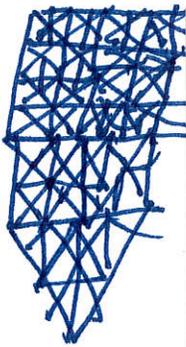
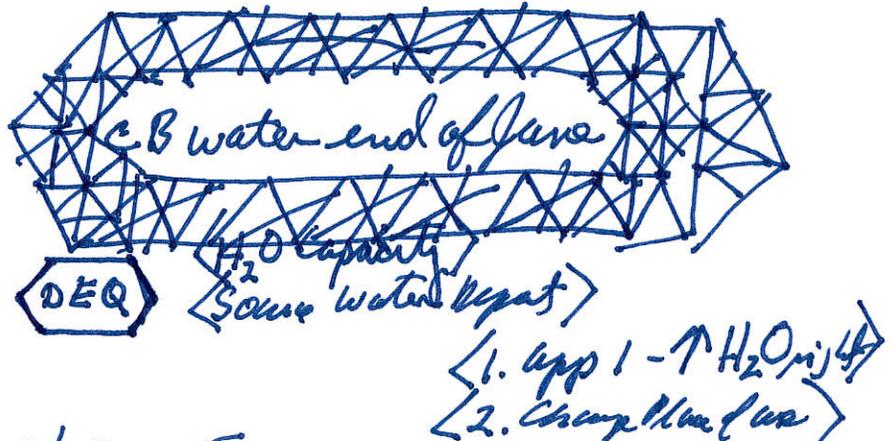


North Central Montana Regional Water Authority
Executive Committee Meeting
AE2S Office Buildings (300 15th Street South, Suite #7) – Great Falls, MT
Conference Call Number: 1-712-775-7035 Participation Code 288230#
1:00 p.m. - Tuesday, May 23, 2017



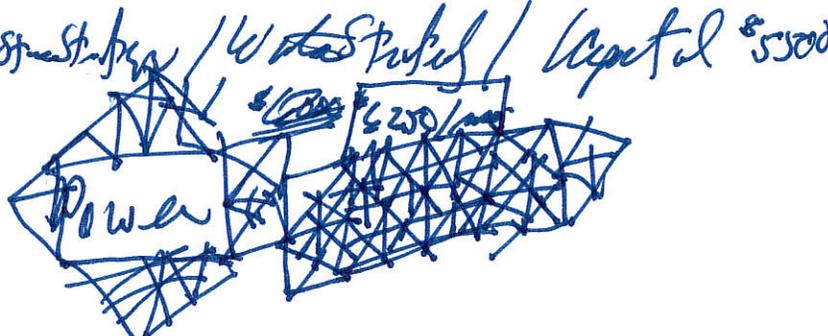
- 1) Approval of Agenda
- 2) Public Comment
- 3) Approve April 25, 2017 Meeting Minutes
- 4) Lobbyist Updates
 - a. Current Federal Legislation
 - b. Current State Legislation
- 5) Financials & Accounting: Approval of financials and payment of invoices
 - a. 2017-2019 RFP for Audit Services

- 6) Engineering Team Updates
 - A. North Havre CWD
 - B. Tiber Service Area
 - C. Hill CWD
 - D. Conrad/Brady
 - E. Shelby/Cut Bank
 - a. Status Update
 - F. Shelby/Sweet Grass
 - a. Water Rights Task Order —
 - G. Shelby/Conrad —
 - H. Newsletter



7) June Full Authority Meeting Location *have*

- 8) Contract Review
 - Engineering Team = yellow stripes / water pipes / capital \$5500
 - Lobbyist Services
 - Employee Health Insurance



9) Other

- A. DNRC, BOR, DEQ and EPA Reports

- B. Next Meeting:
 - OM&R Committee Meeting**
Tuesday August 22, 2017 at 8:30 a.m. – AE2S Office Great Falls, MT
 - Coordinating Committee Meeting**
Tuesday August 22, 2017 at 10:00 a.m. – AE2S Office Great Falls, MT
 - Executive Committee Meeting**
Tuesday July 25, 2017 at 10:00 a.m. – AE2S Office Great Falls, MT
 - Full Authority Meeting**
June 27, 2017 at 1:00 p.m. – TBD

10) Adjournment

Coordinating committee 5/23/17 - G.F.

- Raw water cost
- Power and Water + Sewer District
- \$15.2M est. FY 18 - Per Anterior Zink & Middleton
- Phase 1A - add \$2.7mil for design of treatment plant
- \$4.86 million Authority
- Contingency Plan \$450,000 (Lorena)
- \$50 mil needed for treatment plant.
- OMB - asked about MWA participation
- Hill County comments
- 11 Mgd plant
- (24 + 30 inch P.V.C. line to res. -> Contingency)
- Water Plant - Contingency Plan -
- Phase 1A -

Shows need for...
- MWA -



May 22, 2017

Jody Hellegaard
North Central Montana Regional Water Authority
PO Box 2456
Havre, MT 59501

Re: **NCMRWA Segment W3: Shelby to Cut Bank**
North Central Montana Regional Water Authority
Proposed Change Order #2 Contract 2

Dear Jody:

The Contractor for the Facilities Construction Contract #2 (Central Excavation) for Segment W3 (Shelby to Cut Bank) of the North Central Montana Regional Water Project has requested contract price increases as well as additional contract days for several items. Some of the items were dismissed as being the responsibility of the Contractor, but we believe some of the items to be legitimate. The "legitimate" items have been negotiated with the Contractor, and as directed by the North Central Montana Regional Water Authority, potential liquidated damages were taken into consideration in the cost negotiation. Following is a summary of the items that we believe to be legitimate, along with the proposed negotiated amount:

• Additional Pump Column Length	\$2,906
• Antenna Base Roof Modification	\$6,922
• Nitrile Gaskets at the Meter Building	\$6,003
• 3" DIP Changes Within the Pump House	\$1,013
• Chlorine Booster Pump Motor Swap	\$1,181
• Pump House Additional Vertical Spool Pieces	\$12,759
• Pump Basket Strainers	\$988
• <u>Electrical Modifications to the Chlorine Room Ventilation System</u>	<u>\$741</u>
Total	\$32,513

The attached proposed change order also includes pipe quantity reconciliation for bid items where the bid quantity exceeded the actual installed quantity. These items decreased the contract price as follows:

• 16" PVC 905 DR 25 Restrained Joint	-\$1,526
• 16" PVC 905 DR 18 Restrained Joint	-\$2,556
• 18" PVC 905 DR 25	-\$12,600
• 18" PVCX 905 DR 25 Restrained Joint	-\$912
Total	-\$17,594

\$14,919

The proposed net change order amount is therefore $\$32,513 - \$17,594 = \$14,919$. The Contractor has asked for an additional 32 working days, which would extend the substantial completion date to May 22, 2017. The attached change order includes a detailed description of each of the change order items. Following is a summary of each item:

