

WATER PURCHASE CONTRACT

This Water Purchase Contract made and entered into effective as of the _____ day of _____, 20____, by and between SANDOVAL COUNTY WATER AUTHORITY (the "Seller"), and _____ OF SANDOVAL COUNTY, NEW MEXICO (the "Purchaser").

WITNESSETH:

WHEREAS, Seller is an enterprise fund of Sandoval County Government and Purchaser _____ duly created and existing under and by virtue of the laws of the State of New Mexico;
and

WHEREAS, the governing board of Purchaser did approve this contract, and authorized and directed the execution hereof by its President and attested by its Secretary by Resolution adopted on _____; and

WHEREAS, the Board of County Commissioners of Seller did approve the contract, and authorized and directed the execution hereof by its President and attested by its Secretary by Resolution adopted on _____.

NOW, THEREFORE, in consideration of the foregoing and of the mutual agreements and covenants herein contained, Seller and Purchaser hereby agree as follows:

PART I

Section 1. Definitions.

As used herein, the terms hereinafter set forth shall have the meanings hereinafter given.

(a) "Contract" shall mean this Water Purchase Contract between the Seller and the Purchaser as the same may be amended from time to time pursuant hereto.

(b) "Contract Year" shall mean the twelve (12) month period commencing at 12:01 a.m, on January 1 of each year and ending at 12:00 midnight on the following December 31.

(c) "Entitlement Share" shall mean that minimum amount of water to be purchased from Seller as shown on the attached Schedule B. The minimum amount shall be applicable to the calendar year 20__.

Daily peak demands shall not exceed two times the annual average daily usage. During the first contract year, the average daily usage as set forth on Schedule B shall determine the amount permitted to be purchased during peak demand. Seller may, at its

sole option, provide any excess peak demand at such rates and upon such terms as Seller may adopt by its rules and regulations, which shall be binding upon the Purchaser hereunder.

(d) "Month" shall mean a calendar month.

(e) "Participating Members" means the municipal corporations and public water supply districts who have entered into Water Purchase Contracts with the Seller in substantially the same form as this Contract.

(f) "Minimum Water Purchases" shall mean the average daily usage as agreed upon and set forth on Schedule B for the initial contract year, and as increased thereafter as provided for by the Purchaser's "Entitlement Share", or as may be amended as hereafter provided. For billing purposes, a semi-annual calculation of minimum usage shall be made as of June 30 and December 31 of each year, with any deficiency in purchases during the first semi-annual period being offset by the amount of any excess purchases during the second semi-annual period.

It is further agreed that should the amount of actual average daily water purchases of any Participating Member which is a Sole Source Purchaser be reduced by reason of the involuntary detachment of any portion of the water district by action taken under the provisions of Section _____, as amended, the minimum water purchases for such district may be reduced by the average daily use of the customers within the area detached (hereinafter referred to as its "Reduction") determined for the last completed calendar year; provided, however, that all Reduction for any such district in its minimum water purchases from its pre-detachment minimum water purchases shall be assumed for the balance of the term of the Project Bonds as follows, in the order listed:

a. All or a part of such Reduction may be contracted for by any sole source Participating Member, on a first-come first-serve basis; then

b. All or a part of such Reduction may be contracted for by any non-sole source Participating Member on a first-come first-serve basis; then

c. All or a part of the remaining Reduction may be contracted for any non-member municipal corporation or water district on a first-come first-serve basis; then

d. Any remaining Reduction shall be contracted by the Seller's Participating Members *as follows*:

(1) 50% of such Reduction shall remain a part of the minimum purchase amount of the district subject to involuntary detachment;

(2) 50% of such Reduction shall be contracted for by each of the remaining Participating Members in proportion to the average daily purchase of each district to the average daily purchases of all other Participating Members, excepting therefrom the purchases by the district subject to involuntary detachment. Such calculation shall be determined by the purchases for the preceding calendar year.

e. Any Water Supply Contract executed after the date of detachment as referred to herein with Sole Source Purchasers or non-member municipal corporations or water districts may be used to reduce the obligation of the Participating Members under paragraph d. above.

