

**AGREEMENT FOR THE SALE OF WATER, TREATMENT OF
WASTEWATER, AND GRANT OF RIGHT TO USE LAND FOR
STORAGE AND DISPOSAL OF TREATED WASTEWATER**

Parties to the Agreement:

Big Sky County Water and
Sewer District No. 363
P. O. Box 160670
Big Sky, MT 59716-0670

Yellowstone Mountain Club, LLC
Yellowstone Development, LLC,
Spanish Peaks Development, LLC,
Lone Moose Meadows, LLC
Blixseth Group Inc.
Big Sky, MT 59716

Date of Execution: March 29, 2001

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LIST OF EXHIBITS

- Exhibit A-** Location Map Index
- Exhibit B-** Map showing "Point of Connection" to Mountain Village water system
- Exhibit C-** Map of Yellowstone Club Development with Phases 1, 1A, 2 and 3 shown on map
- Exhibit D-** Map of proposed wastewater storage pond location
- Exhibit E-** Map of proposed spray irrigation site
- Exhibit F-** Map of Developer's lands for future sewer connections
- Exhibit G-** HKM, Inc. and Morrison-Maierle, Inc. Engineering Cost Analysis
- Exhibit H-** Easement Form
- Exhibit I-** Developer's Authorization
- Exhibit J-** District's Authorization

**AGREEMENT FOR THE SALE OF WATER, TREATMENT OF
WASTEWATER, AND GRANT OF RIGHT TO USE LAND FOR STORAGE
AND DISPOSAL OF TREATED WASTEWATER**

THIS AGREEMENT dated this 29th day of March, 2001, is entered into by and between **YELLOWSTONE MOUNTAIN CLUB, LLC, YELLOWSTONE DEVELOPMENT, LLC, SPANISH PEAKS DEVELOPMENT, LLC, BLIXSETH GROUP, INC.,** and **LONE MOOSE MEADOWS, LLC** (collectively referred to as "Developer"), and the **BIG SKY COUNTY WATER AND SEWER DISTRICT NO. 368** ("District").

WITNESSETH:

WHEREAS, the District is organized under Title 7, Chapter 13, Parts 22 and 23 of the Montana Code Annotated (MCA), and owns and operates three water systems and a wastewater collection, treatment and disposal system located at Big Sky, Montana; and

WHEREAS, the three water systems are located in the Mountain Village, Meadow Village and Aspen Groves, which are permitted as municipal water systems by the State of Montana, permit nos. SDW02384, SDW02385 and SDW04064 respectively; and

WHEREAS, the District is authorized, pursuant to MCA § 7-13-2218(7), to "sell water or the use of water for household or domestic or other similar purposes or sell sewer service and, whenever there is a surplus of water or sewer works capacity, sell or otherwise dispose of the water or sewer works capacity . . . to consumers located within or outside the boundaries of the district"; and

WHEREAS, Developer owns land as shown on **Exhibit F** contiguous to and outside the boundaries of the District which is being developed. The Developer's existing and anticipated projects include, Lone Moose Meadows ("LMM"), a residential development located adjacent to the District's sewer outfall line; Yellowstone Mountain Club ("YMC"), a residential and recreational resort development; the Spanish Peaks Development, LLC, a residential subdivision planned for development, and land owned by Developer in Section 34; and

WHEREAS, Developer wants to purchase surplus water from the District for its YMC development, and petition to have certain developments other than YMC, including but not limited to LMM and Spanish Peaks admitted into and made a part of the District as provided by MCA § 7-13-2341, and

WHEREAS, the District wants to increase its water supply and expand its wastewater storage, treatment and disposal capacity; and

WHEREAS, in furtherance of these wants and needs, Developer and the District have prepared this Agreement whereby the District will agree to sell surplus water and undertake the process of requesting approval to admit LMM, Spanish Peaks and certain other developments, other than YMC, into the District, on and for the stated terms and purposes expressed in this Agreement, and, in exchange, among other things, Developer will agree to replace the surplus water being purchased by drilling a well(s) on real property located in the vicinity of the Mountain Village water system area, to convey the well(s), with water rights, to the District upon completion, and to convey to the District the right to store and dispose of treated wastewater on real property Developer owns or has binding agreements to acquire as shown on **Exhibits 'D', 'E' and 'F'**, and/or dispose of treated wastewater by snowmaking only as provided in this Agreement.