1. Additional Pump Column Length (\$2,906):
 - a. This item includes increasing the pump column length by two feet for optimum use of the wet well; and was a result of an elevation discrepancy on the plans. The increase in length initiated the need for an additional bearing and spider bushing. The supplier agreed to add the bearing at cost without markup. The additional bearing and spider bushing would have been required if the additional length had been considered in the original bid and we expect that the cost would have been similar to that of this change order item.
2. Antenna Base Roof Modification (\$6,922):
 - a. The concrete antenna base on the pump building was not extended beyond the building eave in the plans and therefore required a modification to the roof and rain gutter to accommodate the antennae. If this had been identified prior to bidding, the concrete antenna pad would have been extended out beyond the building eave. If the antenna pad had been included in the bid, it is expected that the cost would have been similar to that of this change order item to adjust the eave.
3. Provide Nitrile Gaskets at Meter Building (\$6,003):
 - a. Nitrile Gaskets were not bid as part of the facilities contract, but were needed near the meter building to protect against potentially contaminated soil for a length of 174 lineal feet. The gaskets increased the pipe cost per foot in this area by \$34.50 per lineal foot for a total of \$6,003. The cost was negotiated based on Contract 1 (Pipeline Contract) and is less than the bid price provided by Central Excavation on Contract 1. It is expected that if the nitrile gaskets had been included in the bid, the additional cost would have been similar to that of this change order item.
4. 3" DIP Changes within Pump House (\$1,013):
 - a. The process piping within the pump house was reconfigured adding a tee, a valve, and a penetration into the wet well, allowing the 3" line to Ethridge to be chlorinated. This change was required by the Department of Environmental Quality after the project was bid. It is expected that if the addition would have been included in the bid, the additional cost would have been similar to that of this change order item.
5. Chlorine Booster Pump Motor Swap (\$1,181):
 - a. In the Pump station, there was a discrepancy between the pump motor voltage and the electrical supply at the facility, resulting in the need to swap the motors to match the available power supply. The pump supplier provided a credit for the original motors, and swapped the motors at cost. It is expected that the cost for supply and installation of the correct pump motor would have been similar to that of this change order item if it had been included in the bid price.

6. Pump House Additional Vertical Spool Pieces (\$12,759):
 - a. There was an elevation discrepancy in the plans resulting in the need for additional spool pieces to vertically adjust the process piping within the pump house. There would have been a cost associated with this item if included in the bid, however it would have likely been considerably less than this change order item.
7. Pump Basket Strainers (\$988):
 - a. This was a recommendation of the supplier to protect the booster pumps, and included installation of pump strainers at the suction head of both pumps. It is expected that the cost for addition of this item would have been similar to this change order item if it had been included in the bid.
8. Electrical Modifications to the Chlorine Room Ventilation System (\$741):
 - a. This item included modification of the electrical system in the chlorine closet of the pump station to allow the exhaust fan and vent louvers to operate in series instead of on separate switches. This item is a result of field discussions between the engineer and contractor's electrician to improve safety. It is expected that the cost for addition of this item would have been similar to that of this change order item if it had been included in the bid price.

The proposed change order amounts above are the result of thorough negotiations with the contractor with consideration of liquidated damages; and we believe them to be reasonable. Some of the items above were the result of discrepancies in the plans or specifications. With the exception of item 6, it is expected that the additional costs resulting from the attached proposed change order would have been similar to the cost if the item had been included in the bid. If the additional length for item 6 would have been considered in the bid, there would likely have been an associated cost, however it would have likely been measurably less than the proposed change order amount for this item. We recommend payment of the attached change order and respectfully request that the project pay for the costs associated with item 6.

Please call me at (406)449-7764 if you have any questions.

Sincerely,

KLJ

Bradley Koon

Brad Koon

Enclosure(s):

Change Order #2 Contract #2

Change Order No. 2

Date of Issuance: 5/23/2017

Effective Date: 5/23/2017

Project: Rocky Boy's/North Central Montana Regional Water System Project	Owner: NCMRWA	Owner's Contract No.: Segment W3
Contract: #2 Facilities Construction		Date of Contract: 8/14/2015
Contractor: Central Excavation Inc.		Engineer's Project No.: 4611005

Description:	DECREASE In Contract Price	INCREASE In Contract Price
1. Additional Pump Column Length		\$2,906.00
2. Antenna Base Roof Modification		\$6,922.00
3. Provide Nitrile Gaskets at Meter Building		\$6,003.00
4. 3" DIP Changes Within Pump House		\$1,013.00
5. Chlorine Booster Pump Motor Swap		\$1,181.00
6. Additional Vertical Spool Pieces		\$12,759.00
7. Pump Basket Strainers		\$988.00
8. Electrical Modification to Improve Ventilation System		\$741.00
9. 16" PVC -905 DR 25 Restrained Joint	\$1,526.00	
10. 16" PVC -905 DR 18 Restrained Joint	\$2,556.00	
11. 18" PVC -905 DR 25	\$12,600.00	
12. 18" PVC -905 DR 25 Restrained Joint	\$912.00	
TOTALS	\$17,594.00	\$32,513.00

NET CHANGE IN CONTRACT PRICE

\$14,919.00

Justification:

1. Pump column length increased two feet from bid elevations for optimum use of the wet well. This additional length required an additional bearing and spider bushing. The specified maximum bearing spacing is 5 feet. The supplier added the bearing at his cost without supplier markup.
2. The booster pump station roof had to be modified to accommodate the large telemetry antennae. Contract time increased 3 days
3. Nitrile gaskets were not bid as part of the facilities contract. Nitrile gaskets were needed near the meter building to protect against potentially contaminated soil from station 162+70 to station 163+20 and from station 163+46 to station 164+70 for a total of 174 LF. The cost of the nitrile gaskets was negotiated based on the pipeline bid items and increased cost of the 174 feet of pipe by \$34.50 per lineal foot.
4. The process piping within the pump house was reconfigured adding a tee, a valve, and a penetration into the wet well. This allows the 3" line to Ethridge to be chlorinated. This change was required by DEQ after the project was bid. Contract time increased 5 days.
5. A discrepancy between the pump motor voltage and the electrical supply resulted in needing to swap the pump motors to match the available power supply. The pump supplier provided a credit for the original motors and swapped the motors at cost. Contract time increased 5 days.
6. Additional spool pieces were needed to vertically adjust all process pipe within the pump house because of a plan elevation discrepancy. Seventeen contract days were added to allow for American steel pipe.
7. Pump strainers were added to the suction head of both booster pumps to protect the pump as recommended by the supplier. Two contract days were added for procurement and installation.
8. The electrical system was modified from the plans allowing the exhaust fan and vent louvers in the chlorine gas closet to operate in series instead of on separate switches. This modification improves operator safety. One contract day was added for this work.
9. The bid quantity exceeded the quantity installed by 14LF. The bid price of \$109 per LF was used to calculate the amount of the decrease.
10. The bid quantity exceeded the quantity installed by 18LF. The bid price of \$142 per LF was used to calculate the amount of the decrease.
11. The bid quantity exceeded the quantity installed by 200LF. The bid price of \$63 per LF was used to calculate the amount of the decrease.
12. The bid quantity exceeded the quantity installed by 4 LF. The bid price of \$228 per LF was used to calculate the amount of the decrease.