(g) "Monthly Water Supply Costs" shall mean all of the Seller's costs or other requirements to the extent not included in the Cost of acquisition and construction resulting from the ownership, operation, maintenance, repair of and renewals, replacements, additions, improvements, betterments and modifications to the Project, including but not limited to the following items of costs that are paid or accrued by the Seller during each Month of each Contract Year in connection with the Project:

(1) the amount of Debt Service required under the Bond Indenture to be deposited during such Month into any fund or account established by the Bond Indenture;

(2) one-twelfth (1/12) of the costs of operation, maintenance, administration and general expenses of the Project for such Contract Year which are not included in the costs and expenses specified in other clauses of this paragraph (1);

(3) the amount required under the Bond Indenture to be paid or deposited during such Month into any fund or account established by the Bond Indenture in connection with the Project (other than funds and accounts referred to in clause (1) above, other than amounts required to be paid or deposited by reason of the transfer of amounts from such funds or accounts to the funds or accounts referred to in clause (1) above;

(4) any amount which the Seller may be required during such Month to pay for the prevention or correction of any unusual loss or damage or for major renewals, replacements, repairs, additions, improvements, betterments and modifications necessary, in the opinion of the Consulting Engineer, to keep the Project in good operating condition or to prevent a loss of revenues therefrom to the extent that (A) the Seller is not reimbursed by the proceeds of insurance covering the same; (B) any funds or accounts established under the Bond Indenture for such purpose; and (C) funds for such payment are not provided by the issuance of additional bonds pursuant to the terms of this contract; and

(5) any other amounts necessary to comply with the covenants and conditions contained in the Bond Indenture and the Loan Agreement.

Seller shall apply, as a credit against Monthly Water Supply Costs, all receipts, revenues and other monies received by it from the sale of surplus equipment, materials and supplies relating to the Project and from the sale of Water pursuant to this Contract.

In the event such Contract Year shall embrace eleven (11) or fewer whole Months, the fraction expressed in clause (2) above shall be adjusted by substituting a denominator equal to such number of whole Months.

(h) "Net Revenues Available for Debt Service" means, for the period of determination for either the Seller or the Purchaser, all income, revenues and receipts derived from the operation of the waterworks system or combined waterworks and sewer system, as the case may be, less all reasonable and necessary expenses of operation, maintenance and repair of the waterworks system or combined waterworks and sewer system, as the case may be, and keeping the waterworks system or combined waterworks and sewer system, as the case may be, in good repair and working order (other than interest paid on outstanding indebtedness, depreciation and amortization charges during the period of determination) and other proper charges, all as determined in accordance with generally accepted accounting principles, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

(i) "Participating Members" means the municipal corporations and Public Water Supply Districts who have entered into Water Supply Contracts with the Seller in substantially the same form as this agreement. The initial Participating Members are set forth on Schedule A attached hereto.

(j) "Point(s) of Delivery" shall mean the point or points of interconnection between the facilities of, or available to, the Purchaser and the terminal facilities of the Project, as shown on the attached Schedule B.

(k) "Project" shall mean the waterworks system constructed and equipped for the purpose of providing water by the Seller to the Point of Delivery for the Purchaser, including all related structures, facilities and equipment, together with any major renewals, replacements, repairs, additions, improvements, betterments and modifications necessary, in the opinion of the Seller's consulting engineer, to keep the Project in good operating condition or to prevent a loss of revenues therefrom, and any required by any governmental agency having jurisdiction over the Project.

(l) "Prudent Utility Practice" shall mean a particular time (i) any of the practices, methods and acts engaged in or approved by a significant portion of the water supply industry at such time, or within which (ii) in the exercise of reasonable judgment in light of facts known at such time, could have been expected to accomplish the desired results at the lowest reasonable cost consistent with good business practices, reliability, safety and timeliness considering the fact that the Seller is a _____ Not-For-Profit corporation. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to a spectrum of possible practices, methods and acts, having due regard for manufacturers' warranties and the requirements of governmental agencies of competent jurisdiction and shall apply not only to functional parts of the Project but also to appropriate structures, landscaping, painting, signs, lighting or other facilities and to public relations programs reasonably designed to promote public enjoyment, understanding and acceptance of the Project.

(m) "Seller's Rules and Regulations" shall mean those rules and/or regulations established from time to time by the governing body of Seller for the operation of the Project.