NOW, THEREFORE, in furtherance of these intents and purposes the District and Developer covenant and agree as follows :

I. PURCHASE AND SALE OF SURPLUS WATER FOR YMC DEVELOPMENT.

The District agrees to sell and Developer agrees to purchase surplus water from the District's Mountain Village water system, in an amount not to exceed 216,000 gallons per day (gpd), based on a maximum seven (7) day average, subject to Montana law regulating the

sale of surplus water, the rules and ordinances promulgated by the District for its consumers, and the terms and conditions of this Agreement.

For purposes of this Agreement, "surplus water" shall mean the difference between the total developed groundwater source capacity of all the Mountain Village wells, including Developer well(s) drilled under the terms of this Agreement, and the maximum Mountain Village water demand averaged over a seven (7) day period, as determined on an annual basis from District metered well production records.

The maximum seven (7) day average shall be calculated over a 7 day period Monday through Sunday during peak usage whenever that might occur during the year according to District metered Mountain Village well production records.

A. Developer to Drill Well(s). In consideration for the District selling surplus water to Developer, Developer agrees to locate and drill a new water well or wells, or transfer to the District an existing well or wells, with a total individual or combined yield of not less than one hundred fifty (150) gallons per minute (gpm) (216,000 gpd). The specific terms, conditions and requirements for the well(s) are as follows:

1. Location. The general location of the well(s) shall be in the vicinity of the Mountain Village water system, with the

specific location selected by the Developer and approved by the District. To the extent the District owns or controls property in the Mountain Village area, the District agrees to make such property available to Developer for purposes of constructing well(s) and connecting to the District's water system. The District further agrees to assist Developer in identifying well sites outside property owned or controlled by the District, if requested, however, the final decision of where to locate the well(s) shall be made by the Developer with the District's approval. The parties agree that Developer may satisfy this obligation by Developer transferring to the District existing well(s) owned by Developer. The District shall approve such wells prior to the transfer according to the standards contained in this Agreement.

2. Yield Verification. The Developer shall retain a third party to conduct pump tests on the well(s) to verify final gpm production yields. The yield verification tests shall be conducted within thirty (30) days after the well has been drilled to its total depth. A written copy of the yield verification tests shall be provided to the District within thirty (30) days after the tests are conducted, or, in the

case of a well tested prior this Agreement becoming effective, within thirty (30) days of the date of this Agreement.

3. Water Quality. The quality of water produced by the well(s) must be of a quality acceptable to the District as defined in subsection (a) below, and must meet or exceed state drinking water standards for domestic potable water supply. If for any reason the well(s) do not meet or exceed the District's water quality standard for H₂S, the state's drinking water standards for potable water supply, or production criteria, the Developer must continue to drill any number of well(s) or provide appropriate water treatment until the standards are met. Within sixty (60) days of completion of well(s), the District shall confirm that the water quality complies with the terms of this Agreement.

- a. Hydrogen sulfide (H₂S). For purposes of this Agreement, the water quality standard at the wellhead for H₂S is .04 mg/L.

4. Completion Time. The Developer shall drill, prove, complete, and file for the associated water rights for the well(s) by no later than **December 31, 2001**. For purposes of section I. of this Agreement, "completion" means when yield has been verified, as provided in sub-paragraph I.A.2. above, and water

quality has been approved by the District, as provided in sub-paragraph I.A.3. above.

