Connection(s) and Connection Extension(s) with easements with Oklahoma City and the OCWUT as grantees.

2.3 Supplier has the right to test Supplier's meters at any time. Purchaser, upon request, may have a representative present at any meter test conducted by the Supplier. If

Purchaser requests a test of Supplier's meter, Supplier shall conduct the test within a reasonable time of the request. If upon such examination or test requested by Purchaser, it is determined that the meter is operative and accurate, Purchaser agrees to pay Supplier for the reasonable costs and expenses of such examination or test and such costs and expenses may be added as an additional charge on Purchaser's water bill. If upon such examination and test requested by Purchaser, the meter is found to be inoperative or inaccurate, the meter will be repaired or replaced by Supplier. Whenever Supplier shall find a meter to be inoperative or inaccurate, an adjustment of charges for the preceding billing period shall be made either in the form of a credit or in the form of an additional charge on Purchaser's next bill. The adjustment of charges for the preceding period shall be determined in accordance with the **Oklahoma City Municipal Code, 2014, and any amendment or addition thereto**. A meter shall be deemed to be inaccurate whenever it tests more than three percent (3%) higher or lower than the actual test volume. A meter testing less than three (3%) percent higher or lower than the actual test volume shall be deemed to be accurate and no billing adjustment shall be required hereunder. Supplier shall not have the obligation to repair or replace any meter which tests less than three percent (3%) higher or lower than the actual test volume. However, Supplier shall have the discretion to repair or replace any meter, even one deemed accurate hereunder.

2.4 In the event that Purchaser determines it is necessary to Purchaser to temporarily stop the flow of water from Supplier's System into the Purchaser's System so that Purchaser may make repairs to the Purchaser's System, authorized representatives of Purchaser may shut off the water supply by use of Purchaser's valve(s) located beyond the point(s) of delivery on the Purchaser's System. Purchaser shall notify Supplier of: (1) the location(s) to be shut off; (2) the period during which the water supply is to be discontinued; and (3) the reason for the temporary interruption of the flow of water, within a reasonable time period in advance of shutting off the water supply by use of Purchaser's valve(s). Should Purchaser damage Supplier's Meter Facilities, Supplier shall provide Purchaser with a statement of the costs and expenses to repair and/or replace such damaged facilities, Purchaser shall pay Supplier the actual costs and expenses repair and/or replacement, and such repairs and/or replacements costs and expenses may be added as an additional charge on Purchaser's bill.

ARTICLE 3

Covenant to Purchase Water and Terms of Purchase

3.1 Purchaser is an Outside City, Wholesale, Service Availability customer whose water and water service charges shall be calculated in accordance with **Oklahoma City Municipal Code, 2014, and any amendments or additions to those ordinances or to the requirements for inclusion in that customer class, except as provided by Article 10, Transition to Service Availability, for the transition period ending January 31, 2017.**

3.2 Supplier shall render bills to Purchaser for the water and water services and Purchaser shall pay the water and water service charges thereon, including but not be limited to, the monthly base rate charges (the cumulative charge for all meters established by multiplying the applicable monthly base rate for each meter, as set forth in the applicable subsection of **Oklahoma City Municipal Code, 2014, and any amendments or additions thereto**, times the applicable meter multiplier for each meter connecting the Supplier's System to the Purchaser's System, as set forth in **Oklahoma City Municipal Code, 2014, and any amendment or addition thereto**); and water commodity charges (including subscribed monthly capacity reservation charges and water usage charges) as set forth in **Oklahoma City Municipal Code, 2014, and any amendment or addition thereto** and in accordance with this Agreement.

3.3 Monthly Water Commodity Charges.

For all water and water service bills issued, Purchaser shall pay a water commodity charge comprised of a subscribed monthly capacity reservation charge, regardless of water use or non-use, and a water usage charge for all water delivered to the point(s) of delivery as set forth in this Agreement and the applicable subsections of **Oklahoma City Municipal Code, 2014, and any amendment or addition thereto.**

A. Monthly Capacity Reservation Charge-Establishment and Adjustment

(1) As an Outside City, Wholesale, Service Availability customer, Purchaser must establish and subscribe to a subscribed monthly capacity reservation in gallons. Purchaser has designated an "initial" subscribed monthly capacity reservation of **thirty million, four hundred thousand (30,400,000) gallons per month** effective for bills issued by the Supplier after **January 31, 2017** in accordance with this Agreement. Thereafter, the subscribed monthly capacity reservation gallons are subject to modification and adjustment as provided in this Agreement. The initial subscribed

monthly capacity reservation charge shall be deemed the agreed “initial” subscribed monthly capacity reservation in gallons times the applicable service availability reservation rate set forth in the applicable subsection of **Oklahoma City Municipal Code, 2014, and any amendment or addition thereto.**

(2) Subsequent to the establishment of the “initial” subscribed monthly capacity reservation, unless Purchaser and Supplier subsequently agree in writing to some higher subscribed monthly capacity reservation, the subscribed monthly capacity reservation shall be the subscribed monthly capacity reservation until adjusted as provided in this Agreement.

