

**AGREEMENT FOR THE TRANSFER OF THE OPERATION OF CERTAIN
RURAL SPECIAL IMPROVEMENT DISTRICTS**

This contract is entered into this 13 day of September, 2011, by and between the BOARD OF COUNTY COMMISSIONERS, Yellowstone County, Montana, (BOARD), and the City of Billings, Yellowstone County, Montana, (CITY). The parties agree as follows:

1. The BOARD created rural special improvement district number 41, Riverside Water District (the District).
2. THE DISTRICT is now located within the boundaries of the City of Billings, Yellowstone County, Montana. The portion of the District to be assumed in the City is designated on the attached map included with this agreement and is specifically described as follows:
 - a. A 12" water line, which consists of approximately 6,600 linear feet located in Riverside Road from State Avenue to King Avenue East and in King Avenue East from Riverside Road to the east of the Yellowstone County Detention Facility. Said 12" water line replaced an existing 4" water line and is constructed from the following materials:
 - 6,349 linear feet of 12" PVC water line
 - 234 linear feet of 12" restrained joint DI water line (inserted in steel casing)
 - 210 linear feet of 24" steel casing pipe
 - Ten 12" gate valves and boxes
 - Sixteen hydrant assemblies, including 6" gate valve and piping
 - Three 12" bends

- Six 12" X 12" X 8" Tee
- Sixteen 12" X 12" X 6" Tee
- One 12" Cross
- One 4" x 12" reducer

b. A 10" sanitary sewer line, which consists of approximately 400 linear feet installed along King Avenue East to the southeast corner of the Yellowstone County Detention Facility and which is constructed from the following materials:

- 400 Linear feet of 10" PVC sanitary sewer line and manholes

c. An 8" water line, which consists of approximately 1,000 linear feet located in King Avenue East from Riverside Road west to near the Yegen Drain.

3. Pursuant to §7-12-2126, MCA, the BOARD shall transfer and the CITY shall assume the operation, management, control of THE DISTRICT beginning two days after both parties have signed and executed the agreement. The lines to be assumed by the City as its responsibility are designated in green on the attached map. Four lines are designated in red, and shall be subject to continued County responsibility.
4. The BOARD has established a separate fund for the assessments and maintenance costs of THE DISTRICT. Upon execution of this agreement, the BOARD shall transfer the cash balance and any subsequent assessment collections in the fund to the CITY for the use in the operation, management, and control of THE DISTRICT. Currently, this fund has a balance of approximately \$25,500. The funds shall be paid to the City from the County within a reasonable time of the execution of this agreement by the parties.
5. The COUNTY guarantees and warrants to the CITY:

- a. Against any and all defects in materials, workmanship, and any and all defects in construction and design relating to said water line and sewer line.
 - b. Against any and all claims, demands, liens, mechanics liens, or encumbrances whatever attaching to or arising from said water line and sewer line and appurtenances.

- 6.
 - a. The CITY utilizes two separate fees regarding water mains and connection to the existing CITY water system. The first is a construction fee that covers the actual costs of constructing the water main for a given property. The BOARD and the CITY understand that the properties within the district have already paid for the construction of the water and sanitary sewer mains within the RSID. These costs are considered the construction fees by the CITY and they have already been paid by the property owners. Therefore, properties in the district connecting to the water mains and sanitary sewer mains will not be charged a construction fee.

 - b. The second fee is the system development fee (SDF). The SDF is a one-time fee imposed on new development or redevelopment to recover a fair share of the costs of existing and planned system facilities considered to be of general benefit to all new customers within the City. The CITY currently defines "general benefit" facilities as treatment plants, reservoirs, pump/lift stations, some larger mains and interceptors. The CITY recovers these costs through the SDF. The SDF covers the cost for the expansion of water and wastewater system capacity to serve growth and they are in addition to any RSID assessments may have

levied. For this reason, they are not reimbursed upon the transfer of BOARD cash balances to the CITY as described in Paragraph 4 above. While SDFs may only be assessed against properties which are located within the City limits at the time they are hooked up, the CITY will not waive normal fees established by water and sanitary sewer rates in effect as of the date of this Agreement.

Therefore, some property owners in the District will be required to make SDF payments to the CITY and some will not, depending on (a) the date their property was connected to the Riverside Water District and (b) whether their property is inside the City limits on that day. Owners of properties that were connected to the water and sewer mains on the effective the date of this Agreement will not be required to make an SDF payment. Owners of properties located inside the City limits that were not connected to the water and sewer mains on date of this agreement will be required to make an SDF payment before they will be hooked up to the mains. This may be summarized as:

<u>Scenario</u>	<u>SDF Payment</u>
Properties connected to the water main as of the date of this agreement	No
Properties located in the County that desire to connect to the water main	No
Properties located in the City limits that desire to connect to the water main	Yes

7. As partial consideration for acceptance by the CITY of this transfer, the BOARD agrees to release, indemnify and hold harmless the CITY, it Mayor, City Council, city officers and agents against any lien, lawsuit, claim, liability, cost, expense or

obligation of any type including reasonable attorneys' fees, which are asserted or filed against the City arising from the negligent acts or omissions of the BOARD in the previous creation, administration and operation of any and all of the transferred RSID.