CHANGE IN CONTRACT PRICE:

CHANGE IN CONTRACT TIMES:

Original Contract Price:

\$3,079,630.00

[Increase] from previously approved Change Orders No. 0 to No. 1:

\$37,662.00

Contract Price prior to this Change Order:

\$3,117,292.00

Increase of this Change Order:

\$14,919.00

Contract Price incorporating this Change Order:

\$3,132,211.00

Original Contract Times: Working days Calendar days

Substantial completion (days or date): March 31, 2017

Ready for final payment (days or date): June 30, 2017

Increase from previously approved Change Orders No. 0 to No. 1:

Substantial completion (date): March 31, 2017

Ready for final payment (date): June 30, 2017

Contract Times prior to this Change Order:

Substantial completion (date): March 31, 2017

Ready for final payment (date): June 30, 2017

Increase of this Change Order:

Substantial completion (days or date): May 8, 2017

Ready for final payment (days or date): June 30, 2017

Contract Times with all approved Change Orders:

Substantial completion (days or date): May 8, 2017

Ready for final payment (days or date): June 30, 2017

RECOMMENDED:

By: James Slayter
Engineer (Authorized Signature)

ACCEPTED:

By: _____
Owner (Authorized Signature)

ACCEPTED:

By: _____
Contractor (Authorized Signature)

Date: 5-12-2017 Date: _____

Approved by Funding Agency (if applicable):

Date: _____

Date: _____

DRAFT

**Rocky Boy's/North Central Montana Regional Water Authority
Coordinating Committee Meeting**

AE2S Office Buildings (300 15th Street South, Suite #7) – Great Falls, MT
Conference Call Number: (712) 775-7035, Access Code: 288230#

May 23, 2017 - 10:00 a.m.

1. Introductions - **Authority (Chair)**/ Tribe (Co-Chair)
 - a. Recognition of Guests
 - b. Review of Agenda
 - c. Approval of February 28, 2017 Meeting Minutes

2. Chippewa Cree Construction Corp Report
 - a. Ongoing Projects
 - b. AFA17 Proposed Projects
 - c. Financials
 - d. Operations – Tribal Water Resource Department

3. North Central MT Regional Water Authority Report
 - a. Ongoing Projects
 - b. AFA17 Proposed Projects
 - c. Financials

4. BOR, DNRC, DEQ, EPA and BIA Updates

5. Other
 - a. Newsletter Review

6. Next Meeting Date
 - OM&R Committee Meeting**
Tuesday August 22, 2017 at 8:30 a.m. – AE2S Office Great Falls, MT
 - Coordinating Committee Meeting**
Tuesday August 22, 2017 at 10:00 a.m. – AE2S Office Great Falls, MT

**ROCKY BOY'S / NORTH CENTRAL MONTANA REGIONAL WATER SYSTEM
COORDINATING COMMITTEE MEETING**

Advanced Engineering and Environmental Services (AE2S)
300 15th Street South, Suite #7, Great Falls, Montana
Tuesday, February 28, 2017
10:00 a.m.

Present:

Larry Morsette	CCCC
Gary Black	CCCC
Harlan Baker	Chippewa Cree Tribe
Dustin White	Chippewa Cree Tribal Water Resources Department
Joe LaFromboise Jr	Chippewa Cree Tribal Water Resources Department
Thomas Limberhand	Chippewa Cree Tribal Water Resources Department
Ted Russette	Chippewa Cree Tribe
Shalee Russette	CCCC
Larry Bonderud	Authority President - Shelby
Shaud Schwarzbach	Authority Vice President – Town of Big Sandy
Cheryl Curry	Authority Treasurer – City of Conrad
Jim Suta	Authority At Large – City of Cut Bank
Jody Hellegaard	Authority – General Manager
Jennifer Patrick	Authority
Nate Weisenburger	Advanced Engineering and Environmental Services, Inc. (AE2S)
Greg Kruzich	Bureau of Reclamation (BOR)
Brandt Lee	AE2S– Core System
David Carlson	AE2S– Core System
Keeley Barry	AE2S– Core System
Brad Koon	KLJ
Michael LaValley	Senator Tester's Office
Barbara Burkland	Environmental Protection Agency (EPA)
Sienna Meredith	EPA

Phone:

Brad Mollet	Fleet Street
Jeff Jensen	Authority Secretary – City of Havre
Rick Duncan	Department of Natural Resource and Conservation (DNRC)
Marc Golz	Department of Environmental Quality (DEQ)

Harlan Baker called the meeting to order at 10:00 a.m. and roll call was conducted with a sign-in sheet.

Minutes: Jim Suta made a motion to approve the minutes from the November 22, 2016 Coordinating Committee meeting. Larry Morsette updated the group on the 2nd page of the minutes, they were having landowner issues, they worked with Jeff LaVoi and he went out of his way to get them resolved. Also, Larry M. said the dates for the DC meeting have changed to March 13. Ted Russette seconded the motion and the motion carried unanimously.

Chippewa Cree Construction Corporation (CCCC) Report:

Dustin White updated the board that they have new members. Daryl Wright has joined the business committee board, Calvin Jilot and Manny Duran Jr. have joined the CCCC board. Dustin asked David to send the email addresses for the new board members to Jennifer for the emailing list.

Currently CCCC is drawing on AFA 2016 fund. AFA 2017 requests have been submitted to the Bureau of Reclamation and negotiations have been taking place with CCCC. AFA16 involves the completion of the Raw Water Pipelines and start of the WTP Phase 1A design and construction. AFA17 funds will also be used to continue WTP Phase 1A design and construction.

March 13th the Tribe will be traveling to Washington, DC and requesting funds for the WTP, David said. He extended the invitation to NCMRWA to accompany the group. Larry B. said they will discuss that at the meeting this afternoon and let them know. In DC, they plan to ask for \$50 million for Phase 1A WTP Construction. David said they have put together a stimulus package of shovel ready projects totaling \$103 million that will also be presented.

The Tribe requested an Accounting Workshop take place in 2017. A possible date that was discussed was August 23 after the Coordinating Committee meeting. Jody said she would be interested in meeting in Billings so they could work with BOR indexing department. Greg Kruzich said he could work with the indexing group to see if they would come up for the meeting.

David updated the group on the new website that was now available for CCCC, the address is cccc.build.

Dustin White briefed the group on the water break that took place over Christmas. He thanked Barb Burkland with EPA for all the assistance they provided and his crew for working long cold hours. The boil order was removed after a month but 4,500 people were without water for 3 days. Dustin said this just shows the aging system they are working with and the lack of water. He said they are looking for additional funding to get in town infrastructure up and running. Barb also noted how hard it was to catch up once something breaks. She thought that bringing on the system by Northern Winz would really help with the pressure issue.

Laredo Segment #1B, Parker Canyon, Agency Pipeline and St. Pierre Road Segment #1 were the top Core system priorities. Dustin gave an overview of why these segments were important and why they have been made a priority.

WTP Phase 1A plans were revisited. Some of the things that are changing are an addition of freight elevators to all three floors, extra entryways, stairways and an administrative area. 3D piping, drain tile system and a driven pile foundation system has now been added to the plans as well. Larry B. asked if Value Engineering has taken place. Greg and David both said yes and they are currently addressing items from that but not going out of the footprint.

David said they are planning to schedule WTP Phase 1A construction schedule in a phased approach. They plan for agency reviews May/June and construction starting after that. Barb asked when will water be delivered to the Tribe. Dustin said the WTP Phase 1A will not actually deliver water to the Reservation, and it would appear that the Reservation may be the last ones on the system to receive water. CCCC has been gearing up for 2017 WTP Phase 1A construction and Larry and Shalee have been great coordinating these items. The groundbreaking ceremony is set to take place the week of May 22.