(n) "Uncontrollable Forces" shall mean any cause beyond the control of the Seller and which by the exercise of due diligence of the Seller is unable to prevent or overcome, including but not limited to an act of God, fire, flood, explosion, earthquake, strike, sabotage, pestilence, or an act of the public enemy, civil or military authority, including court orders, injunctions and orders of governmental agencies with proper jurisdiction, insurrection of governmental agencies with proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment, inability of the Seller or any contractor engaged in work on the Project to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers, or inability of the Seller to sell or issue Project Bonds.

(o) "Water" shall mean potable treated water meeting applicable purity standards of the State of New Mexico and U.S. Environmental Protection Agency or any other agency having jurisdiction over the same.

(p) "Water Rate" shall mean the amount established by Seller per each 1,000 gallons of water sold by Seller, which Water Rate will be based upon the formula set forth on the attached Schedule A.

(q) "Water Supply Contracts" shall mean this Contract and the Water Supply Contracts substantially similar hereto (with such changes as may be necessary to reflect the municipal or corporate nature of the Water Purchaser) between the Seller and a Participating Member providing for the purchase and sale of Water from the Seller, as the same may be amended from time to time pursuant thereto.

(r) "Water Supply Schedule" shall mean the Water Supply Schedule B attached to and incorporated as part of this Contract.

Section 2. Effective Date, Term.

This Contract shall be in full force and effect as of _____, 20____, and shall continue for a term of thirty (30) years thereafter through and including _____, _____ 20____. This Contract shall be deemed a Sole Source Agreement on the part of the Purchaser. Accordingly, the minimum purchase of water hereunder shall increase at the rate of three percent (3%) per year.

PART II

Section 3. Delivery Pressure.

Seller agrees to sell and furnish and Purchaser agrees to purchase, and is entitled to receive Water at a reasonably constant pressure of at least the existing gradient pressure at which Purchaser currently receives its water, and of a constant rate of flow sufficient to deliver the Purchaser's Entitlement Share. Emergency failure of pressure or supply due to main supply line breaks, power failures, fire and use of Water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time that may be necessary to restore service.

Section 4. Delivery of Output, Notification.

Water required to be delivered to Purchaser shall be delivered at the Point(s) of Delivery and at authorized service meter connections in accordance with Seller's Rules and Regulations. Seller agrees to notify Purchaser in writing at least thirty (30) days in advance of the estimated date of initial delivery of water to the Purchaser. The Point(s) of Delivery to be provided by Seller are identified on Schedule B attached hereto.

PART III

Section 5. Connection Charge.

The charge for all agreed upon points of delivery to the Project, as shown on Schedule B shall be paid by the Purchaser. The cost of any additional or other Points of Delivery requested by Purchaser at any future date shall also be paid by Purchaser. All connections shall be made in accordance with Seller's Rules and Regulations, but in no event shall a connection charge for additional or other connections be less than the actual cost of making such connection, as determined by Seller.

Section 6. Budget, Payment.

(a) On or before the tenth (10th) day of each Month beginning with the month following the initial Month of the first Contract Year, the Seller shall render to the Purchaser a monthly statement representing the prior month's usage, but for not less than 20,000 gallons daily during such billing period.

(b) Any other provisions in this Contract to the contrary notwithstanding, the payments to be made pursuant to paragraph (a) above shall be due and payable by Purchaser at the office of Seller specified in Section 29 of this Contract on or before the 20th day of each Month.

(c) Amounts due and not paid by the Purchaser on or before the 30th day of the Month on which they are due shall bear an additional charge equal to the lesser of one and one-half percentum (1.5%) per month, compounded monthly, or the maximum amount permitted under applicable law, until such amount and such additional charge are paid in full.

(d) In the event of any dispute as to any portion of any monthly statement, the Purchaser shall nevertheless pay the full amount shown on such statement when due and shall, within sixty (60) days from the date of such statement give written notice of the dispute to Seller. Such notice shall identify the disputed statement, state the amount in dispute and set forth a full statement on the grounds on which such dispute is based. No adjustment shall be considered or made for disputed charges unless notice is given as aforesaid. The Seller shall give consideration to such dispute and shall advise the Purchaser with regard to the Seller's position relative thereto within thirty (30) days following receipt of such written notice. Upon determination of the correct amount, any difference between such correct amount and such full amount shall be adjusted on the statement next submitted.

(e) The initial rate to be charged for the initial year of operation shall be \$4.30 per 1000 gallons of Water purchased.

PART IV

Section 7. Characteristics of Service.