(3) Subsequent to **January 31, 2017**, the designated time for the annual establishment, calculation, or re-calculation of the subscribed monthly capacity reservation shall be **January first** of each year. The subscribed monthly capacity reservation shall be calculated or re-calculated based upon ninety percent (90%) of Purchaser’s maximum historic monthly usage. The calculated or re-calculated subscribed monthly capacity reservation shall be in effect for the bill issued in February and thereafter until a new subscribed monthly capacity reservation is subsequently calculated or re-calculated as provided in this Agreement, less and except any period when a written request for some higher subscribed monthly capacity reservation shall have been granted as provided in subsection (4) below. Purchaser’s maximum historic monthly usage shall be the highest cumulative number of gallons of water delivered by Supplier (regardless of the number of meters or the applicable water user charges or class) in any billing period from and after the effective date of this Agreement. The subscribed monthly capacity reservation established based upon 90% of Purchaser’s maximum historic usage shall be the subscribed monthly capacity reservation for each billing period subsequent to its calculation (February billing and thereafter) until a new subscribed monthly capacity reservation is established either automatically hereunder or by request and grant in accordance with subsection (4) below.

(4) Purchaser may request and the Director may grant a subscribed monthly capacity reservation greater than ninety percent (90%) of the maximum historic monthly usage as follows:

- (a) Purchaser may request a subscribed monthly capacity reservation higher than ninety percent (90%) of Purchaser's maximum historic monthly usage by written request to the Director on or before **January 1** of any year for water and water service billed on and after the next following February 1.
- (b) The Director may approve or deny such written requests on or before February 1 of each year. Any such written request not approved in writing by the Director on or before February 1 shall be deemed denied. The Director is hereby authorized to review and may, in the Director's discretion, grant or deny any such written request in whole or in part; provided, however, the Director may not grant a subscribed monthly capacity reservation less than ninety percent (90%) of the maximum historic monthly usage.
- (c) Should Purchaser not desire a partial grant, Purchaser must so state in the written request, otherwise it should be in the discretion of the Director to grant in whole, deny in whole, or grant in part any such request.
- (d) Any approved request shall be effective for the bill issued during February and thereafter until and including the next succeeding **January** bill. Thereafter, if no new request has been made and granted, Purchaser's subscribed monthly capacity reservation shall be calculated based upon the greater of the approved requested subscribed monthly capacity reservation gallons or ninety (90%) percent of Purchaser's maximum historic monthly usage as established each **January** based upon all historic usage subsequent to the effective date of this Agreement.
- (e) Notwithstanding the request by Purchaser and the grant by the Director of a request for greater than ninety percent (90%) of Purchaser's then current maximum historic monthly usage, should the subscribed monthly capacity reservation established by request and grant be less than ninety percent (90%) of Purchaser's maximum historic monthly usage then the subscribed monthly capacity reservation shall automatically increase to meet the requirement that the customers in the Outside, Wholesale, Service Availability class must subscribe to at least ninety percent (90%) of Purchaser's maximum historic monthly usage to

qualify for said rate and said new subscribed monthly capacity reservation shall be effective for the next billing period and thereafter until Purchaser's maximum historic monthly usage is subsequently recalculated or a new grant is requested and granted in accordance with the requirements for this class of customer.

In considering requests for additional subscribed monthly capacity reservation or other additional water service volumes or capacities, the Director will take into consideration, among other issues, available raw water and drinking water resources and supplies, treatment system and transmission system capacities, drought, and other contractual, service and/or capacity factors.

B. Water Usage Charges

For all water available and/or delivered to the point(s) of delivery, Purchaser shall pay water usage charges set forth in the applicable subsection of **Oklahoma City Municipal Code, 2014, and any amendment or addition thereto** as follows:

- (1) For the water capacity reservation charges for subscribed monthly capacity reservation gallons times the applicable the service availability reservation rate; plus
- (2) For any water delivered to the point(s) of delivery up to the subscribed monthly capacity reservation gallons at the service availability commodity rate; plus
- (3) For any water delivered to the point(s) of delivery in excess of the subscribed monthly capacity reservation at the service availability excess rate.
- (4) Water usage shall be measured or estimated in accordance with this Agreement.

