

SECOND AMENDMENT TO AUGUST 5, 2014 INTERLOCAL AGREEMENT
FOR
CONSTRUCTION AND OPERATION OF
WASTEWATER TREATMENT PLANT
BETWEEN
THE CITY OF GLENDIVE AND DAWSON COUNTY

This Second Amendment (“Second Amendment”) to the August 5, 2014 Interlocal Agreement for Construction and Operation of Wastewater Treatment Plant, as amended by the First Amendment dated effective November 15, 2016 (collectively, the “Agreement”) is dated effective this ___ day of _____, 2019, between the City of Glendive, Montana, a municipal corporation and political subdivision of the State of Montana (“City”), and Dawson County, Montana, a political subdivision of the State of Montana (“County”). City and County are referred to herein as the “Parties” and individually as a “Party”.

RECITALS

A. On August 5, 2014 and amended effective November 15, 2016, the County and the City entered into an Agreement for a project that entailed the construction of a new wastewater treatment plant that would ultimately serve both the City of Glendive and a portion of Dawson County. The portion of Dawson County initially served consisted of property within the boundaries of Metropolitan Sewer District No. One adopted by the County on June 10, 2014 (the “Metropolitan District” as further defined herein), which Metropolitan District included certain property located in the City. The Board of County Commissions of Dawson County (the “Board”) were the ex officio commissioners of the District, and the District acted under the authority, governance, or control of the Board. The initial boundaries of the District were set forth in Resolution 2014-7, the Resolution of Intention to Create Metropolitan Sanitary Sewer District No. One adopted March 25, 2014, as modified by Amendment to Resolution #2014-7 passed on April 1, 2014 (collectively, the “Resolution of Intention”). The City Council of the City concurred in the Resolution of Intention by passage on April 1, 2014, of a Resolution of Concurrence With Respect to Dawson County Resolution of intention to Create Metropolitan Sanitary Sewer District No. One.

B. The City proposed to construct for the shared benefit of both the City and County a new wastewater treatment plant sufficient in size and function to serve the needs of the City and the areas within the Metropolitan District and designed in accordance with applicable government standards (the “Plant”). The Parties concluded that cost savings could be realized in constructing a single plant rather than each constructing its own. In order to facilitate the Project, the City needed to construct the Plant and certain associated improvements (the “City Project” as further defined herein).

C. In order to serve the Metropolitan District, the County acknowledged it would need to install lift stations and a force main to connect to the City’s wastewater system, as well as replace some sewer mains within the Metropolitan District (the “County Project” as further defined herein). As used herein, “Project” shall mean City Project and the County Project.

D. The City committed to design, construct, operate and own the Plant, and to accept, treat, and dispose of wastewater from the Metropolitan District in return for payment of the amounts provided herein.

E. The City financed the cost of constructing the Plant through the issuance of a combination of short-term bond anticipation notes and long-term wastewater system revenue bonds, as well as grants and other legally available funds.

F. The County financed the cost of the County Project through the issuance of metropolitan sanitary sewer district bonds payable through the Metropolitan District.

G. In accordance with Title 7, Chapter 11, Part 1 (the “Interlocal Cooperation Act.”), the City and County are authorized to enter into interlocal agreements for the purpose of any administrative service, activity, or undertaking or to participate in the provision or maintenance of any public infrastructure facility, project, or service.

H. The County has determined it is in the best interest of the County to migrate the County Project costs and obligations to its bondholders to a new Rural Improvement District (the “RID District”) to be created by the County, consisting of the same properties and legal boundaries as the previous Metropolitan District.

I. In order that the County may continue to meet its financial obligations to the City, as detailed in the Agreement, the parties have determined that it is in their best interests to further amend their interlocal agreement for the purpose of authorizing the County to provide administrative services on behalf of the City to collect rates and charges for sewer services to users in the RID District (the “District Users”) as allowed by Section 7-13-4312, MCA.

AGREEMENT

NOW, THEREFORE, in consideration of the following terms and conditions and other good and valuable consideration, the sufficiency of which is acknowledged by each of the Parties, the City and County agree to amend the Agreement as follows. All terms of the Agreement not expressly amended, changed or contradicted herein remain in full force and effect and are incorporated by reference herein. The Agreement is attached hereto as Exhibit A. Amendment is hereby made to the following sections of the August 5, 2014 Interlocal Agreement:

All references to “District” in the “AGREEMENT” section of the Agreement are hereby amended to refer to the new Rural Improvement District to be created by the County, consisting of substantially the same properties and legal boundaries as the previous Metropolitan Sewer District No. One created by the County on June 10, 2014.

I. DEFINED TERMS.

1.1. Definitions. Capitalized terms herein shall have the meaning ascribed to them in this Agreement.

II. CONSTRUCTION OF THE PROJECT.

2.1. Description of City Project. A general description of the City Project, including the Plant capacity and other technical specifications (the “City Project Specifications”), is set out in Appendix A, attached and incorporated herein.

2.2. Description of County Project. A general description of the County Project, including certain technical specifications (the “County Project Specifications”), is set out in Appendix B, attached and incorporated herein.

2.3. Project Schedule. A general schedule for the Project, including bond issuance and construction of the Project and its contemplated in-service date for the City Project (the “City Project In-Service Date”) and the County Project (the “County Project In-Service Date”), is set out in Appendix C,

attached and incorporated herein. As used herein, “Substantial Completion” shall mean the time at which the City Project has progressed to the point where, in the opinion of the City Engineer, the City Project is sufficiently complete so that the City Project can be utilized for the purposes for which it is intended. The terms “substantially complete” and “substantially completed” as applied to all or part of the Project refer to Substantial Completion of the City Project.

2.4. City Project.

(a) Engineering, Procurement, and Construction. The City will be solely responsible to perform or cause to be performed all work for the acquisition of necessary easements and rights-of-way, design and engineering, procurement, construction, commissioning and start-up of the City Project in accordance with the City Project Specifications and as otherwise provided in this Agreement (the “City Project Construction”), which shall be completed by the City Project In-Service Date.

(b) Bidding and City Construction Costs. The City has bid the City Project and selected the general contractor, and the City will be solely responsible for entering into a construction contract with the general contractor for the construction of the City Project, and the City shall administer such construction contract and have full authority as the contracting party to address issues and disputes that may arise under such construction contract and to resolve or settle any such issues or disputes, all in accordance with and subject to applicable law. The City shall promptly provide the County with a statement and reasonable itemization of the total anticipated and final costs of the City Project Construction (the “City Project Construction Costs”, which shall include any additional costs and expenses in connection with City Project Changes, as defined herein).

(c) Scope Changes. The City may, from time to time and in its sole discretion, cause to be changed or agree to any changes in the City Project Specifications by and through change orders approved by it (“City Project Changes”). The City shall promptly provide the County with a copy of any change orders relating to City Project Changes.