Dustin White voiced his concerns about the line to Chester which will be one of the first planned connections. Larry said we will be talking about these priorities in this afternoons meeting, but at \$11

million the Chester line is not in the budget this year. Ted Whitford said we need to get this system up and not delay this process any longer.

The Segment O'Neils has been approved so CCCC will move forward with Segment 5-8. WTP land transfer, THPO and the Cultural Resource reports will be updated.

OM&R working group met this morning and talked about Phase 1A WTP and are moving forward on the actual treatment costs, raw water analysis and have plans to work on the green book and reserve and replacement account.

Gary Black presented the accounting recap for CCCC.

NCMRWA Report:

Shelby/Cut Bank: Brad Koon reported that the pipeline construction is in progress, most of the pipeline has been installed and working to get a few things finished before testing. Central Excavation is the structures contractor and Downing Construction is the pipeline contractor.

Nate Weisenburger showed photos of the pump station which will hold about 50,000 gallons of water once completed. Also, pictures of the building construction and setting of the trusses on the pump station near Ethridge. Photos of the standpipe and meter building which were also under construction were shown.

Shelby/Sweet Grass: Brad Koon said they were in the process of preliminary design, route selection, cultural and environmental investigations. The estimated costs for the Sunburst Interim is \$2.9 million, \$13.6 million if we supply water for the system from Shelby and a total buildout from Shelby to Sweetgrass would be \$15.4 million.

Shelby/Conrad: Nate showed the route that was selected. The project was released for bid and Downing Construction was the low bidder. The project from Shelby to Interstate 15 is approximately 10.4 miles with a Marias River crossing.

Financial report: A full financial report was provided to the group in the meeting packet.

BOR, DNRC, DEQ, EPA and BIA Reports

Greg Kruzich reported that AFA funding packages were sent out today for signatures.

Rick Duncan reported possible funding for the project in the legislature, he said he would know more once the Governor's budget has been signed.

Marc Golz plans to come up and look at the new projects. He told Greg and Rick he would coordinate with them when he plans to visit.

Sienna Meredith explained she would be moving to another section in EPA and Barb would be the contact for the group.

Other:

The newsletter was distributed.

Next meeting Date:

Coordinating Committee – 10 a.m. on May 23, 2017 at AE2S office in Great Falls, MT.

Jim Suta made a motion to adjourn the meeting. Ted Russette seconded the motion, and the motion carried.



May 22, 2017

Jody Hellegaard
North Central Montana Regional Water Authority
PO Box 2456
Havre, MT 59501

Re: **NCMRWA Segment W3: Shelby to Cut Bank**
North Central Montana Regional Water Authority
Proposed Change Order #2 Contract 2

Dear Jody:

The Contractor for the Facilities Construction Contract #2 (Central Excavation) for Segment W3 (Shelby to Cut Bank) of the North Central Montana Regional Water Project has requested contract price increases as well as additional contract days for several items. Some of the items were dismissed as being the responsibility of the Contractor, but we believe some of the items to be legitimate. The "legitimate" items have been negotiated with the Contractor, and as directed by the North Central Montana Regional Water Authority, potential liquidated damages were taken into consideration in the cost negotiation. Following is a summary of the items that we believe to be legitimate, along with the proposed negotiated amount:

• Additional Pump Column Length	\$2,906
• Antenna Base Roof Modification	\$6,922
• Nitrile Gaskets at the Meter Building	\$6,003
• 3" DIP Changes Within the Pump House	\$1,013
• Chlorine Booster Pump Motor Swap	\$1,181
• Pump House Additional Vertical Spool Pieces	\$12,759
• Pump Basket Strainers	\$988
• <u>Electrical Modifications to the Chlorine Room Ventilation System</u>	<u>\$741</u>
Total	\$32,513

The attached proposed change order also includes pipe quantity reconciliation for bid items where the bid quantity exceeded the actual installed quantity. These items decreased the contract price as follows:

• 16" PVC 905 DR 25 Restrained Joint	-\$1,526
• 16" PVC 905 DR 18 Restrained Joint	-\$2,556
• 18" PVC 905 DR 25	-\$12,600
• <u>18" PVCX 905 DR 25 Restrained Joint</u>	<u>-\$912</u>
Total	-\$17,594

The proposed net change order amount is therefore $\$32,513 - \$17,594 = \$14,919$. The Contractor has asked for an additional 32 working days, which would extend the substantial completion date to May 22, 2017. The attached change order includes a detailed description of each of the change order items. Following is a summary of each item:

1. Additional Pump Column Length (\$2,906):
 - a. This item includes increasing the pump column length by two feet for optimum use of the wet well; and was a result of an elevation discrepancy on the plans. The increase in length initiated the need for an additional bearing and spider bushing. The supplier agreed to add the bearing at cost without markup. The additional bearing and spider bushing would have been required if the additional length had been considered in the original bid and we expect that the cost would have been similar to that of this change order item.

2. Antenna Base Roof Modification (\$6,922):
 - a. The concrete antenna base on the pump building was not extended beyond the building eave in the plans and therefore required a modification to the roof and rain gutter to accommodate the antennae. If this had been identified prior to bidding, the concrete antenna pad would have been extended out beyond the building eave. If the antenna pad had been included in the bid, it is expected that the cost would have been similar to that of this change order item to adjust the eave.

3. Provide Nitrile Gaskets at Meter Building (\$6,003):
 - a. Nitrile Gaskets were not bid as part of the facilities contract, but were needed near the meter building to protect against potentially contaminated soil for a length of 174 lineal feet. The gaskets increased the pipe cost per foot in this area by \$34.50 per lineal foot for a total of \$6,003. The cost was negotiated based on Contract 1 (Pipeline Contract) and is less than the bid price provided by Central Excavation on Contract 1. It is expected that if the nitrile gaskets had been included in the bid, the additional cost would have been similar to that of this change order item.

4. 3" DIP Changes within Pump House (\$1,013):
 - a. The process piping within the pump house was reconfigured adding a tee, a valve, and a penetration into the wet well, allowing the 3" line to Ethridge to be chlorinated. This change was required by the Department of Environmental Quality after the project was bid. It is expected that if the addition would have been included in the bid, the additional cost would have been similar to that of this change order item.

5. Chlorine Booster Pump Motor Swap (\$1,181):
 - a. In the Pump station, there was a discrepancy between the pump motor voltage and the electrical supply at the facility, resulting in the need to swap the motors to match the available power supply. The pump supplier provided a credit for the original motors, and swapped the motors at cost. It is expected that the cost for supply and installation of the correct pump motor would have been similar to that of this change order item if it had been included in the bid price.

6. Pump House Additional Vertical Spool Pieces (\$12,759):
 - a. There was an elevation discrepancy in the plans resulting in the need for additional spool pieces to vertically adjust the process piping within the pump house. There would have been a cost associated with this item if included in the bid, however it would have likely been considerably less than this change order item.

7. Pump Basket Strainers (\$988):
 - a. This was a recommendation of the supplier to protect the booster pumps, and included installation of pump strainers at the suction head of both pumps. It is expected that the cost for addition of this item would have been similar to this change order item if it had been included in the bid.

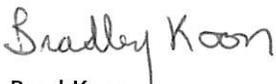
8. Electrical Modifications to the Chlorine Room Ventilation System (\$741):
 - a. This item included modification of the electrical system in the chlorine closet of the pump station to allow the exhaust fan and vent louvers to operate in series instead of on separate switches. This item is a result of field discussions between the engineer and contractor's electrician to improve safety. It is expected that the cost for addition of this item would have been similar to that of this change order item if it had been included in the bid price.

