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MAY 11 1976
POST FALLS, IDAHO

95-8057

Contract No.

CONTRACT TO DELIVER SUPPLEMENTAL DOMESTIC WATER
TO HIDDEN VALLEY ADDITION WATER ASSOCIATION, INC.

East Greenacres Unit
Rathdrum Prairie Project, Idaho

THIS CONTRACT, made this 8 day of May, 1976, by
and between the EAST GREENACRES IRRIGATION DISTRICT, hereinafter called
the District, and the HIDDEN VALLEY ADDITION WATER ASSOCIATION, INC
hereinafter called the Corporation,

WITNESSETH, THAT:

WHEREAS, the following preliminary statements are made in
explanation:

(a) The United States of America, hereinafter referred to
the United States, acting pursuant to Federal Reclamation Laws is
constructing the East Greenacres Unit of the Rathdrum Prairie Project,
hereinafter referred to as the Project, in the State of Idaho, to pro-
vide for the delivery of an irrigation and domestic, municipal, and
industrial water supply to certain areas within the operation of the
District; and

(b) The Corporation, operating as a water delivery associa-
tion outside the District's boundaries, has constructed wells to provide
a domestic water supply to households and lands of its members which
supply is not adequate to meet the present and future water requirements
thereof; and

Note: Date shown on 2nd line of Article 1, page 2
is not correct; District was so advised by
letter of June 1, 1976.

(c) The Corporation shall make the supplemental domestic water delivered to it hereunder available only to the lands of its members and to the households thereof.

PAYMENT AND WATER TO BE FURNISHED

3. (a) The Corporation shall pay to the District the following, hereinafter referred to as the base charge:

(1) Prior to the initial delivery of water hereunder and on or before January 1 of each subsequent calendar year that this contract remains in effect, a project system construction charge of \$600 computed on the basis of \$20 per household of each member of the Corporation for a total of 30 households.

(2) Prior to the initial delivery of water hereunder and on or before the beginning of each quarter (the 3-month period beginning the first day of January, April, July, and October of each calendar year), a District operation and maintenance charge of \$3.33 per month per household of each member of the Corporation. In exchange for this payment, the District shall deliver to the Corporation an amount of water each month arrived at by multiplying 10,000 gallons by the number of households then currently hooked up to receive water from the Corporation, such amount hereinafter referred to as the base quantity of water. An additional excess water charge of \$0.75 shall be paid by the Corporation for each 1,000 gallons or fraction thereof delivered to the Corporation in excess of the base quantity of water. Excess water charges will be paid to the District in accordance with notices from the District. It is understood that the foregoing water charges are minimum

charges and are subject to increase upon written notification to the Corporation. The Corporation shall measure the monthly quantity of water delivered to each household and shall report the same to the District in the manner and at the times requested by the District. In the event that the Corporation reports at any time during the calendar year that domestic water service will be provided to more than 30 households of its members, the project's system construction charge portion of the base annual charge and the quantity of the water to be provided upon payment of such charge shall be increased by \$20 and 10,000 gallons per month respectively for each household of its members over 30:

Provided, That in no event shall the Corporation be entitled to receive more than 20,000 gallons per month for each household nor shall it be entitled to provide domestic water to more than 60 households unless otherwise notified by the District in writing.

(b) All charges due hereunder shall be considered delinquent 30 days from the date of payment due and the Corporation shall pay a penalty on charges which become delinquent computed at the rate of 1 percent per month from the date that such charge is payable. The payment of charges becoming due hereunder is a condition precedent to receiving water under this contract and the District reserves the right to refuse delivery of water to the Corporation unless and until all charges are paid.

(c) The Corporation, in addition, at the time of entering into this contract shall deposit and keep on deposit in the First Security Bank, Sunset Heights Branch, Coeur D' Alene, Idaho, the sum of

\$2,000 in a certificate of deposit properly endorsed as payable to the order of the District and to be used only for the purpose of protecting the District from any and all losses or damages which it may sustain by reason of the Corporation's inability, failure or refusal to pay the charges provided for in this article in the regular course of events as provided for therein and only after 10 days notice that, unless those charges are paid on the date set forth in said notice, the District will invoke the provision of this subarticle for the purpose of recovering its loss or damage through the application of said deposit or whatever portion thereof as may be necessary to do so. Said deposit if applied by the District in whole or in part for that purpose, shall be remade in full by the Corporation within 10 days of the date of such application of it or any portion thereof by the District as provided above. As the deposit is to be a continuing one in the sum set forth herein, the Corporation shall be entitled to receive such interest the bank may pay thereon from time to time: Provided, That in any year in which the actual charges due hereunder exceed the deposit by 15 percent, the Corporation shall, upon written notice from the District, increase the deposit to an amount not less than the actual charges in the prior year.