3.4 Purchaser acknowledges and agrees that, upon acquiring the required technology and after amendment to the appropriate ordinances, Supplier may, at the Director's discretion, cause the subscribed monthly capacity reservation to be adjusted monthly whenever the Purchaser has a new maximum historic monthly usage which usage will increase Purchaser's subscribed monthly capacity reservation effective for the next billing cycle.

3.5 Purchaser recognizes that Supplier has limited water supply and is regularly approached by other parties seeking water supply service agreements. Supplier shall be under no obligation to approve requests for increases to the subscribed monthly capacity reservation gallons or to provide water in excess of the subscribed monthly capacity reservation.

3.6 Termination by Purchaser and Notice

- A. Should Purchaser decide that the Service Availability classification does not best

meet its needs, then Purchaser upon written notice to Supplier before **January 1** of any year may terminate this Agreement which termination shall be effective the next succeeding February 1. Should Purchaser terminate this Agreement, then Purchaser and Supplier may, upon mutual agreement, enter into a new water service agreement, provided however, the new water service agreement will not take effect until this Agreement terminates as provided herein. In addition, the new water service agreement must be in accordance with the service methodologies and water and water service rates then currently and subsequently offered by the Supplier as certain methodologies and rates are being phased out.

B. The purpose of this notice provision is to prevent Purchaser from changing customer classifications to circumvent the classification and rate methodologies. **For that reason, this Agreement is not terminable by Purchaser during the first three years after the effective date.**

C. Supplier makes no warranty or promise that Supplier will enter a new agreement with Purchaser after the termination of this Agreement and Purchaser shall have no right to service or an agreement for service after termination of this Agreement. After termination of this Agreement, Supplier shall not reserve any water, water service, or water capacity for Purchaser and no reservation of availability of any volume of water shall carryover to any subsequent contract, if any, between the parties.

D. Should there be a lapse between the termination of this Agreement and the mutual agreement of Supplier and Purchaser to a new agreement, then during such lapse in time, Supplier may continue to provide and Purchaser may continue to pay for water and water services in accordance with this Agreement or such other rate and rate methodology as the Director may designate on a month to month basis until the Director notifies Purchaser that water and water services are being terminated. Provided, however, as a condition of receiving water and water service during the lapse period after the termination of this Agreement, Purchaser shall pay a deposit to secure payment for water and water services in the amount of the cumulative total of the water and water service charges for the prior two billing periods.

E. Notwithstanding the above subsections, water and water service may be terminated for failure to timely pay water and water service charges or to provide the required deposit.

F. Purchaser acknowledges and agrees, notwithstanding continued service under this Agreement, at some point in time Supplier may phase out service availability rate methodology and Purchaser may be moved by Supplier to the Time of Day rate methodology or some other rate methodology as may subsequently be established.

3.7 It is further agreed that the rates, charges, fees, and the conditions and requirements of this customer class and for water and water service under this customer class may be changed by amendment and/or addition to Supplier's ordinances from time to time, provided that the rates, fees and charges levied on Purchaser shall be equal to those levied to other customers in the same class. Supplier shall provide Purchaser notice of any changes in customer class at least thirty (30) days before the change of Purchaser's customer class shall be applied to Purchaser. Provided however, should Purchaser have actual knowledge or other informal notice of amendments and/or additions or the proposal of such amendments and/or additions, said amendments and/or additions shall apply despite Supplier's failure to provide formal written notice under this Agreement.

3.8 Water used by Purchaser, or Purchaser's agents, from Supplier's System for flushing mains, associated with the establishment of new, additional or expanded Connection(s), Connection Extension(s) or other purpose of the Purchaser or the Purchaser's agents shall be billed to Purchaser at applicable rates, fees, and charges in **Oklahoma City Municipal Code, 2014, and any amendment or addition thereto**, for those kinds of uses in effect at the time a bill is rendered and shall be paid by Purchaser within thirty (30) days.

3.9 Purchaser agrees to promptly and timely pay to Supplier all charges computed at the then existing rates, fees and charges established by this Agreement and/or the ordinances of Supplier at the time the bill is rendered, according to this Agreement and the standard billing procedures of Supplier. In the event that Purchaser shall fail to make full and timely payment on any water or water service charges issued pursuant hereto, Purchaser shall, in addition to the payment of said unpaid balance, pay interest on the unpaid balance at a rate of one and one-half percent (1.5%) per month for as long as the unpaid balance remains outstanding, compounded monthly and calculated from the dates each payment is due until the date of receipt of such payments by Supplier. All payments shall be credited in the manner determined by the policies of Supplier. Supplier also reserves the right to suspend delivery of water to Purchaser for

nonpayment or untimely payment of water bills in accordance with the standard utility billing procedures of Supplier. Such suspension shall be in effect until all charges, fees and interest, if any, are paid. The rights granted by this paragraph shall not impair or preclude either party the ability to terminate future service or to utilize any other provision of this Agreement or any other remedy available in equity or at law.

