

**INTERGOVERNMENTAL AGREEMENT AMONG GUNNISON COUNTY,
TOWN OF CRESTED BUTTE, TOWN OF MT. CRESTED BUTTE, EAST RIVER
REGIONAL SANITATION DISTRICT, MT. CRESTED BUTTE WATER AND
SANITATION DISTRICT, AND CRESTED BUTTE SOUTH METROPOLITAN
DISTRICT REGARDING UPPER EAST RIVER VALLEY AREA WIDE
201 FACILITIES PLAN**

THIS INTERGOVERNMENTAL AGREEMENT, made and entered this 13th day of MARCH, 1996, by and among the Board of County Commissioners of Gunnison County, Colorado ("Gunnison County"), the Town of Crested Butte, Colorado ("Crested Butte"), the Town of Mt. Crested Butte, Colorado ("Mt. Crested Butte"), the East River Regional Sanitation District ("East River"), Mt. Crested Butte Water and Sanitation District ("Mt. Crested Butte District") and the Crested Butte South Metropolitan District ("Crested Butte South District"), all of which are either a County, a home rule town or a special district organized under and by virtue of the laws of the State of Colorado; and, except for Gunnison County and the Town of Mt. Crested Butte, each of which is a provider of wastewater treatment ("service provider") within the East River Valley Areawide 201 Facilities Plan area;

WITNESSETH:

WHEREAS, pursuant to C.R.S. 29-1-201 *et seq.*, each of the parties herein may cooperate with the other parties herein to accomplish regional wastewater treatment facilities planning and wastewater treatment; and

WHEREAS, it is to the mutual advantage and benefit of the public and the parties hereto for the parties to cooperate with each other to accomplish those purposes; and

WHEREAS, the parties cooperatively have produced an East River Valley Areawide 201 Facilities Plan, dated July, 1995 (which is incorporated herein by reference); and

WHEREAS, phasing of the capital expenditures for regional wastewater facilities is an important consideration in expansion of existing facilities; and

WHEREAS, existing user charges can continue to pay for the debt service costs of existing facilities and growth can be used to fund regional improvements; fees from growth may be appropriate for required regional improvements; and

WHEREAS, having an applicant for service and/or developers of new growth substantially pay for the cost of the additional wastewater treatment facilities that such new growth will require will provide for an equitable distribution of the costs of those additional facilities, including but not limited to a proportionate share of operating costs; and

WHEREAS, Gunnison County has adopted the Gunnison County Individual Sewage Disposal System Regulations ("ISDS Regulations"), which may be amended from time to time; and

WHEREAS, Crested Butte and Mt. Crested Butte each have adopted its own three mile plan pursuant to C.R.S. 31-12-105, each of which may be amended from time to time; and

WHEREAS, East River, Mt. Crested Butte District and the Crested Butte South district each have adopted its own rules and regulations pursuant to C.R.S. 32-1-1001 *et seq.* for carrying on its respective business, objects and affairs; and

WHEREAS, Crested Butte and Mt. Crested Butte have the opportunity to annex territory pursuant to C.R.S. 31-12-101 *et seq.* ("the Municipal Annexation Act of 1965"); and

WHEREAS, East River, Mt. Crested Butte District, and Crested Butte South District each have the opportunity to alter its respective boundaries to include territory pursuant to C.R.S. 32-1-401 *et seq.*; and

WHEREAS, the parties desire to set out those general principles that will guide further agreements among them to accomplish the purposes of the East River Valley 201 Facilities Plan;

NOW, THEREFORE, in consideration of their mutual covenants below, the parties agree as follows:

1. Wastewater treatment service areas are delineated in the maps attached hereto and incorporated herein as Appendix A; these maps were developed as part of the July, 1995, East River Valley Areawide 201 Facilities Plan. The service provider for a delineated service area shall provide wastewater treatment pursuant to the terms of this Intergovernmental Agreement and the further agreements that parties may adopt between and among them. These further agreements shall be consistent with the general principles of this Intergovernmental Agreement.

2. Developments proposed within a delineated service area must meet certain criteria in order to be served by the designated service provider. These criteria include:

a. The development is consistent with the rules, regulations, annexation, inclusion, utility extension and/or development policies or guidelines of the treatment provider and with the requirements of any Gunnison County I.S.D.S. District for the delineated service area that may be developed. The parties expeditiously shall cooperate between and among each other to develop these annexation, utility extension and/or development guidelines or I.S.D.S. District designations for the delineated service areas as well implement this Intergovernmental Agreement.

b. The existing treatment facilities have the capacity to receive and treat the material from the proposed development or it is determined that it is reasonable to finance and engineer the expansion of existing treatment facilities. Each service provider has identified and delineated, in the chart attached hereto and incorporated herein as Appendix B, the current capacity of its respective treatment facilities available to serve:

i. future development within its current municipal or special district boundary; and

ii. future development outside of its current municipal or special district boundary but within its delineated service area in Appendix A.