(d) Site Visits and Reports. The County shall have the right to view the construction of the City Project upon reasonable request to the City and coordination of the logistics of any such site visits with the City and the general contractor. Upon reasonable request, the City shall provide the County with a copy of construction progress reports or other regularly prepared reports on the construction of the City Project

(e) Payment of Construction Costs. The City shall be solely responsible for the prompt and complete payment of the City Project Construction Costs, and is incurring debt for the payment of such costs.

(f) City Project Financing. In order to pay and discharge a portion of the City Project Construction Costs, the City will issue its Series 2014 Notes and its Definitive Bonds as identified and defined in Appendix D attached hereto (the “City Project Financing”). In connection with the City Project Financing, the City will be obligated for payment of the principal of, premium, if any, interest and related obligations (including, without limitation, loan loss reserves and administrative expense surcharges), to the holder of the Series 2014 Notes and the Definitive Bonds. Following the closing of the Series 2014 Notes or the Definitive Bonds, as the case may be, the City will provide the County with a schedule showing, among other things, the scheduled payments of interest, loan loss reserves and administrative expense surcharges relating to the City Project Financing (collectively, the “City Project Financing Interest”). The City Project Financing Interest will be payable in semi-annual installments due on January 1 and July 1 of each calendar year (the “Semi-Annual Interest Payments”). With respect to the Series 2014 Notes, the first Semi-Annual Interest Payment will be due on January 1, 2015.

2.5. County Project.

(a) Engineering, Procurement, and Construction. The County will be solely responsible to perform or cause to be performed all work for the acquisition of necessary easements and rights-of-way, design and engineering, procurement, construction, commissioning and start-up of the County Project in accordance with the County Project Specifications and as otherwise provided in this Agreement (the “County Project Construction”), which shall be completed by the County Project In-Service Date.

(b) Bidding. The County will be solely responsible for putting out for bid and selecting the general contractor and entering into a construction contract with such general contractor for the construction of the County Project, and the County shall administer such construction contract and have full authority as the contracting party to address issues and disputes that may arise under such construction contract and to resolve or settle any such issues or disputes, all in accordance with and subject to applicable law.

(c) Site Visits and Reports. The City shall have the right to view the construction of the County Project upon reasonable request to the County and coordination of the logistics of any such site visits with the County and the general contractor. Upon reasonable request, the County shall provide the City with a copy of construction progress reports or other regularly prepared reports on the construction of the County Project.

(d) Payment of Construction Costs. The County shall be solely responsible for the prompt and complete payment of all costs, fees, charges and the like associated with the County Project (the “County Project Construction Costs”), and may incur debt for the payment of the same.

III. INTERCONNECTION POINT; ACCEPTANCE, TREATMENT, AND DISPOSAL OF DISTRICT WASTEWATER; FLOW MEASUREMENT; AND SAMPLING.

3.1. Location of Interconnection Point; Common Facilities. The County will tie into the City’s wastewater treatment system just north of the City’s main lift station on North Meade Avenue adjacent to Lloyd Square Park at a point selected by the City upon recommendation by the City Project engineers (“Interconnection Point”). The County will own and operate the County Project up to the Interconnection Point, and the City will own and operate the City Project at and from the Interconnection Point. For purposes of this Agreement, the “Common Facilities” shall consist of connections, pipes, valves and other facilities at and from the Interconnection Point to the Plant, including without limitation the force main extending from the Interconnection Point to the Plant. The City will be solely responsible to perform or cause to be performed all work associated with the design, construction, reconstruction, operation, and maintenance of the Common Facilities.

3.2. Responsibility for Common Facility Costs. Any costs associated with the design, construction, reconstruction, repairs, operation, maintenance or replacement of the Common Facilities (the “Common Facility Costs”) shall be borne by the Parties as follows:

(a) Until such time as the force main comprising a portion of the Common Facilities is replaced, the Common Facility Costs shall be paid fifty percent (50%) by the City and fifty percent (50%) by the County, including the cost associated with replacement of the force main.

(b) After replacement of the force main comprising a portion of the Common Facilities, the County’s shall pay an amount equal to the total Common Facility Costs multiplied by the

Percentage Share (as defined in Section 5.1 below).

The County's portion of the Common Facility Costs under this Section 3.2 will be payable pursuant to Section 5.4 below.

(c) In order to meet its obligations under section 3.2(b) above, the County shall provide administrative services on behalf of the City to collect charges for sewer services to properties located in the RID District pursuant to Section 7-13-4312, MCA. The District Users as of the date of this are identified on Exhibit B to this Second Amendment attached hereto and incorporated into the Agreement.

3.3. Acceptance of District Wastewater: Pre-treatment. The City shall accept wastewater from the RID District at the Interconnection Point (the "District Wastewater"). Pursuant to 40 C.F.R. Part 403 and other applicable law, the City is required to adopt and implement a pretreatment plan for all wastewater accepted for treatment by the Plant, including the District Wastewater. The City will, through a resolution or ordinance, require a pretreatment plan (the "Pretreatment Plan", as the same may be revised, amended, supplemented, and modified from time to time), which requires, among other things, that no septage be included in the District Wastewater without City approval. The County shall comply with all applicable requirements of the Pretreatment Plan from and after the effective date of the Pretreatment Plan. Until such time as the Pretreatment Plan is adopted by the City, the County shall comply with all applicable requirements of 40 C.F.R. Part 403, and all applicable state laws, regulations, rules and orders concerning pre-treatment of wastewater (the "Interim Pretreatment Obligations").

3.4. Treatment and Disposal of District Wastewater. The City shall treat the District Wastewater and dispose of the same pursuant to all applicable law. No Party shall be allowed to discharge into the Project any hazardous, toxic, or other wastewater prohibited by the Federal Clean Water Act, comparable state statutes, applicable administrative rules (the "Hazardous Material Laws"), and the Pretreatment Plan.

3.5. Wastewater Meters and Flow Measurements.

(a) Meters and Analyser. As part of the County Project and County Project Construction Costs, the County shall install, operate, maintain, and replace as needed, at the Interconnection Point or such other point agreed to by the Parties: (i) a flow meter (the "County Flow Meter") to measure the delivery of District Wastewater from the RID District (the "District Flow") and (ii) a composite sampler that will take individual samples of the District Wastewater over a specified period of time to create a composite sample (the "Composite Sampler"), which composite sample will be analyzed for at least the elements and compounds identified in subsection 3.5(b)(ii) below (the "Measured Elements"). The County will be responsible for the cost of collecting, sending and analyzing the composite sample by the approved laboratory. Funds sufficient to pay such costs shall be raised by the County via rates and charges collected on the City's behalf from users of City sewer services located in the RID District. As part of the City Project and the City Project Construction Costs, the City shall install, operate, maintain and replace as needed, a flow meter at the Plant (the "City Flow Meter") to measure the total flow of wastewater from both the City and the County (the "Total Flow").

(b) Meters and Measured Elements Surcharge.