(d) The Corporation will cause to be collected all necessary tolls and other charges from its members and will use all of its authority and resources to meet its obligations under this contract. The obligation of the Corporation to pay the District the charges becoming due as provided herein is a general obligation of the Corporation notwithstanding the manner in which the obligation may be distributed among

the lands and households of the members of the Corporation and notwithstanding the default of individual members of the Corporation in the payment of tolls or other charges imposed by the Corporation.

QUALITY OF WATER

4. The operation, maintenance, and replacement of Project facilities for the provision of water under this contract shall be performed in such manner as is practicable to maintain the quality of domestic water thereunder, and the District is under no obligation to construct or furnish water treatment facilities to maintain or better the quality of water. Further, the District does not warrant the quality of water to be furnished pursuant to this contract.

POLLUTION

5. The Corporation agrees to comply fully with all applicable Federal laws, orders, and regulations and the laws of the State of Idaho, all as administered by appropriate authorities concerning the pollution of streams, reservoirs, ground water, or water courses with respect to pollution or the discharge of refuse, garbage, sewage, effluent, or other pollutants.

DISCLAIMER

6. No provision for the delivery of water under this contract will be construed to bind the District to make water permanently available on a continuing basis to the Corporation, and neither it nor its officers, agents, or employees shall have any liability for or on account of:

(a) The control, carriage, handling, use, disposal, or distribution of such water diverted from Project facilities then being operated and maintained or utilized by the District;

(b) Damage claims of any nature whatsoever, including but not limited to, property loss or damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water; and

(c) Any damage, whether direct or indirect, arising out of or in any manner caused by the shortage or absence of said water whether such shortage or absence be on account of inspections, repairs, improvements, new construction, changes in operation, supplying existing irrigation and domestic, municipal, and industrial uses, prior or superior claims, or any other causes.

BOOKS, RECORDS, AND REPORTS

7. The Corporation shall establish and maintain accounts and other books and records pertaining to the number of its members' households receiving supplemental domestic water service and other matters pertaining to this contract as the District may require. Reports thereon shall be furnished to the District in such form and on such date or dates as it may require. Subject to applicable Federal and State laws and regulations, the District shall have the right to examine and make copies of the Corporation's books and records relating to matters covered by this contract.

TERMINATION AND ASSIGNMENT

8. (a) This contract may be terminated at the option of the District and with 30 days written notice if the Corporation does not maintain or replenish within 10 days the deposit fund provided for in Article 3(c) of this contract. No assignment of any part or interest in this contract shall be valid until approved by the District: Provided, however, That the construction of the Corporation's water system is being financed by a loan and grant from the United States acting through the Farmers Home Administration. If the Farmers Home Administration on behalf of the United States succeeds to the Corporation's interests in its properties, whether the result of legal process, assignment, or otherwise, the Farmers Home Administration shall succeed to the rights of the Corporation hereunder.

(b) Upon termination of this contract, the turnout assembly shall be removed by the Corporation within a period of 90 days or title to such facilities shall revert to the District.

RULES AND REGULATIONS

9. The District may make rules and regulations, not inconsistent with provisions of this contract, and the Corporation shall observe the same.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the date first above written.

EAST GREENACRES IRRIGATION DISTRICT

(SEAL)

ATTEST:

By *Roy Berlin*
President, Board of Directors

Louis F. Dooling
District Secretary

HIDDEN VALLEY ADDITION WATER
ASSOCIATION, INC.

(SEAL)

ATTEST:

Brian A. Naefbauer
Corporation Secretary

By *Robert E. Helmick*

Norman Schilling
Shannon Russell

Brian A. Naefbauer

Edward Kall
Members of its Board of Directors

STATE OF IDAHO)
) : ss
County of Kootenai)

On this 8 day of May, 1976, before me

Lawrence J. Leahy Jr., a Notary Public, personally appeared
Roy Bodine and Leanne F. Donlin
known to me to be respectively the President and Secretary of the EAST
GREENACRES IRRIGATION DISTRICT, and the persons who executed the within
instrument on behalf of said corporation, and acknowledged to me that
said corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
official seal the day and year first above written.

(SEAL)

Lawrence J. Leahy Jr.
Notary Public in and for the
State of Idaho
Residing at POST FALLS
My commission expires: 2/10/77

STATE OF IDAHO)
) : ss
County of Kootenai)

On this 8 day of May, 1976, before me personally
appeared Edward Vaillancourt, Sherman Bussard,
Norman Schilling, Brian A. Vaillancourt, and
Robert I. Helinski, known to me to be respectively Members
of the Board of Directors and Secretary of the HIDDEN VALLEY ADDITION
WATER ASSOCIATION, INC., and the persons who executed the within instru-
ment on behalf of said corporation, and acknowledged to me that said
corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
official seal the day and year first above written.

(SEAL)

Lawrence J. Leahy Jr.
Notary Public in and for the
State of Idaho
Residing at POST FALLS
My commission expires: 2/10/77