5. Ownership, Water Rights and Easements. Within thirty (30) days of receipt of notice of acceptance from the District, Developer shall convey ownership of the well(s), and associated water rights shall also be conveyed to the District; together with all necessary easements for the ongoing operation, maintenance and repair of the well(s). As part of the conveyance of water rights, the District will make any adjustment to place of use that is necessary. For purposes of this paragraph, conveyance of water rights shall mean preparation of all documents of transfer and submittal of the appropriate application(s) to the Montana Department of Natural Resources and Conservation. The Developer shall be responsible for responding to any deficiencies in the water right application(s).
6. Connection to District Water System. Once the well(s) is complete, and ownership has been conveyed to the District, as provided in sub-paragraph I.A.5. above, Developer shall be responsible for installing power to operate the well(s), installing a water meter on each well drilled, constructing a water supply line to the Mountain Village water system,

installing all necessary valves, installing a booster station if necessary, and any other required equipment so the well(s) can be properly connected to the District's Mountain Village water system.

7. Cost. The Developer will be responsible for all costs related to locating, drilling and completing the well(s), transferring ownership to the District and connecting to the District's water system; provided, however, that Developer shall not be responsible for the District's oversight or document review costs.
8. DEQ Approval. Prior to installation of equipment and/or construction of the capital improvements necessary for connection to the District water system, identified in subparagraph I.A.6., Developer must submit and receive written approval from the District and the Department of Environmental Quality ("DEQ") for all plans and specifications related to the water line, booster facilities, and water storage tank which will serve Phases 1, 1A, 2 and 3 of the YMC development (Plat reference: Phases 1 and 2 recorded in Book 4 of plats, page 408, Madison County and Phases 1A and 3 plat references to be provided to the District when filed). Developer shall provide a copy of each DEQ approval that was given prior to

the date of this Agreement within thirty (30) days of the effective date of this Agreement and each approval obtained after the date of this Agreement within thirty (30) days of the approval.

9. Engineering Reports and Inspections. Prior to Developer receiving water from the District's water system, Developer must submit an Engineer's Report to the District verifying that all wells, capital improvements and other appurtenant equipment has been inspected, accepted and approved by Developer's engineer.
10. Mountain Village Water Model. Developer shall share the cost on a 50/50 basis with the District, not to exceed \$5,000.00 total, to update the computer water model for the Mountain Village water system to show the impact of the Developer's well(s) and connection on the existing system, and verify the volume of surplus water available for sale. The District shall hire and oversee the Engineer to do the computer water model work.
11. Operations, Maintenance & Repairs. After Developer has completed and conveyed ownership of the well(s) and water rights to the District, and they have been formally accepted by the District, then the District shall be responsible for

operating and maintaining the wells and water lines connecting the wells to the Mountain Village water system. So long as Developer obtains water from the District under the terms of this Agreement, Developer shall remain responsible for operating, maintaining and repairing all appurtenant water lines, valves, booster stations, meters and all other equipment installed to effectuate the transfer of water from the Mountain Village water system to the Developer's water storage tank and to the YMC development, which have not been transferred to the District. For purposes of this paragraph, the point of ownership change shall be at the downstream side of the water valve nearest to the District's water main (**Exhibit D**) herein after called the "point of connection".

12. Reduction, Suspension or Termination of Sale of Surplus Water. Developer acknowledges, understands and agrees that in the future, if the District has insufficient surplus water available in the Mountain Village water system service area to fulfill Developer's requirements, the District may be required by law to reduce, suspend or terminate its sale of surplus water to the YMC development. In no event may the District reduce, suspend or terminate the amount of

surplus water sold to Developer without providing Developer at least twelve (12) months prior notice of such reduction, suspension or termination unless it is Ordered by a governmental agency or a court of competent jurisdiction.