(i) The County Flow Meter and the City Flow Meter (collectively, the "Flow Meters") shall be calibrated semi-annually by an independent party selected by mutual agreement of the Parties, and each Party shall be solely responsible for all calibration costs associated with such Party's Flow Meter. Each Party shall have the right at any reasonable time to access and test, the Flow Meters. Each Party shall furnish the other Party with a monthly flow analysis report showing the flow through its meter. Interruptions

of metering due to equipment malfunction or power loss shall be recorded by the Party affected by such interruption. As soon as reasonably possible after any such interruption, such Party shall provide the other Party with data regarding the duration of the interruption and the methodology for estimating the flows during the applicable time period of such interruption.

(ii) The Composite Sampler shall be calibrated at least every twelve (12) months by an independent party selected by mutual agreement of the Parties, and the County shall be solely responsible for all calibration costs associated with the Composite Sampler. The City shall have access to the Composite Sampler and the County will promptly provide a copy of the analysis of each composite sample (the “Sample Measurements”). The Sample Measurements shall be taken at the minimum frequencies required in the table set forth below. In the event the Sample Measurements show that the levels of any of the Measured Elements exceed at any time the lesser of: (A) the maximum allowable rates under the Pretreatment Plan or the Interim Pretreatment Obligations, or (B) the following threshold concentrations:

Measured Elements	Unit	Sample Frequency	Threshold Concentration
Biological Oxygen Demand (BOD)	mg/L	2/Month	300
Total Suspended Solids (TSS)	mg/L	2/Month	330
Total Phosphorus (TP)	mg/L	1/Month	10
Total Kjeldahl Nitrogen (TKN)	mg/L	1/Month	45
Oil and grease	mg/L	1/Month	10
Arsenic	ug/L	1/Year	10
Mercury	ug/L	1/Year	2
Molybdenum	ug/L	1/Year	40
Cadmium	ug/L	1/Year	5
Chromium (total)	ug/L	1/Year	100
Copper	ug/L	1/Year	1300
Iron	ug/L	1/Year	300
Lead	ug/L	1/Year	15
Nickel	ug/L	1/Year	1000
Selenium	ug/L	1/Year	50
Zinc	ug/L	1/Year	5000
pH	s.u.	1/Month	6-10

then the County shall be assessed a surcharge payable as part of the Wastewater Fee provided herein to offset the additional treatment required by the City with respect to those pollutant levels (the “Treatment Surcharge”). The Treatment Surcharge shall be based on the cost or expense for materials, chemicals, additional processing time, or additional disposal requirements needed to treat, address or dispose of the excess concentrations of Measured Elements.

In the event the additional materials, chemicals, processing or disposal requirements are the result of the wastewater received from the City’s own wastewater system, and not from the District Wastewater, then the City shall be responsible for payment of the cost or expense of such additional materials, chemicals, processing or disposal requirements.

(c) Wastewater Flow Measurements. The District Flow shall be calculated semi-

annually for the following periods (each, a “Semi-Annual District Flow”): (i) beginning May 1 of a calendar year and ending October 31 of the same calendar year; and (ii) beginning November 1 of a calendar year and ending April 30 of the succeeding calendar year. The Total Flow into the Plant shall be calculated for the following periods (each, a “Semi-Annual Total Flow”): (x) beginning May 1 of a calendar year and ending October 31 of the same calendar year; and (y) beginning November 1 of a calendar year and ending April 30 of the succeeding calendar year.

3.6. Wastewater Sampling. The City, at its own expense, may, but is not required to, sample and test the District Wastewater for compliance with the Pretreatment Plan and the Interim Pretreatment Obligations and the terms and conditions of this Agreement. The City shall notify the County at least twenty-four (24) hours before each sample and test, and shall provide the County with a copy of all written test results and analysis.

IV. OWNERSHIP, OPERATION AND MAINTENANCE.

4.1. City Project.

(a) City as Owner and Operator. The City shall be the sole owner and operator of the City Project, including the Plant and associated facilities, equipment and vehicles used in connection with the City Project, subject to the terms and conditions of this Agreement. The City shall operate and maintain the City Project in accordance with applicable federal, state, and local laws and regulations, and applicable City policies and procedures. Any special maintenance, reconstruction, rehabilitation, replacement or upgrading of the Plant and associated facilities, equipment and vehicles by the City (the “Plant Improvements”) shall be discussed with the County before it is performed or purchased and shall be done in accordance with applicable federal, state and local laws and regulations, and applicable City policies and procedures. The Parties shall cooperate in good faith to allocate the costs of any such Plant Improvements and agree upon payment terms of such allocation if the Plant Improvements have not been previously budgeted by the City and agreed upon by the County as a component of the Wastewater Fee (as that term is defined herein).

(b) Inspections; Repairs and Replacement. The County has the right, upon forty-eight (48) hours notice, to inspect any Plant equipment such as but not limited to the flow meters, backflow device, and the Common Facilities.

(c) Reports. The City shall make a financial and an operational report to the County each year of City Project operations under this Agreement for the previous fiscal year. The City shall at all times keep full and accurate financial accounts related to Plant operations which shall be open to inspection by the County. In addition, the City shall at the reasonable request of the County provide any other records, reports, documents or information reasonably related to the rights and obligations of the Parties under the Agreement and to the performance of the Parties hereunder.

(d) Accounting System. The City’s accounting for the revenues and expenses of the Plant shall be in accordance with generally accepted governmental accounting practices and in a manner consistent with all applicable federal, state and local laws and regulations.

4.2. County Project.

(a) County as Owner and Operator. The County shall be the sole owner and operator of the County Project, including associated facilities, subject to the terms and conditions of this Agreement. The County shall operate and maintain the County Project in accordance with applicable federal, state, and local laws and regulations, and applicable County policies and procedures.

(b) Inspections; Repairs and Replacement. The City has the right, upon forty- eight (48) hours notice, to inspect the County Project. The City can reasonably require the County, at the County's sole cost and expense, to repair and replace any portion of the County Project that has, or threatens to have, a material adverse effect on the Plant, the City Project, or the Project as a whole, but in no case shall the City have the right to require the County to exceed industry standards and/or the minimum standards set by the Montana Department of Environmental Quality ("DEQ"), the Environmental Protection Agency ("EPA") or any other state or federal agency having jurisdiction over water quality or the Project.

(c) Reports. The County shall make a financial and an operational report to the City each year of County Project operations for the previous fiscal year. The County shall at all times keep full and accurate financial accounts related to the County Project which shall be open to inspection by the City. In addition, the County shall at the reasonable request of the City provide any other records, reports, documents or information reasonably related to the rights and obligations of the Parties under the Agreement and to the performance of the Parties hereunder.

(d) Accounting System. The County's accounting for the revenues and expenses of the County Project shall be in accordance with generally accepted governmental accounting practices and in a manner consistent with all applicable federal, state and local laws and regulations.