3.10 Water use or water usage, as referred to in this Agreement, does not imply that Purchaser put the water delivered to beneficial use only that the water was delivered to the point(s) of delivery and measured or estimated as provided in this Agreement.

3.11 The monthly obligation of Purchaser to pay for water service charges (the monthly base rate charges and the water usage charges) shall be unconditional throughout the duration of the Agreement and shall not be superseded, conditioned or qualified by any other provision or the interpretation of any other provision to this Agreement, less and except as specifically provided in **ARTICLE 4, Conditions of Water Service to the Purchaser**, for insufficient water delivery resulting from emergencies in the Supplier's water system.

ARTICLE 4

Conditions of Water Service to the Purchaser

4.1 Purchaser hereby requests water service subject to the conditions and provisions of this Agreement. Provided, however, Purchaser understands that Purchaser's subscribed monthly capacity reservation is, during the term of the Agreement, a reservation of available water source and treatment capacity and not a guarantee of uninterrupted delivery as delivery may be affected by demand and unforeseeable breaks and disruptions to the Oklahoma City water treatment and delivery systems and is not a warranty against unforeseeable losses or reduction in water sources or delivery.

4.2 Supplier has adopted water conservation regulations and Purchase is required by this Agreement to adopt and enforce water conservation regulations at least as strict as those in resolutions adopted by Oklahoma City or its City Manager or Director and the **Oklahoma City Municipal Code, 2014, and any amendment or addition thereto**. The failure to adopt and enforce such regulations may, at the option of Oklahoma City, result in: (1) daily or hourly surcharges, as may be adopted by Oklahoma City ordinances, assessed to Purchasers, or either of them (Norman or the NUA); (2) restriction of water service or delivery to the subscribed

monthly reservation capacity or (3) termination of this Agreement.

4.3 Should Oklahoma City, either by resolution of its Council or its City Manager or designee, pursuant to an emergency, determine that a water conservation, water use rationing, or water suspension program must be observed by all or a particular group or class of water users being served from the Supplier's System due to water shortage, delivery, pressure problem(s) or whatever reason, Purchaser shall immediately adopt and enforce water use rationing or suspension program for the Purchaser and Purchaser's customers at least as stringent as that Oklahoma City adopts and enforces for its customers. Purchaser shall not hold the Supplier responsible for any loss, cost or expense resulting from the reduction or suspension of water supply or service due to such emergency or for failure to meet the subscribed monthly capacity reservation gallons due to such emergency. Provided, however, should Purchaser, in any calendar month, be prevented from utilizing its subscribed monthly capacity reservation as a direct result of the failure of Supplier to deliver or make available "sufficient water" to the point(s) of delivery, then Purchaser, for the emergency period, shall be billed for: the monthly base rate charge; plus a subscribed monthly capacity reservation charge equal to the volume of water usage (rather than the subscribed monthly capacity reservation) as measured or estimated in accordance with this Agreement times the service availability reservation rate; plus a water usage charge for the amount of water usage as measured or estimated in accordance with this Agreement at the service availability commodity rate. For the purpose of this **ARTICLE 4, Conditions of Water Service to the Purchaser**, "sufficient water" shall mean Supplier has provided or Supplier's System has been capable of providing the prorated daily portion of the subscribed monthly capacity reservation gallons for each day throughout the emergency period.

4.4 This Agreement is subject to such rules, regulations and laws as may be constitutional and applicable to similar municipally owned utilities and utility agreements in the State of Oklahoma. Supplier and Purchaser will each collaborate in obtaining any permits, certificates or the like as may be required to comply therewith.

4.5 It is expressly understood and agreed by the parties that none of the provisions of this Agreement shall be construed to grant Purchaser any property rights of any nature or kind in Supplier's water sources or supplies, treatment and distribution facilities, water or water rights or any other property of Supplier. Purchaser expressly covenants and agrees to make no claim of

any nature or kind under this Agreement upon such facilities, water or water rights or other property of Supplier. Supplier shall have no property rights of any nature or kind in the Purchaser's water supply, treatment and distribution systems with the exception of the meter vault(s), meter(s) and facilities whose ownership is transferred to Supplier as provided for in **ARTICLE II, Water Metering and Flow.**

4.6 This Agreement is not assignable by Purchaser except upon the prior written consent of Director.

4.7 Purchaser agrees not to make any claim, request or demand to Supplier for a reduction in rates, fees and charges for payment in lieu of tax and Supplier is not obligated to remit to Purchaser any payment in lieu of tax proceeds from revenues it derives from this Agreement. In no case shall Supplier be subject to any fees or taxes levied by Purchaser associated with fulfilling Supplier's obligations in this Agreement.