13. Monitoring Surplus Water Supply. In order to monitor the available supply of surplus water, the District shall measure the volume output of all the wells in the Mountain Village water system, including the wells completed under the terms of this Agreement, on a monthly basis and maintain the results at the District office. In the event the output records show that the volumetric output of a particular well or wells is decreasing, and thereby depleting the supply of surplus water, then either Developer, the District or both shall be required to restore the surplus water supply. In that regard, if the depletion of the water supply is a result of a decrease in volume by a well drilled and completed by Developer then it shall be Developer's responsibility to increase the production capability of the existing well or drill an additional well(s) to increase the water production capacity of the Mountain Village water system to insure an adequate supply of surplus water is available for sale to Developer. In the event that

Developer drills an additional well(s) it must be completed and ownership transferred to the District on the same terms and conditions expressed in this Agreement.

On the other hand, if the depletion of the water supply is a result of a decrease in volume by a well drilled and completed by the District then it shall be the District's responsibility to increase the production capability of the existing well or drill an additional well(s) to increase the water production capacity of the Mountain Village water system to insure an adequate supply of surplus water is available for sale to the Developer.

14. Assessments for Capital Improvements. As long as Developer is purchasing surplus water from the District, Developer agrees to pay for the benefit of its water user base or to make its YMC water user base subject to paying a portion of the debt service on general obligation or revenue bonds, or other indebtedness for any future Mountain Village water system improvements that are necessary to continue supplying surplus water to Developer. In the event the District is unable to extend the debt service assessment to the Developer or the Developer's YMC water user base, then the District has the option of recovering a pro-rata share of

the capital improvement costs through an increase in the user charge. An example of such improvements include, but are not limited to, replacement of a water main, or any part thereof, that is used to convey water to Developer's point of connection. The amount of the assessment on the YMC development shall be determined by using prorated volumetric water usage as a basis for calculating assessments. In such case, if both parties cannot agree on the amount of the assessment or the debt service portion of the user charge, the parties shall submit the matter to mediation and then if mediation is not successful, the matter shall be submitted to arbitration. Alternatively, Developer may terminate its purchase of water from the District. If Developer elects to terminate water service from the District, Developer shall give thirty (30) days written notice, as provided in Section VI.A.1. of this Agreement, of its intent to terminate the purchase of surplus water from the District.

15. Payment of Water User Charges. Developer shall purchase the surplus water at a volumetric rate established by the District. This rate shall be based on the District's fixed costs of operating the Mountain Village Water System and the added cost of delivering water to the Developer's water

system. The volumetric rate charged to the Developer shall be commensurate to the rate that other Mountain Village water customers pay that are in the District. The charges billed to the YMC development shall then be based on metered volumes to be billed on a quarterly basis. The quarter shall be consistent with the quarterly billing cycle for the other customers of the District. The billing cycle to YMC may be other than quarterly if the District and YMC mutually agree. The parties agree that they may enter into an arrangement under which the District bills individual water users directly.

16. Easements and Rights-of-Ways. Developer shall be solely responsible for obtaining and recording all easements for wells, booster station facilities, and water line piping. Developer shall grant to the District all easements and rights-of-way necessary for the implementation and continued performance of the terms, conditions and obligations of this Agreement. Such grants shall be made and executed no later than **December 31, 2001**.

17. Warranties. All warranties, guarantees, and/or performance bonds associated with drilling wells or installing capital improvements pursuant to this Agreement shall be

transferred to the District when the improvements are transferred to the District.

B. District to Sell Surplus Water. In consideration for Developer doing all of the things identified and listed above, the District agrees to sell surplus water to Developer in an amount not to exceed a 7-day average in the amount of 216,000 gallons per day.