4.3. Emergencies. Each Party shall immediately notify the other Party of any emergency condition in either Party's system of which it learns and which may materially affect the quality or quantity of District Wastewater supplied to the Plant or which may have a material adverse effect on all or any portion of the Project (each of the foregoing, an "Emergency"). The Parties shall cooperate in good faith and shall take such action as may be necessary to deal with an Emergency. All costs associated with an Emergency shall be paid as follows:

(a) The costs of an Emergency associated with the Common Facilities shall be borne by the City and the County, and shall be payable by the County based on the County's share of Common Facility Costs under Section 3.2 above (the "Common Facilities Emergency Costs"). The County's portion of the Common Facilities Emergency Costs shall be payable pursuant to Section 5.4 below as "other applicable invoices".

(b) The costs of an Emergency associated with the City Project shall be borne by the City and the County, shall be payable by the County based on the Percentage Share (as defined herein), and shall be payable as part of the Wastewater Fee provided herein.

(c) All costs of an Emergency associated with the County Project shall be payable by the County.

4.4. Mutual Notification of Hazardous Material. No Party shall allow discharge into any portion of the Project any hazardous, toxic or other wastewater prohibited by the Federal Clean Water Act, comparable state statutes, applicable administrative rules, and each Party's respective ordinances, rules and regulations. The Parties agree to provide each other with written notice of any condition of which they are or become aware of that may violate this Agreement or applicable laws, regulations, permits, or each Party's respective ordinances, rules and regulations with respect to wastewater quality or quantity. A written report on the nature and amount of the violating discharge will be prepared and provided to the other Party within 5 business days of the time the violating discharge is identified. If the Party has the capability but does not correct such a condition within a reasonable time of written notice thereof, the offending Party shall pay any reasonable and necessary costs and expenses incurred by the other Party in connection with such condition, and shall be entitled to immediate reimbursement of the same from the other Party. To the extent

the violation is a result of a Force Majeure Event (as defined in Section 11.4(b)) or an action by a person other than the Parties hereto, the Parties shall work collaboratively and in good faith to resolve the issue expeditiously as possible. If either Party discharges into any portion of the Project any hazardous, toxic or other wastewater prohibited herein, or other substances which is reasonably believed to cause or will cause damage to any portion of the Project, and especially with regard to the Plant, or is creating a public nuisance or a hazard to life or property, that Party shall notify the other Party and immediately discontinue or cause to be discontinued the discharge of such substances, at such Party's sole cost and expense.

V. WASTEWATER TREATMENT FEE AND PAYMENT.

5.1. Wastewater Fee. The County understands and agrees that the City is over sizing the capacity of the Plant and related facilities under the City Project in order to accept, treat and dispose of the District Wastewater. The City is incurring and is responsible for the City Project Construction Costs, City Project Financing, and City Project Financing Interest, and will incur additional operations and maintenance expenses and other related costs and expenses due to the District Wastewater. In order to recover these additional costs and certain future costs and expenses, the City will charge, and the County will pay, a fee for the acceptance, treatment and disposal of the District Wastewater (the "Wastewater Fee"). The Wastewater Fee will be based on a ratio where the numerator is the Semi-Annual District Flow and the denominator is the Semi-Annual Total Flow (the "Percentage Share"). The Percentage Share shall be calculated as of April 30 and October 31 of each year, commencing October 31, 2014, and shall be based upon the corresponding Semi-Annual District Flow and the Semi-Annual Total Flow for the period ending as of the date of the calculation. Notwithstanding the foregoing, the City and the County agree that the initial Percentage Share under this Agreement shall be equal to 30.7%, which initial Percentage Share shall be used for calculating the Wastewater Fee until the Plant is operational and both the Semi-Annual District Flow and the Semi-Annual Total Flow can be calculated under Section 3.5 above.

(a) Wastewater Fee Calculation. The Wastewater Fee shall be equal to the sum of the following:

(i) Before Substantial Completion, the Percentage Share of the Semi-Annual Interest Payment coming due after the current Semi-Annual Period (as defined below); and

(ii) Upon Substantial Completion, the Percentage Share of the City Project Costs Payment (as defined in Section 5.2 below) coming due after the current Semi-Annual Period; plus

(iii) The Percentage Share of the City's actual operation and maintenance costs and expenses (the "Operations and Maintenance Costs") for the City Project incurred by it during the respective semi-annual periods, as applicable (the "Semi-Annual Period"): (A) beginning May 1 of a calendar year and ending October 31 of the same calendar year; and (B) beginning November 1 of a calendar year and ending April 30 of the succeeding calendar year; plus

(iv) Such other and further amounts agreed to by the Parties from time to time or otherwise provided in this Agreement; plus

(v) Simple interest on the total sum of items (ii) through (iv) at the highest Short-Term Investment Pool ("STIP") daily yield for the applicable Semi-Annual Period multiplied by the number of days during the applicable Semi-Annual Period.

(b) Sample Calculation of Wastewater Fee. The following is a sample calculation of the Wastewater Fee upon Substantial Completion, assuming the initial Percentage Share:

(i) Percentage Share of the of the Semi-Annual. Interest Payment coming due after the current Semi-Annual Period: \$_____ x 30.7% = \$_____; plus

(ii) Percentage Share of the City Project Costs Payment: (\$_____ ÷) x 30.7% = \$_____; plus

(iii) Percentage Share of Operations and Maintenance Costs: \$_____ x 30.7% = \$_____; plus

(iv) Treatment Surcharge: \$_____; plus

(v) City Project Emergency: \$_____ x 30.7% = \$_____; plus

(vi) Other items: \$_____; plus

(vii) Interest charge: \$_____ (sum of items (ii) through (vi)) x (.248365% ÷ 365) (daily STIP yield) x 183 (days in applicable Semi-Annual Period) = \$_____.

TOTAL WASTEWATER FEE: \$_____.

For demonstrative purposes only, a sample Wastewater Fee bill is included in Appendix E.

5.2. City Project Costs; City Project Costs Payments. As used in this Agreement, “City Project Costs” shall mean the City Project Construction Costs less (i) the amount of any County Prepayment divided by the Percentage Share in accordance with Section 5.5(c), and (ii) the aggregate amount of Project Financial Assistance and Prepaid Engineering Costs set forth below. Upon Substantial Completion, as part of the Wastewater Fee the County agrees to pay its share of the City Project Costs calculated by amortizing, effective as of the date of closing of the Definitive Bonds, the City Project Costs in semi-annual payments, due on May 15 and December 15 of each year, over a period of thirty (30) Years at an assumed interest rate of two and one-half percent (2.50%) per annum. The principal and interest portion of each such semi-annual payment is referred to in this Agreement as a “City Project Costs Payment” and all such semi-annual payments are referred to as the “City Project Costs Payments.” The first City Project Costs Payment shall be due on or before December 15, 2016. On or before the date of closing on the Definitive Bonds, the City shall provide to the County a calculation of the City Project Costs and an amortization schedule showing the estimated City Project Costs Payments.