(a) The Seller will, at all times, operate and maintain the Project in an efficient manner and will take such action as may be necessary to furnish the Purchaser with Water in such quantity and quality *as* is specified herein. Temporary or partial failure to deliver Water shall be remedied with all possible dispatch, In the event of an extended shortage of Water, or if the supply of Water available to the Seller is otherwise diminished over an extended period of time, the supply of Water to Purchaser shall be reduced or diminished in the same ratio or proportion as the supply to all Participating Members is reduced or diminished.

(b) This Contract is subject to such rules, regulations or other laws as may be applicable to similar agreements in the State of New Mexico including Seller's Rules and Regulations, and so long as the same are applicable, Seller and Purchaser will collaborate in obtaining such permits, certificates or the like as may be required to comply therewith.

(c) The Seller will establish, to the extent practicable, scheduled periods when the Project shall be shut down for maintenance and will give the Purchaser, whenever possible, at least one hundred twenty (120) days' notice of such periods.

(d) The Seller may temporarily interrupt or reduce delivery of Water from the Project if the Seller determines that such interruption or reduction is necessary in case of emergencies affecting the ability of Seller to produce or deliver Water from the Project and in order to install equipment, make repairs and replacements to and make investigations and inspections of or perform maintenance work on the Project.

Except as interrupted or reduced by Uncontrollable Forces, or as otherwise provided in this Contract, the Seller shall operate the Project and deliver Water therefrom to the Purchaser in accordance with this Contract and Seller's Rules and Regulations at all times during the term of this Contract commencing with the Commercial Operation Date.

(e) Nothing contained in this Contract shall be construed to prohibit the Seller from contracting with others for the operation, maintenance or dispatch of the Project.

Section 8. Measurement of Water Supply.

The Seller will furnish, install, operate and maintain at Point(s) of Delivery at Purchaser's cost, the necessary metering equipment including a meter house or pit and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and such flow controls, valves, and backflow prevention devices as may be required by Seller's Rules and Regulations subject to the approval of the Seller's consulting engineer, and the same shall belong to Seller. Seller shall calibrate or test such metering equipment at

least annually whenever requested by Purchaser, but not more frequently than every twelve (12) months. A meter not measuring more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such test, and billings for such three (3) months shall be adjusted accordingly. 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 in the same period of the preceding year or such other amount as may be agreed upon by Seller and Purchaser. In the event that testing is performed at the written request of Purchaser and no inaccuracy of more than two percent (2%) is found, then all costs of such testing shall be paid by Purchaser; otherwise, such costs shall be paid by Seller. Any adjustment when made shall constitute full adjustment of any claim between the Seller and the Purchaser arising out of such inaccuracy of metering equipment. The metering equipment shall be read on or about the last day of each Month.

The Seller will furnish, install, operate and maintain at Point(s) of Delivery at Purchaser's cost, the necessary metering equipment including a meter house or pit and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and such flow controls, valves, and backflow prevention devices as may be required by Seller's Rules and Regulations subject to the approval of the Seller's consulting engineer, and the same shall belong to Seller. Seller shall calibrate or test such metering equipment at least annually whenever requested by Purchaser, but not more frequently than every twelve (12) months. A meter not measuring more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such test, and billings for such three (3) months shall be adjusted accordingly. 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 in the same period of the preceding year or such other amount as may be agreed upon by Seller and Purchaser. In the event that testing is performed at the written request of Purchaser and no inaccuracy of more than two percent (2%) is found, then all costs of such testing shall be paid by Purchaser; otherwise, such costs shall be paid by Seller. Any adjustment when made shall constitute full adjustment of any claim between the Seller and the Purchaser arising out of such inaccuracy of metering equipment. The metering equipment shall be read on or about the last day of each Month.

PART V

Section 9. Standard of Construction

The Seller shall operate, maintain and manage the Project in an efficient and economical manner consistent with Prudent Utility Practice.

Section 10. Records and Accounts.

The Seller shall keep accurate records and accounts of the Project. Said records and accounts shall be subjected to an audit as of the end of and for each Contract Year by a firm of independent certified public accountants selected by the Seller, which firm shall be experienced in waterworks utility accounting. Such firm's audit report shall be submitted to the Seller, with copies to the Purchaser within ninety (90) days after the end of such Contract Year.

PART VI

Section 11. Consulting Engineer.

The Seller will retain the Consulting Engineer to make the determinations required by this Contract and the Bond Indenture.