The proposed change order amounts above are the result of thorough negotiations with the contractor with consideration of liquidated damages; and we believe them to be reasonable. Some of the items above were the result of discrepancies in the plans or specifications. With the exception of item 6, it is expected that the additional costs resulting from the attached proposed change order would have been similar to the cost if the item had been included in the bid. If the additional length for item 6 would have been considered in the bid, there would likely have been an associated cost, however it would have likely been measurably less than the proposed change order amount for this item. We recommend payment of the attached change order and respectfully request that the project pay for the costs associated with item 6.

Please call me at (406)449-7764 if you have any questions.

Sincerely,

KLJ


Brad Koon

Enclosure(s):

Change Order #2 Contract #2

Change Order No. 2

Date of Issuance: 5/23/2017

Effective Date: 5/23/2017

Project: Rocky Boy's/North Central Montana Regional Water System Project	Owner: NCMRWA	Owner's Contract No.: Segment W3
Contract: #2 Facilities Construction	Date of Contract: 8/14/2015	
Contractor: Central Excavation Inc.	Engineer's Project No.: 4611005	

Description:	DECREASE In Contract Price	INCREASE In Contract Price
1. Additional Pump Column Length		\$2,906.00
2. Antenna Base Roof Modification		\$6,922.00
3. Provide Nitrile Gaskets at Meter Building		\$6,003.00
4. 3" DIP Changes Within Pump House		\$1,013.00
5. Chlorine Booster Pump Motor Swap		\$1,181.00
6. Additional Vertical Spool Pieces		\$12,759.00
7. Pump Basket Strainers		\$988.00
8. Electrical Modification to Improve Ventilation System		\$741.00
9. 16" PVC -905 DR 25 Restrained Joint	\$1,526.00	
10. 16" PVC -905 DR 18 Restrained Joint	\$2,556.00	
11. 18" PVC -905 DR 25	\$12,600.00	
12. 18" PVC -905 DR 25 Restrained Joint	\$912.00	
TOTALS	\$17,594.00	\$32,513.00

NET CHANGE IN CONTRACT PRICE

\$14,919.00

Justification:

1. Pump column length increased two feet from bid elevations for optimum use of the wet well. This additional length required an additional bearing and spider bushing. The specified maximum bearing spacing is 5 feet. The supplier added the bearing at his cost without supplier markup.
2. The booster pump station roof had to be modified to accommodate the large telemetry antennae. Contract time increased 3 days
3. Nitrile gaskets were not bid as part of the facilities contract. Nitrile gaskets were needed near the meter building to protect against potentially contaminated soil from station 162+70 to station 163+20 and from station 163+46 to station 164+70 for a total of 174 LF. The cost of the nitrile gaskets was negotiated based on the pipeline bid items and increased cost of the 174 feet of pipe by \$34.50 per lineal foot.
4. The process piping within the pump house was reconfigured adding a tee, a valve, and a penetration into the wet well. This allows the 3" line to Ethridge to be chlorinated. This change was required by DEQ after the project was bid. Contract time increased 5 days.
5. A discrepancy between the pump motor voltage and the electrical supply resulted in needing to swap the pump motors to match the available power supply. The pump supplier provided a credit for the original motors and swapped the motors at cost. Contract time increased 5 days.
6. Additional spool pieces were needed to vertically adjust all process pipe within the pump house because of a plan elevation discrepancy. Seventeen contract days were added to allow for American steel pipe.
7. Pump strainers were added to the suction head of both booster pumps to protect the pump as recommended by the supplier. Two contract days were added for procurement and installation.
8. The electrical system was modified from the plans allowing the exhaust fan and vent louvers in the chlorine gas closet to operate in series instead of on separate switches. This modification improves operator safety. One contract day was added for this work.
9. The bid quantity exceeded the quantity installed by 14LF. The bid price of \$109 per LF was used to calculate the amount of the decrease.
10. The bid quantity exceeded the quantity installed by 18LF. The bid price of \$142 per LF was used to calculate the amount of the decrease.
11. The bid quantity exceeded the quantity installed by 200LF. The bid price of \$63 per LF was used to calculate the amount of the decrease.
12. The bid quantity exceeded the quantity installed by 4 LF. The bid price of \$228 per LF was used to calculate the amount of the decrease.

CHANGE IN CONTRACT PRICE:

CHANGE IN CONTRACT TIMES:

Original Contract Price:

\$3,079,630.00

Original Contract Times: Working days Calendar days

Substantial completion (days or date): March 31, 2017

Ready for final payment (days or date): June 30, 2017

[Increase] from previously approved Change Orders No. 0 to No. 1:

\$37,662.00

Increase from previously approved Change Orders No. 0 to No. 1:

Substantial completion (date): March 31, 2017

Ready for final payment (date): June 30, 2017

Contract Price prior to this Change Order:

\$3,117,292.00

Contract Times prior to this Change Order:

Substantial completion (date): March 31, 2017

Ready for final payment (date): June 30, 2017

Increase of this Change Order:

\$14,919.00

Increase of this Change Order:

Substantial completion (days or date): May 8, 2017

Ready for final payment (days or date): June 30, 2017

Contract Price incorporating this Change Order:

\$3,132,211.00

Contract Times with all approved Change Orders:

Substantial completion (days or date): May 8, 2017

Ready for final payment (days or date): June 30, 2017

RECOMMENDED:

By: James Blayton
Engineer (Authorized Signature)

ACCEPTED:

By: _____
Owner (Authorized Signature)

ACCEPTED:

By: _____
Contractor (Authorized Signature)

Date: 5-18-2017 Date: _____

Approved by Funding Agency (if applicable):