(a) The City has applied for certain grants, loan assistance programs, and other third-party financial assistance relating to the Project (collectively, the “Project Financial Assistance”) which, if received, will reduce the City Project Construction Costs paid by the City. Appendix F provides a list of the Project Financial Assistance. In the event any Project Financial Assistance is received by the City, the City Project Costs shall be reduced by the actual amount of the Project Financial Assistance received by the City and applied to the City Project Construction Costs, effective as of the date such Project Financial Assistance is realized by the City.

(b) Prior to the date of this Agreement, the City paid \$1,271,900.00 of City Project Construction Costs for engineering services (the “Prepaid Engineering Costs”), and has provided the

County with a bill for its Percentage Share of the Prepaid Engineering Costs in the amount of \$390,473.30. Upon receipt by the City of the entire \$390,473.30, the City Project Costs shall be reduced by \$1,271,900.00.

5.3. City's Costs. The City shall be responsible for the payment of the City's proportionate share of the City Project Construction Costs, Operations and Maintenance Costs, and all other shared costs under this Agreement.

5.4. Payment of Wastewater Fee, Common Facility Costs, and Other Invoices.

(a) The City shall submit to the County an invoice for the amount of the Wastewater Fee, the County's portion of the Common Facility Costs, and other applicable invoices (collectively, the "City Invoices") on or before May 15 and November 15 of each year, commencing November 15, 2014, which the County shall pay on or before June 15 and December 15, respectively, of the same year (collectively, the "City Invoice Due Date"). The County shall have thirty (30) days after receipt of a City Invoice to in good faith dispute in writing a portion of the amount due under that City Invoice (the "Dispute Period"), and in the event of such a dispute (a "Fee Dispute"), the Parties shall proceed to promptly resolve the same pursuant to the provisions governing dispute resolution in Section 8.2 below. The County waives any and all objections to the City Invoices not asserted during the Dispute Period. Payment of the City Invoices and any other invoice issued by the City to the County under this Agreement is due and owing regardless of a Fee Dispute and the Parties agree that resolution of the Fee Dispute and any adjustments relating to invoices will be governed by Section 8.2. Late payments for any undisputed invoices or amounts shall bear interest at the rate of ten percent (10%) per annum until paid, unless otherwise agreed to by the City.

(b) Funds sufficient to pay the City Invoices shall be raised through rates and charges charged to District Users, which rates and charges will be determined and invoiced to District Users and then collected by the County on the City's behalf. The City and the County will cooperate, as necessary, in the process of setting the initial and subsequent rates and charges to District Users. On behalf of the RID District and the City, the County shall conduct any required public hearings with respect to rates and charges to District Users. In connection with any hearing on rates to District Users, the County agrees to mail the required notices to District Users and arrange for the timely publication of such notices. The costs for such services may be included in funds to be raised by the County under Section 5.4(c) below.

(c) The County is further authorized to raise funds through rates and charges charged to District Users of the City's sewer system collected by the County on the City's behalf to defray administrative costs incurred in assisting the City in setting rates and charges and in collecting rates and charges from District Users of the City's sewer system.

(d) Although the County agrees, on the City's behalf, to send invoices to and collect rates and charges from District Users, the County's obligation to pay City Invoices is not limited to or contingent upon collecting the full amount of such City Invoices from the District Users.

5.5. Prepayment of City Project Construction Costs. The Parties understand that funds for construction of a portion of the City Project will be obtained through the issuance of the Series 2014 Notes by the City. The Series 2014 Notes will be paid and discharged from the proceeds of the Definitive Bonds to be issued following Substantial Completion of the Project. Upon issuance of the Definitive Bonds, any prepayment or redemption of the amounts due under the Definitive Bonds will be subject to the consent of the State of Montana Department of Natural Resources and Conservation (the "DNRC"). In conjunction with the issuance of the Definitive Bonds, the City anticipates that it will have legally available funds to apply against the amounts due with respect to the Series 2014 Note, which would reduce the principal

amount of Definitive Bonds that need to be issued. With respect to the foregoing, the Parties agree as follows:

(a) In conjunction with the issuance of the Definitive Bonds, either the City or the County may contribute legally available funds for application to the outstanding balance of the Series 2014 Notes in order to reduce the principal amount of the Definitive Bonds to be issued by the City. The County must deposit with the City the full amount to be applied to the Series 2014 Notes (a “County Prepayment”) in immediately available funds not less than five (5) days prior to the date closing on the Definitive Bonds.

(b) After issuance of the Definitive Bonds, the Parties can only prepay City Project Construction Costs to the extent such prepayments can be paid to the DNRC and applied to the outstanding balance of the Definitive Bonds. Any such prepayments will require the written consent of both the City and the DNRC and will be subject to the terms and conditions imposed with respect to those prepayments. To the extent the City and the DNRC consent to a prepayment and the County contributes funds with respect to a prepayment, then the amount contributed by the County shall be deemed a County Prepayment under this Agreement.

(c) In the event of a County Prepayment, the City Project Costs shall be reduced by an amount equal to the County Prepayment divided by the Percentage Share at the time of such prepayment. If a County Prepayment occurs after Substantial Completion, the adjusted amount of the City Project Costs shall be amortized over the remaining term of thirty (30) year period under Section 5.2 and the City shall provide the County with a new amortization schedule showing the estimated City Project Costs Payments after application of the County Prepayment. A prepayment by the City shall have no effect on City Project Costs.

VI. PLANT EXPANSION.

6.1. At any time if it appears the Plant will meet its maximum 1.3 million gallon per day (“MGD”) capacity, or if any other reasons would dictate, the City and County shall meet to negotiate in good faith any new construction and associated matters associated with new or additional processes or basins.

VII. RATES FOR FUNDING PROJECT; REPLACEMENT AND DEPRECIATION RESERVES.

7.1. City Rates. The City covenants to charge its customers sufficient rates, charges and rentals to cover the City’s portion of the City Project Costs and Operations and Maintenance Costs during the term of this Agreement, excluding early termination of this Agreement (the “City Rates”). As part of the City’s regular Budget process, the City shall prepare an annual budget relating to the City Project. If the City proposes a rate change to its users which will also impact the District’s Users through the Wastewater Fee Calculation paid by the County to the City, all District Users will be notified by the County in the manner set forth in Section 5.4(b) and will have the same rights of protest as the City Users.

7.2. County Rates. The County is authorized to and covenants and agrees that it shall maintain, revise, and collect on the City’s behalf the rates, charges and rentals to be charged to all District Users of the City sewer system, subject to any required approval by the Montana Public Service Commission, whenever and as often as may be necessary, according to schedules such that the revenues for each fiscal year will be at least sufficient to pay the Wastewater Fee, County Project Construction Costs, operation and management of the County Project, and replacement and depreciation reserves as provided in Section 7.3 (collectively, the “County Rates”). The County shall be responsible for providing an employee or independent contractor properly qualified and with proper bookkeeping software to collect the County rates.