Section 12. Purchaser's Rate Covenant.

Purchaser will, or will take all necessary action to, establish, maintain and collect rates and charges for the waterworks services or its combined waterworks and sewer system, as the case may be, so as to provide revenues at least sufficient, together with available reserves, to enable the Purchaser to make all payments required by it under this Contract and to pay all other lawful charges or liens on the revenues of its waterworks system, or combined waterworks and sewerage system, as the case may be.

Section 13. Facilities to be Provided by the Purchaser.

The Purchaser shall contract for or provide, operate and maintain, all without cost or expense to the Seller, such water lines, pumps and other facilities as may be necessary to enable it to receive and use water purchased under this Contract at and from the Point(s) of Delivery, including such protective devices as may be necessary in the reasonable judgment of the Seller to protect the Project and the waterworks system of all other Participating Members from disturbance thereto caused by the Purchaser.

Section 14. Source of Purchaser's Payments.

The obligation of the Purchaser to make payments to the Seller under this Contract shall be limited to the obligation to make payments from revenues of the Purchaser's waterworks system or combined waterworks and sewer system and available utility system reserves. All payments made by the Purchaser pursuant to this Contract shall constitute operation and maintenance expenses of its waterworks system or combined waterworks and sewer system. The Purchaser shall not be obligated to levy any taxes, general or special, for the purpose of paying to the Seller any sum due hereunder.

Section. 15. Water User Agreements of Purchaser.

Each _____ contracts with Seller for the purchase of all or part of its water supply needs shall cause a Water User Contract to be signed by each new user from and after the effective date of this Contract that shall include a provision that such user shall not sign a petition, or cooperate with or encourage the filing of a petition to cause any part of such _____ to be detached or excluded from any _____ be served by any municipal corporation pursuant to the provisions of Sections _____, as amended. Such provision shall further provide that the terms thereof may be enforced in law or equity, including injunctive relief. Purchaser shall furnish to Seller for approval by its legal counsel a proposed Water User Agreement for all new connections, to be utilized by such _____ from and after the effective date hereof.

PART VII

Section 16. Sale of Water Not Taken by the Purchaser.

Any Water which the Purchaser is entitled to receive under this Contract but does not take, may be sold by the Seller to any party under such terms and conditions as the Seller in its sole discretion shall determine, and all receipts, revenues and other moneys received shall be applied as a credit against monthly water supply costs; and, the Purchaser shall have no right, by offset or otherwise, to any amounts realized by the Seller in connection with such sale.

Section 17. Other Sales of Water.

It is understood that, as between the Purchaser and the Seller, subject to the provisions of its Bond Indenture, Loan Agreement and its Rural Development Loan Agreement(s), the Seller may sell Water which the Purchaser is not entitled to receive pursuant to this Contract on such terms and conditions as the Seller in its discretion shall determine. Sales of water by Purchaser shall be governed by the Seller's Rules and Regulations, but in no event shall Purchaser make any sale or sales which might adversely affect the tax exempt status of Seller or of any Project Bonds and Notes.

Purchaser may not resell any of the water purchased under the terms of this Contract except by retail to its regular customers. No such sale shall be made to any public water supply district, city, or any other entity operating a water distribution system, except with the prior written consent of Seller.

Section 18. Additional Bonds.

Bonds in addition to the Initial Project Bonds may be issued and sold by or for the Seller in accordance with the provisions of the Bond Indenture and the Loan Agreement at any time and from time to time in the event funds are required to pay all or a portion of the cost of (i) any major renewals, replacements, repairs, additions, improvements, betterments and modifications to the Project necessary, in the opinion of the Consulting Engineer, to keep the Project in good operating condition or to prevent a loss of revenue therefrom, (ii) any major additions, improvements, repairs or modifications to the Project required by any governmental agency having jurisdiction over the Project or for which Seller shall be responsible by virtue of any obligation of the Seller arising out of the contract to which the Seller may be a party relative to the ownership of the Project and (iii) additional water supplies for the Project in any Contract Year to the extent that sufficient funds are not available in any reserves for such purpose under the Bond Indenture.

Section 19. Refunding Bonds.

In the event that the Monthly Water Supply Costs may be reduced by the refunding at any time of all or from time to time of less than all of the Project Bonds then outstanding or in the event it shall otherwise be advantageous in the opinion of the Seller to refund any Project Bonds, the Seller may issue and sell, or cause to be issued and sold, refunding bonds.