4.8 Purchaser agrees that Purchaser's need for water supply is to augment Purchaser's existing supply for resale to customers within Purchaser's service area and individual customers of Purchaser have no claim to water supply or water service as a result of this Agreement.

4.9 Purchaser also acknowledges that Supplier anticipates the purchase of additional water sources and supplies and the construction of a second and third raw water supply pipeline and associated pumping improvements transporting water from Southeastern Oklahoma for the benefit of all users connected to Supplier's System, which Supplier anticipates will increase the cost of water and water service provided through this Agreement.

ARTICLE 5

Emergency Suspension and/or Termination of Water Services

5.1 Supplier hereby agrees to make reasonable efforts to provide an adequate supply of water service at all times pursuant to the terms of this Agreement; however, it is understood, realized and agreed by the parties hereto that the Supplier's water supply, treatment and delivery systems might, by reason of unforeseen catastrophe or disaster, commonly called acts of nature or acts of God, be temporarily suspended.

5.2 In addition, the delay in delivery or for failure to deliver in whole or in part, caused by an occurrence of any unforeseen event or any cause or contingency reasonably beyond Supplier's immediate control, including, but not limited to, acts of third parties; fires; civil

disobedience; strikes; riots; rebellions; accidents; explosions; earthquakes, tornadoes, floods, storms, freezing, or other acts of nature; unexpected equipment, pipeline, main, pump or other facility failure; mechanical failure and any other occurrences reasonably beyond Supplier's immediate control shall be excused by Purchaser and Purchaser shall not hold Supplier liable for interruptions in the quality or quantity of service under such conditions. Such events of nonperformance shall not give rise to any claim on the part of Purchaser or Purchaser's customers against Supplier. Supplier shall use its best efforts to cure water system failures such as main breaks and pump failures within a reasonable time.

5.3 Supplier will, at all times, operate and maintain the Supplier's System in a reasonably efficient manner and will take such reasonable actions as may be necessary to furnish Purchaser with the quality and quantities of water as provided in this Agreement. In the event of an extended shortage of water or the supply of water available to Supplier is otherwise diminished over an extended period of time, the supply of water available to the Purchaser's customers shall be reduced or diminished in the same ratio or proportion as the supply available to the Supplier's customers in the particular service area where such supply is reduced or diminished.

ARTICLE 6

Operation and Maintenance

6.1 Purchaser shall be fully responsible for operation and maintenance of the existing water facilities owned by the Purchaser and the Purchaser, jointly and severally, agree to defend, indemnify and hold Supplier harmless from any claim or legal action against Supplier or Purchaser arising from the operation and/or maintenance by Purchaser of Purchaser's System or any part thereof. The Connection(s) and Connection Extension(s) to the point(s) of delivery, including the Meter Facilities, shall be owned, maintained and operated by Supplier regardless of which entity installed, constructed or financed these improvement and facilities. All transmission main(s), valve(s) and other facilities on the outside of the meter vault(s) at the point(s) of delivery beginning at the outlet side of shall be owned, maintained and operated by Purchaser.

6.2 It is understood and agreed by the parties that Supplier makes no warranty of any nature or kind that the quality or quantity of the treated water stored or transported hereunder is beyond the quality or quantity delivered to customers of Supplier in the vicinity of the water

service connection(s) providing water service to Purchaser.

6.3 Purchaser accepts such treated water as it is at the time it is extracted or received from the Supplier's System. Any determination by Purchaser that said water is not satisfactory to meet Purchaser's needs shall not give rise to any claim, action or cause of action against Supplier, but merely gives Purchaser the right to terminate this Agreement upon formal written notice to Supplier as provided in this Agreement. Provided however, it is not the intent of this paragraph to permit Purchaser to circumvent the rate models and classifications established by Supplier, therefore termination shall not entitle Purchaser to convert this Agreement to another contract, continue to receive water and water services from Supplier, or to directly or indirectly purchase water and water services under another contract or customer class.