7.3. Replacement and Depreciation Reserves.

(a) The City shall establish and maintain during the term of this Agreement a replacement and depreciation reserve consistent with the City's needs for the City Project, which reserves may be funded by the City Rates. Upon reasonable request by the County, the City shall make available to the County all relevant information concerning the City's replacement and depreciation reserve.

(b) The County shall establish and maintain during the term of this Agreement a replacement and depreciation reserve consistent with the County's needs for the County Project, which reserves shall be funded by the County Rates. Upon reasonable request by the City, the County shall make available to the City all relevant information concerning the County's replacement and depreciation reserve.

7.4. Obligations Unconditional. The City and County understand and agree that the payment of the Wastewater Fee and other amounts hereunder are necessary and essential to the proper operation and maintenance of the Project and for the payment of principal, interest and other amounts that are or will be owed by the City on the financing of the City Project. Accordingly, the obligations of the County to make the payments required by this Agreement shall be absolute and unconditional, except as otherwise expressly provided herein. The County (a) shall not suspend or discontinue any payments provided for in this Agreement, (b) shall perform all its other agreements in this Agreement, and (c) except under the circumstances allowed in Section 9.2, shall not terminate this Agreement for any cause, including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project or the County Project, commercial frustration of purpose, any dispute with the DEQ or the EPA, any change in the laws of the United States or of the State or any political subdivision of either, or any failure of any third party to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Agreement. Except in the event of a Temporary Interruption, as defined in Section 11.17, the City shall not suspend services under this Agreement or refuse to accept, treat and dispose of District Wastewater without the mutual consent of the City and the County.

VIII. JOINT OVERSIGHT BOARD; DISPUTE RESOLUTION

8.1. Oversight Board. Pursuant to Mont. Code Ann. § 7-11-105(6), the City and the County shall establish an Oversight Board whose purpose shall be to oversee the administration of this Agreement, in an advisory capacity only. The Oversight Board shall consist of four members: two from the City, and two from the County. The Oversight Board shall meet as needed, and shall report to the City and the County on the administration and operations of the Project under this Agreement.

8.2. Dispute Resolution.

(a) Except as otherwise provided herein, all disputes between the Parties concerning any matter under or relating to this Agreement (a "Dispute") shall be brought to the Oversight Board for initial review and resolution. All decisions of the Oversight Board shall be non-binding on the Parties, shall be in writing, and shall be issued within thirty (30) days of the date the Oversight Board is notified of the Dispute. The Parties shall participate in good faith with the Oversight Board to resolve the Dispute. In the event some or all of the Dispute remains after presenting the same to the Oversight Board for resolution, the Parties may pursue a resolution of the Dispute in any manner allowed by law, in equity, or under this Agreement, including without limitation seeking specific performance or injunctive relief. In the event the Dispute involves an issue that has, or threatens to have, a material adverse effect on or to the Project or any part thereof, then the Parties need not submit the Dispute to the Oversight Board for resolution and may directly pursue a resolution of the Dispute in any manner allowed by law, in equity, or under this Agreement, including without limitation seeking specific performance or injunctive relief.

(b) In the event the Dispute involves a Fee Dispute that is resolved in the County's

favor, such amount shall be credited against the next City Invoice.

IX. TERM; EARLY TERMINATION

9.1. Term. This Agreement shall remain in full force and effect for a period of thirty- five (35) years from the date hereof (the “Term”), and may be extended by mutual agreement of the Parties in writing.

9.2. Early Termination.

(a) Voluntary Termination by County. In the event this Agreement is terminated at the election of the County prior to the end of the Term, then the County shall immediately tender to the City an amount equal to 125% of the outstanding balance of the then existing Percentage Share of the City Project Costs and the then existing Percentage Share of the estimated Operations and Maintenance Costs for the balance of the term of the Agreement as liquidated damages and not as a penalty, it being understood and agreed by the Parties that the damages caused by the County or suffered by the City will be impossible or impracticable to calculate and therefore the Parties desire to provide for liquidated damages upon such early termination. Additionally, the County shall be responsible for all fees and costs associated with disconnecting the County Project from the City Project

(b) By Mutual Consent of the Parties. The Parties may terminate this Agreement prior to the end of the Term by mutual agreement in writing.

X. REGULATORY COMPLIANCE, INSURANCE, INDEMNIFICATION

10.1. Regulatory Compliance. During the Term, the Parties shall promptly comply with all applicable law, rules, regulations, and ordinances relating to the ownership, control, and operation of their respective interests in the Project or which are otherwise binding upon or applicable to the Parties, including without limitation all Hazardous Material Laws (the “Legal Requirements”), regardless of whether or not such Legal Requirements necessitate structural changes or improvements to the Project, or interfere with the use and enjoyment of the Project or the acceptance, treatment, or disposal of District Wastewater, and whether or not compliance with the Legal Requirements is required by reason of any condition, event, or circumstance existing before or after the Term commences. Each Party shall have the right, but not the obligation, to contest by appropriate legal proceedings, at each Party’s sole cost and expense and diligently conducted in good faith, the validity or application of any Legal Requirement.

10.2. Insurance.

(a) Amount. The City and the County shall each maintain in full force and effect comprehensive general liability, public official liability, and property insurance policies (insuring the Parties’ respective interests in the Project), with coverage and limits in an amount reasonable and prudent for owners and operators of a wastewater system and associated property equipment and vehicles similar to the Project, taking into account any statutory limits of liability attributable to municipal and governmental entities under Montana law.

(b) Duty to Repair. In the event any portion of the Project is damaged or destroyed and insurance proceeds are payable with respect thereto, then such Party entitled to receive said insurance proceeds shall use the same for the prompt repair, replacement, or reconstruction of the damaged or destroyed portion of the Project; provided, however, in the event said insurance proceeds are greater than or equal to the amount of damages the other Party would be entitled to recover under Section 9.2, then at the election of the Party entitled to receive said insurance proceeds, such insurance proceeds may be promptly turned over to the other Party in an amount equal to the appropriate measure of damages under

Section 9.2, and no Party shall thereafter be under any obligation to repair, replace, or reconstruct the Project, and at the election of either Party, this Agreement shall terminate. The foregoing right to terminate shall not be applicable or exercisable if the Series 2014 Notes or the Definitive Bonds or other financing documents obligate each Party to repair, replace, or reconstruct the damage to the Project.

10.3. Indemnification.

(a) By the City. The City shall indemnify and hold the County, its officers, employees and agents, harmless from any and all costs, claims, judgments or awards of damages, arising out of or in connection with: (i) the negligent or intentional acts or omissions of the City, its officers, employees or agents with respect to any matter under or relating to this Agreement; and (ii) the City's material violation of any Legal Requirements, including without limitation Hazardous Material Laws; provided, however, the City shall have no indemnification liability hereunder with respect to the City's ownership, operations, and maintenance of the Plant, except for such matters that may arise as a result of the City's gross negligence or willful misconduct.