Date: _____

Date: _____

Handwritten signature/initials

AFA RECAP OF DRAWS FOR 2016

DATE	DRAW #	AMOUNT	DIRECT COST SUPPORT	CONTRACTS	ENGINEERING	EQUIPMENT	PIPELINE SUPPLIES	RIGHT OF WY	PAYROLL	FRINGE	PROFESSIONAL FEES	TRAVEL	TERO	TOTAL
10/13/2016	DRAW #1	\$ 261,354.38		\$ 16,061.74			\$ 194,035.51	\$ 202.00	\$ 26,874.89	\$ 8,782.71	\$ 2,268.00	\$ 684.08	\$ 12,445.45	\$ 261,354.38
10/20/2016	DRAW #2	\$ 244,457.93		\$ 26,233.64			\$ 50,460.39		\$ 33,167.06	\$ 10,839.00	\$ 107,342.75	\$ 4,774.24	\$ 11,640.85	\$ 244,457.93
10/20/2016	DRAW #1 A	\$ 54,575.22	\$ 51,976.40										\$ 2,598.82	\$ 54,575.22
11/1/2016	DRAW #3	\$ 408,414.98		\$ 13,868.33	\$ 106,555.99	\$ 118,068.22	\$ 88,865.79		\$ 44,959.13	\$ 14,692.64	\$ 1,827.00	\$ 129.54	\$ 19,448.33	\$ 408,414.97
11/25/2016	DRAW #4	\$ 232,428.50		\$ 26,793.23	\$ 77,718.72		\$ 9,009.32	\$ 7,037.69	\$ 72,195.34	\$ 23,593.44	\$ 756.00	\$ 4,256.74	\$ 11,068.02	\$ 232,428.50
11/25/2015	DRAW #2 A	\$ 91,680.79	\$ 87,315.03										\$ 4,365.75	\$ 91,680.78
12/9/2016	DRAW #5	\$ 167,024.66				\$ 100,237.63			\$ 43,361.53	\$ 14,170.55	\$ 1,134.00	\$ 167.40	\$ 7,953.56	\$ 167,024.67
12/20/2016	DRAW #6	\$ 258,156.05		\$ 7,375.00	\$ 130,140.83	\$ 4,400.00	\$ 33,738.47		\$ 50,949.96	\$ 16,650.45	\$ 1,386.00	\$ 1,222.20	\$ 12,293.15	\$ 258,156.06
12/27/2016	DRAW #3 A	\$ 48,871.66	\$ 46,544.44										\$ 2,327.22	\$ 48,871.66
1/18/2017	DRAW #7	\$ 385,025.29		\$ 7,589.20	\$ 184,590.62	\$ 64,361.61	\$ 44,582.86		\$ 46,943.37	\$ 15,341.09	\$ 2,457.00	\$ 825.00	\$ 18,334.54	\$ 385,025.29
1/23/2017	DRAW #4 A	\$ 60,850.81	\$ 57,953.15										\$ 2,897.66	\$ 60,850.81
2/21/2017	DRAW #8	\$ 478,538.91			\$ 356,943.06	\$ 28,982.16	\$ 844.46	\$ 1,616.00	\$ 50,210.18	\$ 16,408.69	\$ 2,794.00	\$ (2,047.20)	\$ 22,787.57	\$ 478,538.92
2/21/2017	DRAW #5 A	\$ 54,691.84	\$ 52,087.47										\$ 2,604.37	\$ 54,691.84
3/23/2017	DRAW #9	\$ 546,833.07		\$ 19,148.84	\$ 383,175.15		\$ 21,155.34	\$ 7,481.40	\$ 64,964.24	\$ 21,230.31	\$ 2,268.00	\$ 1,370.12	\$ 26,039.67	\$ 546,833.07
3/28/2017	DRAW #6 A	\$ 50,664.75	\$ 48,252.14										\$ 2,412.61	\$ 50,664.75
3/29/2017	DRAW #10	\$ 65,579.25				\$ 38,104.44			\$ 17,736.65	\$ 5,796.34	\$ 819.00		\$ 3,122.82	\$ 65,579.25
4/25/2017	DRAW #11	\$ 384,359.43			\$ 258,028.81	\$ 33,450.71	\$ (22,480.24)	\$ 12,098.16	\$ 62,513.69	\$ 20,429.47	\$ 2,016.00		\$ 18,302.83	\$ 384,359.43
5/11/2017	DRAW #7 A	\$ 114,323.28	\$ 108,879.31										\$ 5,443.97	\$ 114,323.28
5/417/2017	DRAW #12	\$ 661,087.14		\$ 1,314.00	\$ 450,435.43		\$ 104,259.56	\$ 5,120.03	\$ 50,186.75	\$ 16,401.03	\$ 1,890.00		\$ 31,480.34	\$ 661,087.14
TOTAL		\$ 4,568,917.94	\$ 453,007.94	\$ 118,383.98	\$ 1,947,588.61	\$ 387,604.77	\$ 524,471.46	\$ 33,555.28	\$ 564,062.79	\$ 184,335.72	\$ 126,957.75	\$ 11,382.12	\$ 217,567.53	\$ 4,568,917.95
BUDGET		\$ 9,200,524.00	\$ 850,000.00	\$ 122,896.00	\$ 3,966,206.00	\$ 952,331.00	\$ 996,392.00	\$ 160,000.00	\$ 956,503.00	\$ 315,646.00	\$ 450,625.00	\$ 22,647.00	\$ 407,278.00	\$ 9,200,524.00

CARRY OVER FROM 2015 \$ 166,228.75
2016 FUNDING \$ 8,130,800.00
ADDITIONAL FUNDING \$ 137,000.00

TOTAL FOR 2016 USED \$ 8,434,028.75
BALANCE \$ 3,865,110.81

SECOND REVISED WATER PURCHASE AGREEMENT

Between
City of Shelby
and

North Central Montana Regional Water Authority

This Second Revised Water Purchase Agreement for the sale and purchase of water is entered into as of the ___ day of _____, 2017 (hereafter "Effective Date") between the City of Shelby, Montana, hereafter referred to as "SHELBY" and the North Central Montana Regional Water Authority, hereafter referred to as "AUTHORITY."

WITNESSETH:

WHEREAS, AUTHORITY will require a supply of potable water meeting applicable drinking water standards of the State of Montana.

WHEREAS, SHELBY owns and operates a water supply treatment and distribution system with a capacity currently capable of serving the present and future residents of SHELBY'S system and the capacity required by AUTHORITY to provide potable drinking water to the City of Cut Bank, Oilmont County Water District, and Nine Mile County Water District (up to 898,000 gallons per day);

WHEREAS, the AUTHORITY and SHELBY previously entered into a Water Purchase Agreement, and a Revised Water Purchase Agreement to serve the City of Cut Bank, Oilmont County Water District, and Nine Mile County Water District, this Agreement is intended to replace those Water Purchase Agreements;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth.

A. **SHELBY Agrees:**

1. To treat and deliver to AUTHORITY, at the point of delivery hereinafter specified, during the term of this Agreement or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State of Montana in such quantity as may be required by AUTHORITY, not to exceed 898,000 gallons of potable drinking water per day.
2. That water will be furnished at a reasonably constant pressure, calculated at a pressure to be mutually agreed upon by the parties to this Agreement, at the points of delivery which are located south of Heath Road and east of its intersection with Crossroads Dr., and along City Shop Road just west of its intersection with Benjamin Road. If AUTHORITY requires a greater pressure than normally available at the point of delivery, the cost of providing such greater pressure shall be borne by AUTHORITY. Emergency failures of pressure or supply due to main line breaks, power failure, flood, fire and use of water to fight fire, earthquake or

other catastrophe or any other event beyond the reasonable control of SHELBY shall excuse SHELBY from this provision for such reasonable period of time as may be necessary to restore service.

3. To read the meter at the point of delivery and furnish AUTHORITY, at the address provided below, at the end of each month, an itemized statement of the amount of water furnished during the preceding month.

B. AUTHORITY Agrees:

1. To operate and maintain, at its own expense, at point of delivery, the necessary metering equipment and remote reading unit. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by testing to be inaccurate shall be corrected for the six (6) months previous to such testing in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless SHELBY and AUTHORITY shall agree, in writing, upon a different amount. The metering equipment shall be read on or before the 15th day of each month.
2. To pay SHELBY, thirty (30) days after receipt of invoice from SHELBY, for water delivered in accordance with the following scheduled rates:
 - a. 0 up to 79,240 gallons per month shall be at the rate of \$182.10 per month, which amount shall be the minimum rate per month;
 - b. Usage in excess of 79,240 gallons per month shall be at the rate of \$1.23 per 1000 gallons for the excess only.

The above rates may be amended pursuant to the terms of Section C.4, below.