8. This agreement constitutes the full and complete agreement between the BOARD and CITY. The provisions relating to the terms and conditions of this agreement supersede all prior agreements, both oral and written, between the parties regarding transfer of the operations of THE DISTRICT.
9. This contract shall be governed by the laws of the State of Montana, and venue shall be the Thirteenth Judicial District Court, Billings, and Yellowstone County, Montana.

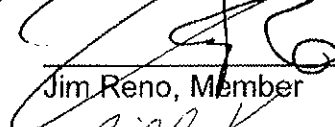
SIGNED this _____ day of _____, 2011.

BILLINGS CITY COUNCIL
BILLINGS, MONTANA

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA

Thomas W. Hanel
MAYOR, CITY of BILLINGS


John Ostlund, Chair


Jim Reno, Member


Bill Kennedy, Member

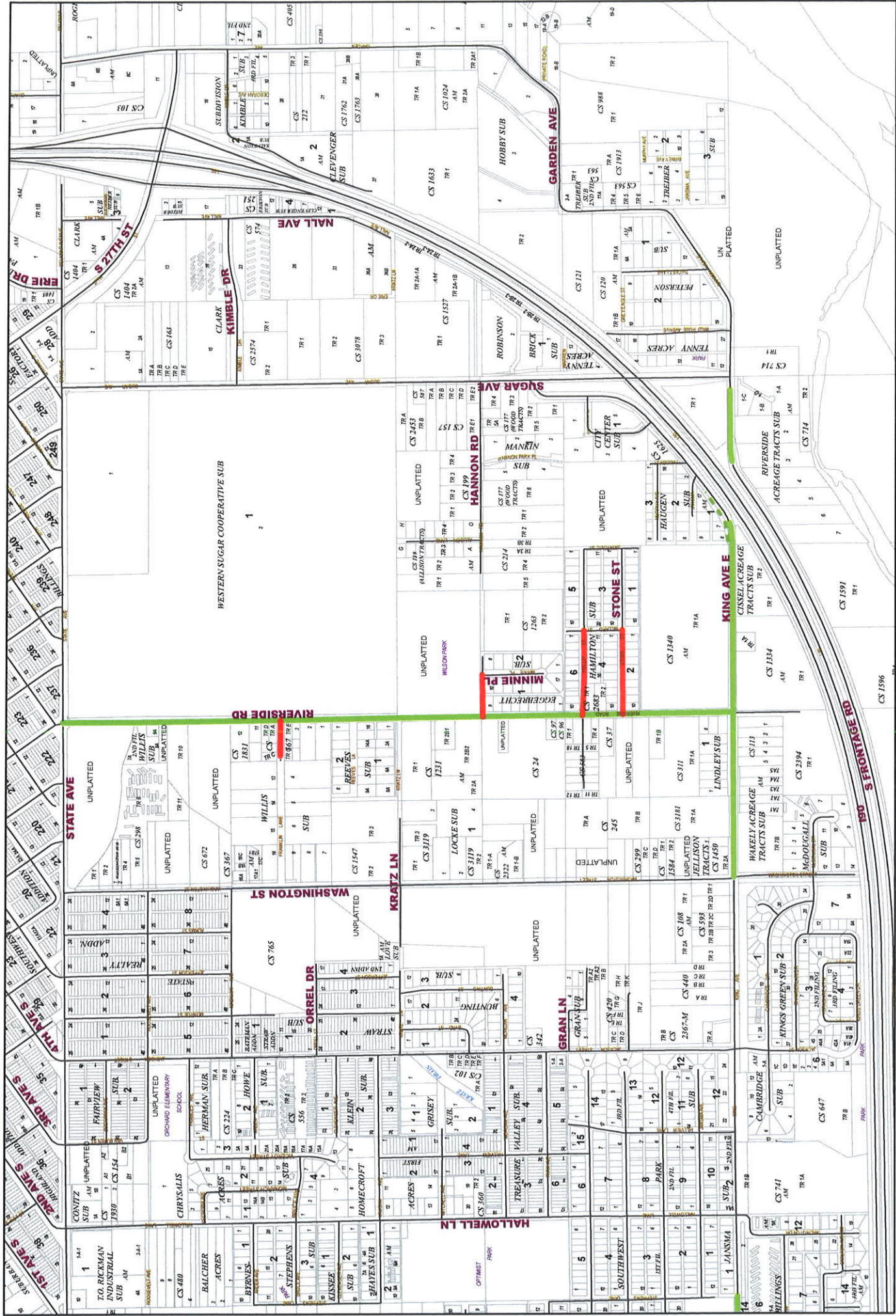
ATTEST:

ATTEST:

City Clerk


Clerk and Recorder


Deputy Clerk + Recorder



- - - Proposed city sanitary sewer
- County water line
- Proposed City water line

This document is intended for informational purposes only and is not guaranteed to be accurate nor current.

Date: 11/02/2011
 YELLOWSTONE COUNTY GIS
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