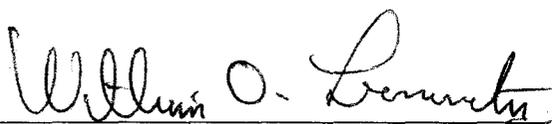


RESOLUTION NO. R2006-11

A RESOLUTION AUTHORIZING THE TOWN MANAGER TO EXTEND THE WATER PURCHASE AGREEMENT WITH TENNESSEE-AMERICAN WATER COMPANY FOR A TERM OF THREE (3) YEARS BEGINNING JULY 1, 2006 THROUGH JULY 1, 2009, WITH A WATER PURCHASE RATE INCREASE FROM \$1.02 PER 1,000 GALLONS TO \$1.061 PER 1,000 GALLONS AS SHOWN ON THE ATTACHED AGREEMENT.

BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SIGNAL MOUNTAIN, TENNESSEE, That the Town Manager be and is hereby authorized to extend the Water Purchase Agreement with Tennessee-American Water Company for a term of three (3) years beginning July 1, 2006 through July 1, 2009, with a water purchase rate increase from \$1.02 per 1,000 gallons to \$1.061 per 1,000 gallons as shown on the attached Agreement.


MAYOR

4/10/06
DATE


RECORDER *ACTING RECORDER*

4-10-06
DATE

PAN/kac

EXTENSION OF WATER PURCHASE AGREEMENT

THIS EXTENSION OF WATER PURCHASE AGREEMENT, made effective as of July 1, 2006, by and between Tennessee American Water ("Tennessee American"), located at 1101 Broad Street, Chattanooga, Tennessee, and Town of Signal Mountain ("Signal Mountain"), whose address is 1111 Ridgeway Avenue, Signal Mountain, Tennessee,

WHEREAS, the parties hereto have agreed to extend the term of their Water Purchase Agreement dated July 1, 1997 ("Original Agreement") as amended and extended by agreement dated as being effective July 1, 2000 ("First Extension Agreement"), and agreement dated as being effective July 1, 2003 ("Second Extension Agreement"), copies of which are attached hereto and incorporated herein by reference, for an additional term of three years as provided herein,

NOW THEREFORE, in consideration of the mutual covenants and promises herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Except as specifically provided herein, all of the terms, conditions, privileges and obligations in the Original Agreement, as amended and extended by the First and Second Extension Agreements are hereby extended for a term of three (3) years (or thirty-six (36) monthly billing periods), beginning July 1, 2006 and ending July 1, 2009.
2. Effective July 1, 2006 and continuing through the end of the term hereof, Section 1 of the Original Agreement, as amended and extended by the First and Second Extension Agreements, is hereby amended to state that Signal Mountain will purchase water at the rate of exactly \$0.796 per hundred cubic feet (CCF), which is approximately \$1.061 per 1,000 gallons.
3. This Extension of Water Purchase Agreement is subject to the approval by the Board of Tennessee American Water and the Tennessee Regulatory Authority ("TRA"). Signal Mountain agrees to take such action reasonably necessary to support Tennessee American's application for approval from the TRA.

IN WITNESS WHEREOF, the parties have set forth their hands.

TOWN OF SIGNAL MOUNTAIN

By *Mona Lee Shell*

Title: *Town Manager*

Date: *4-10-2006*

TENNESSEE AMERICAN WATER

By *[Signature]*

Title: *VICE PRESIDENT GENERAL NETWORK MANAGER*

Date: *APRIL 4, 2006*