(b) By the County. The County shall defend, indemnify and hold the City, its officers, employees and agents, harmless from any and all costs, claims, judgments or awards of damages, arising out of or in connection with: (i) the negligent or intentional acts or omissions of the County, its officers, employees or agents with respect to any matter under or relating to this Agreement; and (ii) the County's material violation of any Legal Requirements, including without limitation Hazardous Material Laws. Without limiting the foregoing, the City and the County agree that the obligations to defend, indemnify and hold the City harmless under this Section 10.3(b) includes any cost, claim, judgment or award of damages arising out of any action, judicial or otherwise, challenging the creation or formation of the RID District, including the adoption of the joint resolution authorizing the creation of the RID District.

XI. OTHER PROVISIONS

11.1. Recitals. The parties agree the Recitals are true and correct.

11.2. Force Majeure.

(a) Performance Excused. Except as provided in Section 7.4, if either Party is rendered wholly or partially unable to perform its obligations under this Agreement, or is delayed in such performance, due to a Force Majeure Event (as defined below), that Party shall be excused from whatever performance is affected by the Force Majeure Event to the extent and for-the duration so affected; provided, that:

(i) the affected Party gives the other Party prompt notice describing the particulars of the occurrence, the expected duration and probable impact on the performance of such Party's obligations under this Agreement; and

(ii) the affected Party shall use all reasonable efforts to continue to perform its obligations hereunder and to limit, correct or cure the event or condition excusing performance.

(b) Force Majeure Event. A Force Majeure Event shall include, but shall not be limited to, the following: (i) natural disasters, fire, tornadoes, drought, flooding, or earthquakes; (ii) explosions, acts of God, terrorism or an act of public enemy; (iii) national, regional or area-wide strikes, labor disturbances, disputes and lockouts; (iv) public disorder or civil disturbance, revolution, commotion, blockades, blockages, embargoes, civil insurrections, riots, invasion, war (declared or undeclared) or other

armed conflict or hostilities; (v) sabotage and material physical damage to the Project or any portion thereof caused by third parties, transportation delays caused by third parties, unavailability of materials caused by third parties, equipment design or manufacturing defects or serial defects caused by third parties; (vi) condemnation, expropriation or confiscation; (vii) epidemic, plague or quarantine; (viii) unforeseen conditions (including without limitation, environmental contamination, archaeological or other protected cultural resources, and endangered species or protected habitats); (ix) a material change in law; or (x) loss of biological processing ability at the Plant through no fault of the parties.

11.3. Entire Agreement; Amendments. This Agreement contains the entire written agreement of the Parties with respect to its subject matter and supersedes all prior discussions. This Agreement may be amended only in writing, signed by both Parties by representatives duly authorized to enter into any such amendment(s).

11.4. Assignment; Successors and Assigns. Neither Party may assign this Agreement, either in whole or in part, to a third party without the written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or denied. Any assignment in violation of this provision shall be void. All of the terms and conditions contained in this Agreement shall be binding upon the permitted successors and assigns of the Parties.

11.5. No Agency; Employees. No joint venture or partnership is formed as a result of this Agreement. No employees or agents of one Party or any of its contractors or subcontractors shall be deemed, or represent themselves to be, employees of the other Party for any purpose including but not limited to, either Workers' Compensation or unemployment insurance purposes.

11.6. Notice. All notices, waivers and other communications that are required or may be given pursuant to this Agreement shall be deemed given to a Party when: (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile with confirmation of transmission by the transmitting equipment; or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, or regular U.S. mail, postage pre-paid, in each case to the following addresses, facsimile numbers and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, or person as a Party may designate by notice to the other Party):

If to City:

City of Glendive
300 South Merrill Avenue
Glendive, MT 59330
Attention: Director of Operations Fax: (406) 377-6873

If to County:

Dawson County Clerk and Recorder
207 West Bell
Glendive, MT 59330
Fax: (406) 377-1717

11.7. Governing Law; Forum. This Agreement shall be interpreted in accordance with the laws of the State of Montana. The District Court of Dawson County, Montana, shall have exclusive jurisdiction and venue over any legal action arising under this Agreement.

11.8. Severability. If any section or part of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, such action shall not affect the validity or enforceability of any other section or part of this Agreement.

11.9. No Encumbrances. Neither Party shall do any act or to make any contract that, with respect to this Agreement, may create or be the foundation for any lien, mortgage, or other encumbrance on the property of the other Party; provided, however, that a Party may pledge its interest in this Agreement as security for bonds, obligations or other financial instruments necessary to finance the construction or betterment of the Project. If any such lien, mortgage or encumbrance not permitted by the preceding sentence is filed, the offending party shall cause the same to be discharged of record or otherwise addressed to the satisfaction of the non-offending Party within 30 days after the date of filing the same.

11.10. Further Assurances. Each Party shall execute and deliver to the other all such further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other Party the full and complete enjoyment of rights and privileges hereunder, including, without limitation, and such instruments and documents as may be requested by bond underwriter(s) or otherwise requested in connection with the issuance of bonds for the Project.

11.11. No Third Party Beneficiaries/Rights. This Agreement is solely for the benefit of the Parties and gives no right to any other party or person.

11.12. Nonwaiver. No failure by a Party to insist on the strict performance of any agreement, term, covenant, or condition of this Agreement or to exercise any right or remedy consequent on a breach, and no acceptance of full or partial payment during the continuance of any such breach, constitutes a waiver of any such breach or of such agreement, term, covenant, or condition. No agreement, term, covenant, or condition to be performed or complied with by either Party, and no breach by either Party, shall be waived, altered, or modified except by a written instrument executed by the non-breaching Party. No waiver of any breach shall affect or alter this Agreement, but each and every agreement, term, covenant, and condition of this Agreement shall continue in full force and effect with respect to any other then-existing or subsequent breach.

11.13. Cumulative Remedies. Each right and remedy provided for in this Agreement shall be cumulative and shall be in addition to every other right or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by either Party of any one or more of the rights or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the Party in question of any or all other rights or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise.

11.14. Counterparts. This Agreement may be signed in counterparts and, if so signed, shall be deemed one integrated agreement.

11.15. Filing of Agreement. Pursuant to Mont. Code Ann. § 7-11-107, an original executed copy of this Agreement shall be filed with the Dawson County, Montana, Clerk and Recorder and with the Montana Secretary of State.

11.16. Reports and Payments to Retirement System. Pursuant to Mont. Code Ann. § 7-11-105(8), and to the extent applicable, the City shall be responsible for reports and payment of retirement system contributions pursuant to Mont. Code Ann. § 19-2-506 for the City Project, and the County shall be responsible for reports and payment of retirement system contributions pursuant to Mont. Code Ann. § 19-2-506 for the County Project.