PART VIII

Section 20. Default by Purchaser, Remedies of the Seller.

(a) In the event Purchaser shall fail to perform any obligation under its Water Purchase Contract, including failure to make to the Seller when due any payment for which provision is made therein, the Seller shall have, in addition to any other rights or remedies it may have under law, the following rights and remedies:

(1) the Seller may bring any suit, action or proceedings in law or in equity, including mandamus and action for specific performance, as may be necessary and appropriate to enforce against Purchaser any covenant, agreement or obligation to make any payment for which provision is made in its Water Purchase Contract, or to collect amounts due pursuant to the Water Purchase Contract;

(2) if such failure shall continue for fifteen (15) days following written notice to Purchaser, upon ten (10) days' written notice to such Purchaser, cease and discontinue delivering water to Purchaser so long as such failure shall continue; provided, however, that any such cessation and discontinuance shall not relieve Purchaser of any obligation under its Water Purchase Contract, including the obligation to pay amounts becoming due on and after the date of such cessation and discontinuance; and

(3) whether or not the Seller shall have ceased and discontinued delivering Water pursuant to clause (2) above, if such failure shall continue for six months following written notice to Purchaser from the Seller specifying such failure, the Seller may at any time thereafter while such failure shall be continuing, upon written notice to Purchaser, terminate such Water Purchase Contract; provided, however, that any such termination shall not relieve Purchaser of the obligation to pay any amounts required to be paid under its Water Purchase Contract with respect to any Month ending on or prior to such termination and for the Month in which such termination shall occur, without proration.

(b) The cessation and discontinuance of the delivery of Water to Purchaser, or the termination of the Water Purchase Contract, shall not change the Entitlement Share of any other Purchaser under contract with Seller.

Section 21. Default by Seller.

In the event of any default by the Seller in the performance of any of its obligations under this Contract, the Purchaser may bring any suit, action or proceeding in law or in equity, including mandamus, injunction, and action for specific performance as may be necessary or appropriate to enforce such obligation against the Seller, but the same shall not give the Purchaser the right to discontinue the performance of its obligations under this Contract.

Section 22. Abandonment of Remedy, No Waiver.

In the event any action or proceeding taken by the Seller or the Purchaser in connection with any default by the other shall have been discontinued or abandoned for any reason, the Seller and the Purchaser shall be restored to their former positions under this Contract, and all rights, remedies, powers and obligations of the Seller and the Purchaser shall continue as though no such action or proceeding has been taken. The failure of either party to insist in any one or more instances upon strict performance by the other of the Contract or to take advantage of any of its rights hereunder shall not be construed as a waiver of relinquishment.

PART IX

Section 23. Assignment, Sale of Purchaser's System.

(a) This Contract shall inure to the benefit of and be binding upon the respective successors and assigns of the parties to this Contract; provided, however, that except as otherwise provided in this Contract in the event of a default and except for the assignment by the Seller authorized in paragraph (b) below, neither this Contract nor any interest herein shall be transferred or assigned by either party hereto except with the consent in writing of the other. No assignment or transfer shall relieve the assigning or transferring party of any obligation contained in this Contract. The Purchaser acknowledges that the rights of the Seller to transfer or assign its interest in this Contract may be limited by its Bond Indenture and/or the Loan Agreement, and/or the Rural Development Loan Agreement.

(b) The Purchaser acknowledges and agrees that the Seller may pledge and assign to the Trustee designated in its Bond Indenture and to Rural Development on a parity basis all of the Seller's right, title and interest in and to this Contract and all payments to be made to the Seller by the Purchaser under this Contract as security for the payment of the principal (including sinking fund installments) of and premium, if any, and interest on the Project Bonds and the Rural Development Loans, and, upon the execution of such pledge and assignment such Trustee and Rural Development shall have all of the rights and remedies provided to the Seller with respect thereto.

(c) The Purchaser agrees that it will not sell, lease, contract to sell, convey, grant an option to purchase or lease, or otherwise dispose of its water distribution system except on ninety (90) days prior written notice to the Seller, or cooperate in any effort to detach or exclude any part of the Purchaser from service from the Purchaser's waterworks system or combined waterworks and sewer system pursuant to _____ as amended, or otherwise.