6.4 It is further understood and agreed by the parties hereto that Supplier shall not be held liable for any damage to the Purchaser's System and/or other facilities as may be caused by power failures, pipeline breaks, filling or draining of any pipeline, pumping, changing pressures, quantity or quality of water, loss of power, cessation of pumping, or any other operation or failure of the Supplier's System, except when such operation or failure is due to gross negligence by Supplier and then is subject to the provisions and limitations of the Oklahoma Governmental Tort Claims Act, and any amendment thereto.

6.5 In the event of service interruption, Supplier and Purchaser shall coordinate resources in an effort to restore service in a timely manner.

ARTICLE 7

Agreement Term and Renewal

7.1 The term of this Agreement shall be for ten (10) years, commencing upon execution of this Agreement by the last party hereto.

7.2 Purchaser shall notify Supplier before the end of the eighth (8th) year of this Agreement if it wishes to negotiate an extension of this Agreement.

7.3 If Supplier and Purchaser fail to agree on an extension of this Agreement before the end of the tenth (10th) year of this Agreement, this Agreement shall expire at the end of the tenth (10th) year.

7.4 This Agreement may be amended upon the mutual agreement of the parties or

their authorized representatives.

ARTICLE 8

Notices

8.1 All notices required to be given hereunder, shall be in writing and shall be delivered in person (and a confirming copy sent by first class mail), or shall be mailed by registered mail, or delivered by facsimile with a return receipt showing delivery (and a confirming copy sent by first class mail), to the following addresses:

Notices to the Supplier:

The City of Oklahoma City
Attn: Director of Utilities
420 West Main Street, Suite 500
Oklahoma City, Oklahoma 73102
Phone: 405-297-2422
Facsimile No.: 405-297-3813

and

Oklahoma City Water Utilities Trust
Attn: General Manager
420 West Main Street, Suite 500
Oklahoma City, Oklahoma 73102
Phone: 405-297-2422
Facsimile No.: 405-297-3813

Notices to the Purchaser:

Norman Utilities Authority
Attn: General Manager
P.O. Box 370
Norman, Oklahoma 73070
Phone: 405-366-5402
Facsimile No.: 405-366-5389

City of Norman
Attn: City Manager
P.O. Box 370
Norman, Oklahoma 73070
Phone: 405-366-5402
Facsimile No. 405-366-5389

The parties may hereafter designate, in writing and as provided herein, other or different persons or addresses for receipt of notice.

ARTICLE 9

General Provisions

9.1 The captions, titles and headings contained herein are for convenience of reference only and shall not control the interpretation of any provision hereof. When any word in this Agreement is used in the singular number, it shall include the plural and the plural, the singular, except where contrary intention plainly appears. When any word is used in the masculine, it shall include the feminine, and the feminine, the masculine, except where a contrary intention plainly appears.

9.2 The parties hereto, acting under authority of their respective governing bodies, have caused this Agreement to be executed in multiple counterparts, each of which shall constitute an original.

9.3 The parties hereto agree that it is not their intent to create any rights or benefits to any third parties and that no third party beneficiaries shall be created or shall be deemed to be created by this Agreement.

9.4 The parties hereto agree to abide by the applicable and constitutionally valid laws of the State of Oklahoma and the United States of America. The parties further agree that any action to enforce the provisions of this Agreement or any dispute over the interpretation of this Agreement shall be resolved in a court of competent jurisdiction in Oklahoma County, Oklahoma.

9.5 The term "Director" as referred to in this Agreement shall mean the Director of the Utilities Department for The City of Oklahoma City.

9.6 Upon execution of the last party hereto, this Agreement shall be effective for all water and water service provided under any bill issued after execution by the last party hereto and the Water Service Agreement by and between the Purchaser and the Supplier executed by Purchaser on September 14, 1999, and any additions and amendments thereto, shall be deemed superseded and ineffective as to all water and water service provided subsequent to the effective date of this Agreement.

9.7 This is the complete Agreement between the parties and no statements, representations, or discussions not set forth herein shall be binding upon the parties and no party is or shall be bound by any statement or representation that does not conform with this document. No agent or any party to this Agreement has authority to alter, modify or change this Agreement except as expressly provided herein. This Agreement shall be read as a whole and shall not be interpreted either for or against any party. This Agreement may only be amended in writing as approved and executed by all parties hereto.

9.8 For the purpose of this Agreement, time shall be deemed to be of the essence.

9.9 A breach of any provision of this Agreement shall be deemed to be a breach of the entire Agreement provided however the breaching party or parties shall be given thirty (30) days notice as provided herein during which to cure any breach prior to the termination of this

Agreement therefore. Provided however the failure of any party hereto to provide notice of a breach of this Agreement shall not be deemed a waiver of that breach or any subsequent breach of a similar or different kind or nature.