1. Waiver of Claim. Developer understands, agrees and voluntarily acknowledges that amount of water sold by the District and purchased and used by the Developer shall not exceed a 7-day average in the amount of 216,000 gallons per day. Developer therefore relinquishes, releases and waives any claim against the District for the sale of water in excess of surplus water as defined in section I. If the YMC's usage of water supplied by the District exceeds this amount then the Developer shall restrict YMC water usage to stay within the limits of water supplied by this Agreement.
2. Connection to Mountain Village Water System. The District shall allow Developer to connect Phases 1, 1A, 2 and 3 of the YMC development water distribution system to the Mountain Village water system service area. This connection does not directly or indirectly imply that the YMC development is or

shall at any time be admitted into the District and, any proposal for admission shall be addressed solely under the provisions of applicable Montana law.

3. Reports to YMC.

- a. Water Usage Reports. With each billing, the District shall supply Developer with a written accounting of the total volume of water used for the billing period.
- b. Consumer Confidence Reports. The District will also send Developer all Consumer Confidence Reports as required by law.
- c. Annual Surplus Water Reports. The District shall hire an engineer to evaluate the status of water availability on an annual basis. A copy of the engineer's report shall be provided to the Developer within 30 days of its completion.

II. CONSTRUCTION OF WASTEWATER STORAGE AND DISPOSAL FACILITIES.

As additional consideration for the District entering into this Agreement, Developer shall convey to the District, upon execution of this Agreement, the right to store treated wastewater in storage ponds constructed by Developer, and dispose of treated wastewater on land Developer owns, or land upon which Developer has the right to either spray irrigate or make snow. The anticipated general location of the proposed storage site(s) and disposal site(s) is set forth on

Exhibits 'D' and **'E'**. A more specific location and legal description of the storage and disposal site(s) shall be set forth on recordable easements agreed upon by the parties and placed into escrow as provided by Sections II.A.6., II.B.5. and II.C.6. of this Agreement. The terms, conditions and obligations regarding the construction of the wastewater storage and disposal facilities are as follows:

A. Wastewater Storage Ponds. Developer shall construct lined ponds for the storage of treated wastewater, on its property, with a total combined storage capacity of **one hundred thirty million (130,000,000)** gallons.

1. Location and Size of Site for Storage. The anticipated location of the sites for the wastewater storage pond(s) are identified in **Exhibit 'D'** attached hereto.
2. Design and Approval of Storage Pond Plans. The Developer shall submit all plans and specifications to the District for review and comment. The District shall complete its review within 30 days of receipt of the plans and specifications. Following District review, Developer, with the District's cooperation shall, be responsible for submitting plans and specifications to DEQ for review and approval. After submittal, Developer shall be responsible for responding to

DEQ requests for additional information and/or plan modifications until DEQ has approved the plans and specifications.

3. Developer Obligation to Construct Storage Ponds. Developer shall construct the storage ponds in not more than **three (3)** phases. The plans and specifications for construction of the Phase One of storage pond must be submitted and approved by the District and DEQ within **one (1)** year from the date of execution of this Agreement. The plans and specifications for construction of the Phase Two and Phase Three ponds must be submitted and approved by the District and DEQ within one (1) year after Developer receives written notification from the District's engineers that the District needs additional storage capacity.
 - a. Phase One. The Phase One storage pond(s) shall be constructed to provide a minimum storage capacity of not less than **fifty million (50,000,000)** gallons and must be fully constructed within **thirty (30)** months from the date of execution of this Agreement.
 - b. Phase Two. The Phase Two storage pond(s) shall be constructed to provide a minimum storage capacity of **fifty**

million (50,000,000) gallons. Construction shall commence within **thirty (30)** days, weather permitting, after Developer receives written approval from DEQ, but no later than one (1) year after Developer receives written notification from the District that the District needs additional storage capacity. Developer must fully complete construction of the Phase-two storage pond within **two (2)** years from the date of notification from the District of its need for additional storage capacity. The District may not provide such notification prior to its award of the contract to construct its Meadow Village treatment plant and forcemain facilities.