11.17. Restriction on Use of Lagoons. The County currently uses certain lagoons in connection with its wastewater and sewage disposal processes within the District (the "Lagoons"). Upon connection to and acceptance by the City of RID District Wastewater delivered to it by the County, with the exception of the Permitted Use, as defined below, the County shall immediately cease any and all use of the Lagoons and will not allow, permit, or suffer any third-party use of the same. In the event some or all of the District Wastewater is not accepted by the City because of a Temporary Interruption, as defined below, then the County may use the Lagoons for temporary storage of such District Wastewater until the City resumes full acceptance of District Wastewater (the "Permitted Use"). Immediately upon the cessation of a Temporary Interruption, such District Wastewater temporarily stored in the Lagoons pursuant to the Permitted Use shall be transmitted therefrom and delivered to the City for treatment via the County Project, all at the County's cost and expense. The Permitted Use is subject to all requirements of applicable law, regulations, ordinances, orders and rules, including without limitation such requirements of the DEQ. The costs of designing and constructing improvements to the County Project in order to allow the use of the Lagoons for the Permitted Use shall be the sole responsibility of the County. As used herein, "Temporary Interruption" means the temporary termination of services under this Agreement due to: (a) an Emergency, (b) the discharge of hazardous material as described in Section 4.4, (c) a requirement of law or an order from the DEQ, the EPA or a state or federal agency having jurisdiction over water quality or the Project, or (d) a Force Majeure Event.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives.

Dated: _____, 2019

CITY OF GLENDIVE, MONTANA

Jerry Jimson, Mayor

Kevin Dorwart, Director of Operations

Dated: _____, 2019

DAWSON COUNTY, MONTANA

Gary Kartevold, County Commissioner

Dennis Zander, County Commissioner

Joe Sharbono, County Commissioner

Attested:

County Clerk and Recorder

Appendix A
To
Interlocal Agreement
(City Project Description)

The City of Glendive is constructing a new Water Resource and Recovery Facility (WRRF) and related facilities (the “City Project”), which will provide treatment and disposal of million gallon per day (MGD) of wastewater with disposal to the Yellowstone River. Design includes a new facility location, Sequencing Batch Reactor (SBR) basins and equipment, headworks screening and grit removal, Ultraviolet (UV) disinfection, effluent lift station, effluent outfall structure, waste sludge handling and facility instrumentation and control.

Appendix B
To
Interlocal Agreement
(County Project Description)

The County's wastewater improvement project (the "County Project") will connect the County's collection system to the City's wastewater system. The County Project includes installation of a new lift station that will pump mw wastewater through a new forcemain under or across the Yellowstone River. The forcemain would then connect to the City's 16" forcemain downstream of the City's Main Lift Station.

Appendix C
To
Interlocal Agreement
(Project Schedule)

CITY PROJECT SCHEDULE (Estimated):

Jun 6:	Signed Notice of Award to Sletten Construction
Jun 17:	Resolution of Intent to Increase Rates
Jun 2014:	Construction Start-up and Mobilization
Jul 15:	Public Hearing and Determination on Proposed Rate Increase
Aug 5:	Resolution for Bond Anticipation Notes adopted by City Council
Aug 15:	Tentative closing date on bond anticipation notes
Jul 2014 to Dec 2014:	Construction in Progress
Jan 2015 to Mar 2015:	Winter Shut down
Apr 2015 to Aug/Sep 2016:	Construction in Progress
Sep/Oct 2016:	Substantial Completion
Nov 2016:	Construction Completed

Appendix C
(Continued)

COUNTY PROJECT SCHEDULE (Estimated):

TASK	QUARTERS, 2016				QUARTERS, 2017			
	1st J F M	2nd A M J	3rd J A S	4th O N D	1st J F M	2nd A M J	3rd J A S	4th O N D
<u>PROJECT DESIGN</u>								
Advertise for & Select Engineer (done)								
Commence Final Design				X				
Complete Project Design					X			
Submit Plans to DEQ					X			
Prepare Bid Documents					X			
Finalize Acquisition (if necessary)					X			
<u>ADVERTISEMENT FOR CONST. BID</u>								
Review Contract Requirements					X			
Public Bid Advertisement					X			
Open Bids & Examine Proposals					X			
Request Contr. Debarment Review						X		
Select Contractor & Award Bid						X		
Conduct Pre-Const. Conference						X		
Issue Notice to Proceed to Contractor						X		
<u>PROJECT CONSTRUCTION</u>								
Begin Construction						X		
Monitor Engineer & Contractor						X	X	X
Conduct Labor Compliance Reviews						X	X	X
Hold Const. Progress Meetings						X	X	X
Final Inspection								X
<u>PROJECT CLOSE OUT</u>								
Submit Final Drawdown *								
Project Completion Report *								
Submit Final Certification *								

* Project close out will extend into the fourth quarter of 2017 when City has completed construction and the County tie in can be made.

Appendix D
To
Interlocal Agreement
(City Project Financing)

Debt Financing

A. Construction financing: Issuance of the City's Wastewater System Revenue Bond Anticipation Notes, Series 2014 (the "Series 2014 Notes"), as follows:

- (1) Total principal amount of \$17,316,000.00, consisting of a subordinate, taxable Series 2014A Note in the original principal amount of \$200,000.00, a Series B Note in the original principal amount of \$7,116,000, and a Series 2014C Note in the original principal amount of \$10,000,000.
- (2) Interest rate on the Series 2014B Note and the Series 2014C Note: 1.25% per annum (inclusive of any loan loss reserve and administrative expense surcharge).
- (3) Series 2014A Note to bear interest at 0% and is subject to loan forgiveness.
- (4) Maturity Date: Earlier of August [15], 2017, or sixty (60) days after commencement of operation of the Plant.

B. Permanent financing: Issuance of the City's Wastewater System Revenue Bonds, with the series designation to be completed with the calendar year in the bonds are issued (the "Definitive Bonds"), as follows:

- (1) Total estimated principal amounts of \$17,116,000.00, consisting of a Series A Bond to be issued in an estimated original aggregate principal amount of up to \$7,116,000 and a Series B Bond to be issued in an estimated original aggregate principal amount of up to \$10,000,000.
- (2) Estimated interest rate: 2.50% per annum (inclusive of any loan loss reserve and administrative expense surcharge)
- (3) Maturity Date: 30 years after issuance of the Definitive Bonds

Appendix E
To
Interlocal Agreement
(Sample Wastewater Fee Bill)

Appendix F
To
Interlocal Agreement
(Project Financial Assistance)

Anticipated financial assistance for the City Project:

- A. A Treasure State Endowment Program (TSEP) Grant through the State of Montana Department of Commerce in the amount of \$750,000.
- B. A Renewable Resource Grant through the Montana Department of Natural Resources and Conservation in the amount of \$100,000.
- C. Loan forgiveness in the amount of \$200,000 with respect to the Series 2014A.
- D. A grant from the United States by and through the U.S. Army Corps of Engineers in the amount of \$190,000.

Exhibit A
To
Second Amendment to Interlocal Agreement

[Copy of Interlocal Agreement and First Amendment to Interlocal Agreement]

Exhibit B
To
Second Amendment to Interlocal Agreement

[List of Users in the RID District]