9.10 A determination that any provision or application of any provision of this Agreement to any party is prohibited or contrary to law shall be limited to the specific language and/or party so construed, and shall not affect the validity of the remaining provisions of the Agreement or its binding effect on any other party or parties.

9.11 Purchaser may not provide water to third parties which individually or cumulatively with Supplier's other customers cause or contribute to a loss or change in Supplier's tax exempt status under applicable federal statutes, rules and/or regulations.

ARTICLE TEN **Transition to Service Availability**

10.1 In order to permit Purchaser to perform system delivery and pressure balancing and normalizing activities as may be necessary to migrate from Demand supplemental service arrangement to the year-round base load Service Availability arrangement, Supplier and Purchaser mutually agree that for the water and water service charges for bills issued from the effective date of this Agreement through the **January 31, 2017** that Purchaser shall be charged for water and water services at water usage charge rates set forth on **Attachment "B,"** which is attached hereto and incorporated herein by reference, for all water delivered through the Meter Facilities listed on **Attachment "A"** as measured in accordance with this Agreement **plus** monthly base rate charges (the cumulative charge for all meters established by multiplying the applicable monthly base rate for each meter, as set forth in the applicable subsection of **Oklahoma City Municipal Code, 2014, and any amendments or additions thereto,** times the applicable meter multiplier for each meter connecting the Supplier's System to the Purchaser's System, as set forth in **Oklahoma City Municipal Code, 2014, and any amendment or addition thereto**).

Remainder of this page left intentionally blank

APPROVED and **SIGNED** by the Norman Public Works Authority, this _____
day of _____ 2015.

ATTEST: (seal)

NORMAN UTILITIES AUTHORITY

Secretary

Chairperson

APPROVED and **SIGNED** by the City of Norman, Oklahoma, this _____ day of
_____ 2015.


ATTEST: (seal)

THE CITY OF NORMAN

City Clerk

Mayor

REVIEWED as to form and legality.



City Attorney
Norman Utilities Authority and City of Norman

APPROVED by the City of Oklahoma City, Oklahoma, this _____ day of _____ 2015.

ATTEST: (seal)

THE CITY OF OKLAHOMA CITY

City Clerk

Mayor

APPROVED by the Oklahoma City Water Utilities Trust this _____ day of _____ 2015.

ATTEST: (seal)

OKLAHOMA CITY WATER UTILITIES TRUST

Secretary

Chairperson

REVIEWED as to form and legality.