- c. Phase Three. The Phase Three storage pond(s) shall be constructed to provide storage capacity of the volume necessary for total wastewater storage under this Agreement to be an amount totaling not less than **one hundred thirty million (130,000,000) gallons**. Construction shall commence within **thirty (30)** days, weather permitting, after Developer receives written approval from DEQ, but no later than one (1) year after Developer receives written notification from the District that the District needs additional storage capacity. Developer must fully complete construction of the

Phase-three storage pond within **two (2)** years from the date of notification from the District of its need for additional storage capacity. The District may not provide such notification prior to its award of the contract to construct its Meadow Village treatment plant and forcemain facilities.

4. Cost of Construction. Developer shall be solely responsible for the cost of designing and constructing all of the wastewater storage pond(s) and installing all necessary appurtenant equipment.
5. Term of Storage Right. The District's right to store treated wastewater in the storage ponds on Developer's land identified in this Agreement shall be perpetual, or for such shorter term as required by Montana Law, unless, for any reason the District fails to provide sewer works capacity to Developer under Section III of this Agreement.
6. Easement for Storage Right. The right to store treated wastewater shall be effectuated by a recordable easement, the form of which is attached hereto as **Exhibit H**. The parties understand and agree that Developer may at any time, either before or after the easement is recorded, substitute a new or more specific easement for the easement provided under this paragraph. Upon filing of the replacement easement, the

original easement shall be considered null and void and the District agrees to execute any documents necessary to void the original easement. If the location of the storage provided in the replacement easement results in additional cost of construction of the forcemain, including but not limited to re-engineering and re-design, new field and geotechnical work, and surveying, then Developer shall be solely responsible to pay all such additional costs. The recordable easement shall be executed and placed into escrow on or before **December 31,**

2001. The recordable easement shall be filed of record by the escrow agent on the date that the District awards a contract to construct its Meadow Village treatment plant as required by the District's Long-Term Compliance Work Plan (LTCWP) and to construct the forcemain sewer line to Developer's storage ponds. The District shall give written notice to both the Developer and Escrow Agent when the Contract is awarded.

7. District Obligation to Construct Forcemain. The parties agree that Developer enters into this agreement with the understanding that the District plans to take all action necessary as soon as practicable to award the contract to construct and to initiate and complete construction of the forcemain necessary to transport treated wastewater from the

Meadow Village treatment plant. The District shall be solely responsible for the cost of designing and installing all necessary pipes, pumps, booster stations, and all other necessary equipment and property acquisition for transferring treated wastewater from its Meadow Village treatment facility to the storage pond(s) on Developer's property.

8. Developer's Right to Reject Non-compliant Wastewater. In the event a malfunction occurs with the District's wastewater treatment facilities which causes the quality of the wastewater being transferred to Developer's ponds to fall below applicable DEQ standards for land application, the District shall immediately notify Developer, and Developer shall have the right to immediately stop the transfer of wastewater to its ponds until the District can show that its treated wastewater is back in compliance with applicable DEQ standards.

D. Wastewater Disposal Facilities. The District shall have the right to dispose of up to **one hundred sixty million gallons (160,000,000)** gallons of treated wastewater per year on land owned by Developer.

1. Location and Method of Disposal. The preferred and anticipated method and site for disposal shall be spray

irrigation on Developer's proposed golf course(s). If Developer's golf course(s) is not completed by the time the site(s) for disposal is needed by the District, or to the extent the golf course(s) is not adequate to dispose of all 160,000,000 gallons of treated wastewater, Developer shall provide an alternative site(s) for disposal, which site(s) must be suitable, and approved by DEQ, for disposal of treated wastewater by either spray irrigation or snowmaking. The general location of Developer's YMC golf course is shown on **Exhibits 'D'** and **'E'**. A more specific location and legal description of Developer's YMC golf course and the alternative disposal site(s) shall be set forth on recordable easements agreed upon by the parties and placed into escrow as provided by Section II.B.5. of this Agreement.

2. Developer Obligation to Construct Golf Course Irrigation.

Developer shall design and construct golf course(s), or other alternative disposal sites, and irrigation system(s) sufficient to accommodate disposal of **one hundred sixty million gallons (160,000,000)** gallons of treated wastewater per year.