3. To furnish and install all equipment, materials, buildings, parts, booster pumps, backflow prevention valves, and to pay all applicable meter and meter tapping fees and any and all costs associated with tapping SHELBY'S system. AUTHORITY shall install backflow devices as approved by SHELBY, at the delivery point, to prevent water of any inferior quality from entering SHELBY'S system. The design of any water line, tap, metering, building, testing, booster equipment and/or backflow prevention is subject to SHELBY'S prior review and written approval. All such improvements must be designed by a Montana certified engineer and must be approved by the Montana Department of Environmental Quality, prior to construction. All costs related to any required water quality testing related specifically to AUTHORITY'S water system by any state or federal agency, will be paid by AUTHORITY.

C. It is further mutually agreed between SHELBY and AUTHORITY as follows:

TERM OF AGREEMENT

1. That this Agreement, unless otherwise terminated pursuant to Section C.17 of this Agreement, shall extend for a term of 30 (thirty) years from the date of the initial delivery of any water as shown by the first bill submitted by SHELBY to AUTHORITY and, thereafter, may be renewed or extended for such term, or terms, as may be agreed upon by SHELBY and AUTHORITY.

NO CLAIM OR RIGHT TO WATER OF OTHER PARTY

2. SHELBY will supply AUTHORITY with water from its water system, and that by such action, neither AUTHORITY, City of Cut Bank, Oilmont County Water District, and Nine Mile County Water District, shall, unless separately agreed to, in writing, with SHELBY, have any claim or right to such water upon the termination or expiration of this Agreement.

DELIVERY OF WATER

3. That ten (10) days prior to the estimated date of completion of construction of AUTHORITY'S water supply distribution system to the recipients of the potable water identified in this agreement, AUTHORITY will notify SHELBY, in writing, setting forth the date for the initial delivery of water by SHELBY to AUTHORITY. Upon receiving such written notification from AUTHORITY, SHELBY will have a reasonable amount of time to complete the connections of its system to AUTHORITY'S system. No payment pursuant to Section B.2, above, will be due until AUTHORITY'S system and the point of delivery from SHELBY are operational. It is also agreed that AUTHORITY may, upon request, provide water purchased pursuant to this Agreement to other Members or water purchasers of AUTHORITY located outside SHELBY'S territory, so long as the amount of water purchased remains under the capacity limitations set forth in this Agreement.

MODIFICATION OF AGREEMENT

4. That the provisions of this Agreement pertaining to the schedule of rates to be paid by AUTHORITY for water delivered are subject to modification in conjunction with changes to SHELBY'S water rates. Provided however, water rates charged AUTHORITY by SHELBY shall not be discriminatory to AUTHORITY, and shall not exceed the same percentage of increase or decrease charged to other water users served by SHELBY. Any rate increases sought by SHELBY shall be subject to the adoption of an ordinance or resolution adopted pursuant to applicable Montana law in which AUTHORITY is provided notice of such action and the opportunity to make comment thereon as provided by Montana law.

REGULATORY AGENCIES

5. That this Agreement is subject to such rules, regulations, or laws as may be applicable to similar agreements in this state and SHELBY and AUTHORITY will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

SUCCESSOR TO AUTHORITY

6. That in the event of any occurrence rendering AUTHORITY incapable of performing under this Agreement, any successor of AUTHORITY, whether the result of legal process, assignment, or otherwise, shall succeed to the rights, duties and obligations of AUTHORITY hereunder.

FAILURE TO DELIVER OR REDUCTION OF SERVICE

7. If SHELBY experiences shortages of water or diminished supply impacting all of its water users or water customers, including AUTHORITY, the supply of water to AUTHORITY provided for under this Agreement shall be reduced or diminished in the same ratio or proportion as the supply to SHELBY'S other water users and water customers in existence at date hereof. SHELBY in implementing a reduction or diminishment in water supply to all of its water users or customers shall be nondiscriminatory to AUTHORITY. SHELBY shall provide AUTHORITY with notice of such water supply reduction, as soon as possible.

EASEMENTS

8. To the extent authorized by law or other agreement, and subject to the terms of and conditions of any easement granted to SHELBY, SHELBY agrees where allowable to grant unto AUTHORITY permanent and perpetual easement(s), at locations mutually agreeable to SHELBY and AUTHORITY, twenty (20) feet in width beneath, on, and above SHELBY'S lands or SHELBY water line easements for the purpose of accessing, constructing, operating, and maintaining AUTHORITY water lines, pumps, and all necessary equipment needed to deliver AUTHORITY water to its customers including, where allowable, use of existing SHELBY water line easements located on lands not owned by SHELBY. AUTHORITY understands that depending on the terms and conditions of any easement granted to SHELBY, AUTHORITY may need to obtain easements in its own name from third party landowners.

EXCESS USAGE

9. AUTHORITY may purchase and accept delivery of water in an amount and at flow rates in excess of the amount and flow rate specified in this Agreement, provided that any such purchase and delivery does not adversely affect the operation or condition of SHELBY'S water system or the ability of SHELBY to

deliver water to existing SHELBY water users. Purchase and use of water by AUTHORITY in an amount and at a flow rate in excess of the amount provided for in this Agreement shall not create or be construed as a right of AUTHORITY to continue to receive water in such amount and at such flow rate, unless AUTHORITY requests an increase in the amount provided for in this Agreement, and such increase is approved by SHELBY'S city council.

10. Except as provided for in Section C.9, above, in the event AUTHORITY uses more than the number of gallons of water per day, agreed to in Section A.1, and such excess water use is detrimental to SHELBY'S water distribution system and/or other existing SHELBY water users or customers, SHELBY, at its sole option, may notify AUTHORITY in writing, by certified mail, that SHELBY intends to limit AUTHORITY'S purchase of water to the herein limited gallons per day. SHELBY then may, at its discretion, limit AUTHORITY'S purchase of water to the maximum amounts allowed under this Agreement. AUTHORITY waives its right to collect damages against SHELBY for terminating AUTHORITY'S use of excess water as set forth in this Section C.10.

NO RIGHTS CONFERRED

11. It is understood and agreed to that this Agreement and agreements made pursuant hereto shall confer no permanent water rights upon AUTHORITY, nor shall any future needs for water by AUTHORITY enable AUTHORITY to make claim against SHELBY for any of SHELBY'S water, or water rights beyond this Agreement or agreements made pursuant hereto.

AMENDMENT

12. Except as provided for in Section C.4 of this Agreement related to rates, this Agreement may be modified or altered, only by mutual agreement, expressed in writing signed by authorized agents of the parties.

WARRANTIES AND REPRESENTATIONS

13. AUTHORITY hereby warrants and represents to SHELBY that (i) it has the power and authority to execute and deliver and perform its covenants, obligations and agreements contained in this Agreement; (ii) its governing body has taken all action necessary to authorize the execution, delivery and performance of this Agreement; (iii) the execution, delivery and performance of this Agreement will not constitute a violation of or default under any of its governing documents or any agreement, order, decree, law, rule or regulation to which it is a party or by which it is bound, or result in the creation of any lien or security interest on or in any assets or property except for any such lien or security interest created pursuant hereto; and (iv) this Agreement is a legal and binding obligation of AUTHORITY enforceable against it in accordance with its terms.