Section 24. Termination, Amendment.

(a) This Contract may not be terminated by either party hereto under any circumstances, including upon the default of the other party, except as otherwise specifically provided in this Contract.

(b) This Contract may not be amended, modified or otherwise altered in any manner except in writing signed by both parties. The Purchaser acknowledges that Seller's Bond Indenture and/or the Loan Agreement and/or the Rural Development Loan Agreement(s) may contain provisions restricting the right of the Seller to amend, modify or alter this Contract, and the Seller shall not amend, modify or alter this Contract except as provided in Seller's Bond Indenture, its Loan Agreement, and/or the Rural Development Loan Agreement(s).

Section 25. Compliance With Laws.

The Purchaser shall not dispose of Water to which it is entitled pursuant to this Contract in any manner which would cause the sale thereof by the Seller to the Purchaser to contravene any provision of law at the time applicable thereto.

Section 26. Taxes.

In the event that any Federal, State or local tax shall be levied upon the sale and delivery of Water to the Purchaser pursuant to this Contract or upon the Seller measured by the Water sold to the Purchaser or the revenue received by the Seller therefrom, the amount of such tax shall be added to the next statement rendered to the Purchaser pursuant to Section 6.

Section 27. Governing Law.

This Contract shall be governed by and construed in accordance with the laws of the State of New Mexico.

Section 28. Notices and Computation of Time.

Any notice which may be or is required to be given under this Contract shall be deemed properly given if mailed postage prepaid and addressed to the Seller

_____,
Attention: Manager, and in computing any period of time from such notice, such period shall commence at 12:01 a.m. on the day following the date such notice was mailed. The foregoing designations and addresses to which notices shall be addressed may be changed at any time and from time to time by giving notice as provided above.

Section 29. Addresses for Statements and Payments.

(a) Statements rendered by the Seller pursuant to Section 6 shall be mailed to the Purchaser, addressed as follows _____.

(b) Payment of statements rendered by the Seller pursuant to Section 6 shall be made to the Seller at _____ in a manner so that the Seller will have funds available at the opening of business on the day such payment shall become due.

(c) In the event that any day on which any payment under this Contract shall

become due shall be a Saturday or Sunday or a holiday recognized by the Seller, the payment shall be made on the next preceding day which is not a Saturday, Sunday or such holiday.

Section 30. Severability.

In the event that any provision in this Contract is declared illegal or no longer in force by reason of any judgment or order issued by any court or regulatory body of jurisdiction, all remaining provisions of this Contract not affected by such judgment or order shall continue in full force and effect.

Section 31. Reports and Information.

Each party hereto shall furnish to the other party such reports and information concerning its operations as the other party may reasonably request from time to time.

Section 32. Right of Access.

Each party grants to the other party right of access to its premises, at the Points of Delivery initially established as provided in Schedule B, or as may hereafter be established, to install, maintain, operate, repair, and renew any and all equipment, apparatus and devices owned or operated by such other party and necessary in the performance of this Contract.

Section 33. Liability of Seller,

The Seller shall not be liable to the Purchaser for any failure of the Seller to perform its obligations to the Purchaser due to Uncontrollable Forces and in no event shall be liable to the Purchaser for any consequential damages.

Section 34. Cooperative Agreement.

The parties do hereby agree to cooperate in obtaining waterline easements or other interests in real estate to enable Seller to fulfill its obligations hereunder in the construction of the transmission lines or other appurtenances, if any be required. The parties do further agree to execute such additional agreements evidencing this obligation as may be reasonably required by Seller, to enable Seller to acquire easements or other interests in real estate necessary or convenient to it to fulfill its obligations under this agreement.

IN WITNESS WHEREOF, this Contract is executed by the duly authorized officers and representatives of the parties, pursuant to authority vested in them by the lawful action of their respective council, commission, or board, as of the day and year first above written.

SANDOVAL COUNTY WATER AUTHORITY

ATTEST:

Secretary

By _____
President

CUSTOMER

ATTEST:

Secretary

By _____
President

STATE OF NEW MEXICO)

) ss:

COUNTY OF)

On this _____ day of _____; 20____, before me the undersigned Notary Public personally appeared _____, to me personally known, who being by me duly sworn did say that he is President of Sandoval County Water Authority, , and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board, acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at my office in , _____, on the day and year last above written.

Notary Public

My Commission Expires