Each service provider shall use the current capacity of its respective treatment facilities only as identified in Appendix B, subject to plant expansion, advances in technology, and the provisions of paragraph 2a. above.

c. The applicant and/or developer must pay for an appropriate engineering and financial analysis adequate to evaluate treatment options and costs. The provider of the engineering and financial analysis must be acceptable to the applicant and/or developer, County and treatment service provider.

d. The applicant and/or developer must provide to the service provider financial security, acceptable to the service provider and Gunnison County, to ensure that the full costs of planning and constructing facility expansion will be provided by the developer. This security may include a combination of liquid assets, payment for current construction or other financing acceptable to the service provider and Gunnison County.

e. The service provider and the applicant and/or developer shall cooperate to identify and secure the easements necessary to construct the collection lines and other infrastructure necessary to provide wastewater treatment to the development; all costs of acquisition of such easements, including but not limited to all costs and

attorneys fees of any condemnation proceedings, shall be borne by the applicant and/or developer.

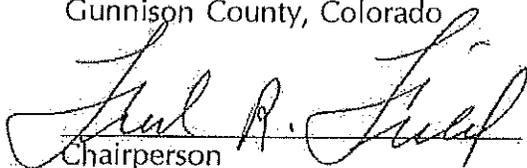
f. With regard to any facility construction, enlargement, financing or refinancing of a facility for the purpose of providing service within a designated service area pursuant to this Agreement, approval of the general type and specifications of facility expansion, and the financing of the same, shall be in the sole discretion of the treatment provider and Gunnison County. The State of Colorado must also approve a site application and plans and specifications.

3. Based on consultation with the designated service provider, Gunnison County may approve a development in a delineated service area without current connection to the designated service provider. In that circumstance, and with approval of the designated service provider, Gunnison County shall require, and the designated service provider shall accept, future connection to the service provider's treatment system; there also shall be required pursuant to paragraph 2d. above current security including but not limited to current construction, dry laying of pipes, financing and deed restrictions to ensure installation of the infrastructure that such future connection will require. The parties will discourage package plants inside of delineated service areas.

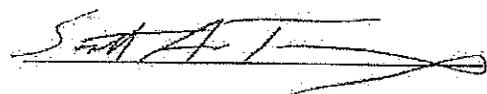
4. The parties shall cooperate by and among each other to identify and implement those additions to and expansions of the designated services areas herein that will implement the purposes of the July, 1995, East River Valley Areawide 201 Facilities Plan.

5. Participation in this Agreement does not inhibit or preclude any party to it from full exercise of its legal obligations or opportunities regarding either regulatory or other legal review of any proposed development, any treatment plant creation, construction, operation or expansion, any annexation pursuant to the Municipal Annexation Act of 1965 as it may be amended, or any alteration of special district boundaries. Each party expressly reserves all rights and opportunities to further review, comment on, and participate in, all regulatory, permitting or other legal processes regarding such matters. Nothing in this Intergovernmental Agreement is or shall be construed to be a predetermination of the specific details of any such matter or the financial obligations attendant to it.

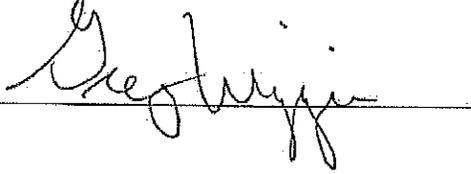
Board of County Commissioners
Gunnison County, Colorado


Chairperson

Town of Crested Butte
Crested Butte, Colorado

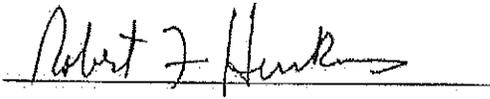


East River Regional
Sanitation District



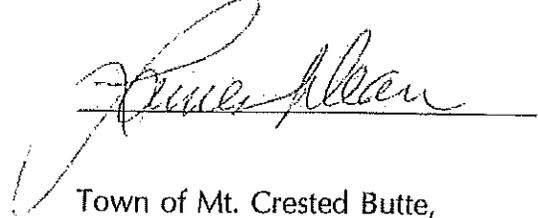
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Crested Butte South
Metropolitan District



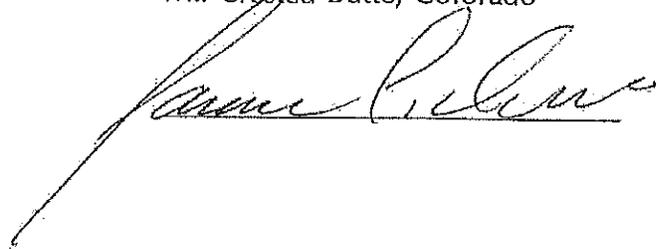
A handwritten signature in cursive script, appearing to read "Robert F. Hunk", written over a horizontal line.

Mt. Crested Butte Water
and Sanitation District



A handwritten signature in cursive script, appearing to read "James Allen", written over a horizontal line.

Town of Mt. Crested Butte,
Mt. Crested Butte, Colorado



A handwritten signature in cursive script, appearing to read "James Palmer", written over a horizontal line.