14. SHELBY hereby warrants and represents to AUTHORITY that (i) it has the power and authority to execute and deliver and perform its covenants, obligations and agreements contained in this Agreement; (ii) its governing body has taken all action necessary to authorize the execution, delivery and performance of this Agreement; (iii) the execution, delivery and performance of this Agreement will not constitute a violation of or default under any of its governing documents or any agreement, order, decree, law, rule or regulation to which it is a party or by which it is bound, or result in the creation of any lien or security interest on or in any assets or property except for any such lien or security interest created pursuant hereto; and (iv) this Agreement is a legal and binding obligation of SHELBY enforceable against it in accordance with its terms.

FORCE MAJEURE

15. If any party is prevented in whole or in part from performing its obligations under this Agreement, by unforeseeable causes beyond its reasonable control and without its fault or negligence (hereinafter "force majeure"), then the party so affected or prevented, shall be excused from whatever performance is affected by such force majeure condition, but only to the extent the performance is actually affected and provided that the affected party provides written notice to the other parties of the force majeure condition(s) within five (5) calendar days from the onset of such force majeure condition. Failure of the affected party to provide timely notice shall constitute a waiver of the force majeure condition and claim by the affected party to excuse its performance hereunder.

ASSIGNMENT

16. No assignment of the rights, duties or obligation under this Agreement may be made by either party, without the express written approval of the other party. Any attempt at assignment in violation of this Section shall be void.

TERMINATION

17. Either party may, prior to the expiration of the term provided for in Section C.1, above, and subject to the conditions below, terminate this Agreement in the event of a material breach of this Agreement by the other party. Prior to any termination for a material breach, the non-breaching party shall give written notice of such breach to the breaching party and the opportunity to cure such breach (the "Breach Notice"). In the event such breach is not cured within sixty (60) days after service of the Breach Notice, the non-breaching party may elect to immediately terminate this Agreement by giving written notice of termination to the breaching party not later than ninety (90) days after service of the Breach Notice. Notwithstanding the foregoing, in the event a breach is not reasonably capable of being cured within the 60-day period described above, then so long as the breaching party shall commence a cure within such 60-day period and shall

diligently pursue such cure to completion then the non-breaching party shall not have the right to terminate this Agreement.

The AUTHORITY may terminate this Agreement prior to the expiration of the term provided for in Section C.1, above, if the North Central Montana Regional Water Project is constructed either in whole or in part in a manner that replaces the need for the water conveyed under this Agreement.

NO WAIVER

18. Waiver of breach of any term or provision of this Agreement shall not be deemed a waiver of any other breach of the same or different provision. In addition, waiver of any provision, obligation, or duty as provided in this Agreement shall not constitute a waiver of a future breach.

NOTICES

19. All notices required to be given pursuant to the terms and provisions of this Agreement shall be in writing, and shall be sent by certified or registered mail, postage prepaid, return receipt requested upon the parties at the below listed address, or as otherwise specified, in writing, from time to time, by the parties:

If to AUTHORITY:

North Central Montana Regional Water Authority
PO Box 2456
Havre, MT 59501

With a copy to:

Steve Wade
Browning, Kaleczyc, Berry & Hoven, P.C.
P.O. Box 1697
Helena, MT 59601
406-443-6820

If to SHELBY:

With a Copy to:

SEVERABILITY

20. In the event any term or provision of this Agreement is rendered invalid or unenforceable by any law, rule or regulation, or declared null and void by any court of competent jurisdiction, the remainder of the provisions of this Agreement shall remain in full force and effect.

HEADING

21. The headings of Sections contained in this Agreement are for reference purposes only and should not effect in any way the meaning or interpretation of this Agreement.

DISPUTE RESOLUTION

22. The parties shall endeavor in good faith to obtain full and cooperative resolution of any dispute or disagreement in respect to the performance by either of them of their respective duties and obligations hereunder, or in regard to interpretation and/or administration of any other term or provision in this Agreement, or of any matter not provided for or covered in this Agreement which is nonetheless essential to the achievement of the ends and objectives of this Agreement. Any matters not resolved by mutual agreement shall be resolved by arbitration as hereafter provided, unless the parties mutually agree otherwise.

Arbitration. Any claim, dispute or other matter in controversy arising out of or related to this Agreement, or the performance or breach thereof, will be decided by arbitration in accordance with the rules of the American Arbitration Association. Notwithstanding the foregoing, a party may submit any claim for injunctive relief, including, without limitation, a decree of specific performance, to a court of law to be resolved by legal or equitable proceedings subject to the provisions of Sections C.17 and C.23 of this Agreement.

Arbitration Procedure. For any matter subject to this arbitration provision in which the amount in controversy is \$100,000.00 or more, three (3) arbitrators will be appointed, at least one of whom shall be an attorney. For any matter subject to this arbitration provision in which the amount in controversy is less than \$100,000.00, there shall be one (1) arbitrator selected in accordance with the American Arbitration Association rules. The arbitrator(s) will complete hearings and render a decision on the earlier of the date required by the rules governing the arbitration or no more than 180 days after their appointment. The arbitration will be conducted either in Toole County, Montana, or at a location mutually agreeable to the parties. In addition to such discovery that may be ordered in the discretion of the arbitrator(s), at least 30 days prior to the hearing, the parties will exchange documents relevant to the claims and defenses of the parties, a detailed itemization of damages, identification of witnesses, and any reports of experts who are expected to testify or, if there are no reports, summaries in reasonable detail of their expected testimony.

Arbitration Decision. The arbitrator(s) are to decide only the issue(s) presented to them and shall not vary the terms of this Agreement. The arbitrator(s) shall have the authority to order specific performance by either or both parties of their duties and obligations in this Agreement. The arbitrator(s) shall be authorized to award

to the prevailing party its reasonable legal fees and costs incurred to prosecute or defend the claims that are the subject of the arbitration. The decision and award of the arbitrator(s) will be final and binding, unless modified, set aside, or appealed based upon the standards set forth in the Montana Uniform Arbitration Act (Mont. Code Ann. §§ 27-5-111, et seq.).

If any party hereto is compelled to incur any expenses, including reasonable attorney's fees, in instituting, prosecuting, or defending any action, suit or proceeding to enforce any of the terms, covenants or conditions contained herein, or to collect damages, the prevailing party in any such action, suit or proceeding shall be entitled to recovery of such reasonable attorney's fees and all court costs incurred therein.

GOVERNING LAW

23. This Agreement shall be construed and enforced in accordance with the laws of the State of Montana. Venue for a judicial action arising out of or related to this Agreement shall be in Toole County, Montana.

///

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Agreement to be duly executed in two counterparts, each of which shall constitute an original.

CITY of SHELBY

By _____

Its _____

ATTEST:

STATE OF MONTANA)
 :ss
County of _____)

On this ____ day of _____, 20__, before me, the undersigned, a Notary Public in and for the State of Montana, personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same

In witness whereof, I have hereunto set my hand and affixed my notarial seal on the day and year first above written.

(Notarial Seal)

Notary Public for the State of Montana
Printed Name: _____
Residing at: _____
My Commission Expires: _____

NORTH CENTRAL MONTANA
REGIONAL WATER AUTHORITY

By _____

Its _____

ATTEST:

STATE OF MONTANA)
 :SS
County of _____)

On this ____ day of _____, 20__, before me, the undersigned, a Notary Public in and for the State of Montana, personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same

In witness whereof, I have hereunto set my hand and affixed my notarial seal on the day and year first above written.

(Notarial Seal)

Notary Public for the State of Montana
Printed Name: _____
Residing at: _____
My Commission Expires: _____

//