Assistant Municipal Counselor, Oklahoma City

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**ATTACHMENT “A”
(2015)**

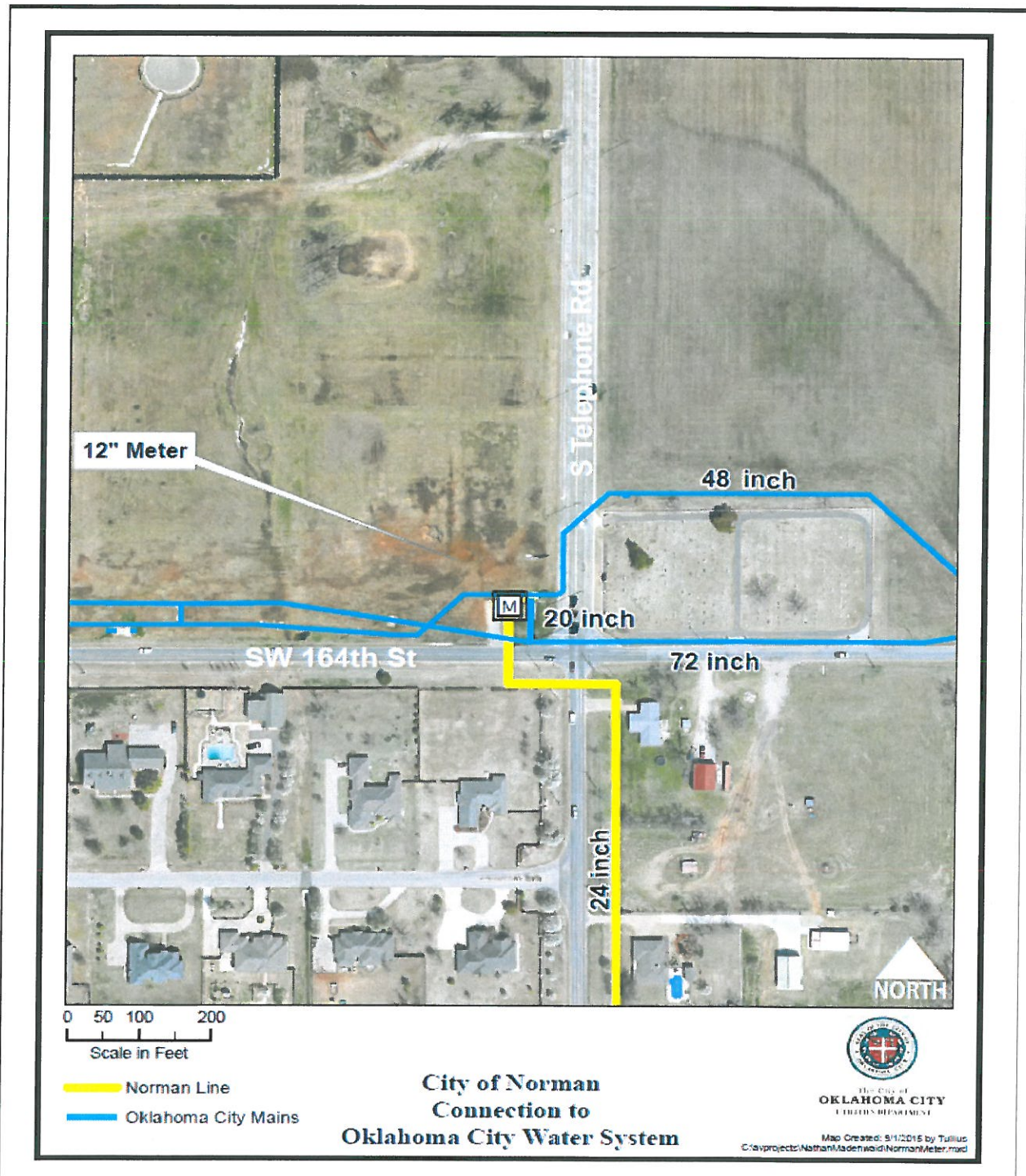
The following description and attached map sets forth the mutually agreed and approved location and facilities connected and to be connected, by Purchaser or Purchaser’s agent at Purchaser’s cost and expense, to the Supplier’s System. This **Attachment “A”** may be amended from time to time upon the mutual consent of all parties to the Agreement.

CONNECTION #1

Connection

Location: **12” meter on the NW corner of SW 164th Street (SW 34th Street in Moore) & South Telephone Road.** The 12-inch meter is connected to a 20-inch main (coming off a 72-inch main) on the Supplier’s System and a 24-inch main on the Purchaser’s System.

ATTACHMENT "A"
MAP – POINT(S) OF DELIVERY
(2015)



ATTACHMENT “B”
Transition Plan Applies To All Bills Issued Through January 31, 2017

Fees & Charges Type	Water Usage Rate for Bills Issued:		
	Through 9/30/2015	10/1/2015 - 9/30/2016	10/1/2016 and thereafter
Service Availability Reservation Rate (per 1,000 gallons reserved)	\$1.18	\$1.36	\$1.56
Service Availability Commodity Rate (per 1,000 gallons up to volume reserved)	\$0.39	\$0.41	\$0.43
Service Availability Excess Rate ** (per 1,000 gallons in excess of volume reserved)	\$5.34 (N/A)	\$5.45 (N/A)	\$5.57**

** The service availability excess rate will be charged on bills issued February 1, 2017 & after**

The Transition Plan, as provided for in this Agreement, will only be effective for water or water service bills issued from the effective date of this Agreement through the end of the transition period, not later than January 31, 2017, and after Purchaser has determined a reasonable beginning “initial” subscribed monthly capacity reservation, initially requested to be 30,400,000 gallons per month, which can be perfected by Purchaser for this Agreement by notifying the Supplier on or before January 1, 2017.

Due to the Purchaser’s need to perform system balancing throughout its distribution system as it transitions to using the daily portion of its monthly Reservation Gallons, Supplier will allow the Purchaser to vary the monthly Reservation Gallons during the Transition period from execution of the Agreement through January 31, 2017 by not applying the Service Availability Excess Rate. Upon completion of the Purchaser’s transition plan including steps to bring its system pressures into balance by taking the daily portion of the monthly Reservation Gallons amount, the Purchaser shall notify the Supplier of the subscribed monthly capacity reservation or be subject to 90% of the maximum month for the prior year. All Service Availability Charges, including the Service Availability Excess Rate, will be levied on water delivered and bills rendered to the Purchaser after completion of the transition plan forward and will reflect charges in accordance with the rate methodology in the Oklahoma City Municipal Code, as may be amended from time to time, and as provided in this Agreement.