3. Cost of Construction.

Developer shall be solely responsible for the cost of designing and installing the golf course irrigation system(s), or the alternative disposal system, and

all necessary appurtenant equipment to transfer the treated wastewater from the storage pond(s) to the disposal site(s). Either or both disposal systems must be approved by the DEQ.

4. Term of Disposal Right. The District's right to dispose of treated wastewater on Developer's golf course(s), or other alternative site(s), shall be perpetual, or for such shorter term as required by Montana law, unless for any reason the District fails to provide sewer works capacity to Developer under Section III of this Agreement.
5. Easement for Disposal Right. The right to dispose of treated wastewater shall be effectuated by a recordable easement which shall be executed and placed into escrow on or before ~~December~~ **31, 2001**. The easement shall be filed by the escrow agent on the date that the District awards a contract to construct its Meadow Village treatment plant as required by the District's LTCWP and to construct the forcemain sewer line to Developer's storage ponds. The District shall give written notice to both the Developer and Escrow Agent when the Contract is awarded. The parties understand and agree that Developer may at any time, either before or after the easement(s) are recorded, substitute one or more new or more specific easement(s) for the easement(s) provided under this paragraph subject to the

Developer paying all associated costs with such change as provided in subparagraph II(A)6 above. Upon filing of the replacement easement(s), the original easement(s) shall be considered null and void and the District agrees to execute any documents necessary to void the original easement(s).

6. Irrigation Agreement. The District and Developer shall execute an Irrigation Agreement within **one (1)** year from the date of execution of this Agreement. The Irrigation Agreement shall set forth the rights and obligations of the District and Developer regarding the disposal of treated wastewater on Developer's golf course or other alternative site(s).

C. Additional Terms, Conditions and Obligations Related to the Storage Ponds and Disposal Facilities

1. DEQ Approval. Prior to construction of the storage pond(s) and/or the irrigation disposal system(s) identified above, or for those ponds that are constructed or are under construction as of the execution date of this Agreement, the Developer shall submit all plans and specifications related to the storage pond(s), the irrigation disposal system(s), and all necessary appurtenant equipment, to the District for review and comment within seven (7) days after being completed by Developer's engineers. Following District Review,

Developer, with the District's cooperation, shall be responsible for submitting the plans and specifications to the DEQ for review and approval. After submittal, Developer shall be responsible for responding to DEQ requests for additional information and/or plan modifications until DEQ has approved the plans and specifications.

2. Engineering Reports and Inspections. Prior to any treated wastewater being transferred to Developer's storage pond(s) Developer must submit an Engineer's Report to the District verifying that the storage pond(s), the irrigation disposal system(s), and other appurtenant equipment have been inspected, accepted and approved by Developer's engineer. The District shall have the right to have access to Developer's property for the purpose of inspecting all work done by the Developer in accordance with terms of this Agreement.
3. Operation, Maintenance and Repairs. Developer shall be responsible for operating, maintaining and repairing the storage pond(s), the irrigation disposal system(s), and all appurtenant wastewater lines, valves, booster stations, meters and all other equipment installed to effectuate transfer of treated wastewater from the storage pond(s) to the disposal site(s). The District shall be responsible in perpetuity for

operating, maintaining and repairing the pipes, pumps, booster stations and all other equipment for transferring treated wastewater from its Meadow Village treatment facility to Developer's storage pond(s).

4. Availability of Irrigation Wastewater. This Agreement does not entitle Developer or obligate the District to provide any quantity of treated wastewater. Developer understands that any wastewater that is available for spray irrigation or snowmaking is dependent upon the District's pre-existing obligations, weather conditions, infiltration and inflow, and other conditions which could effect total inflow to the District's wastewater treatment facilities.

5. Pre-existing Wastewater Obligation. Developer understands that the District has a contractual obligation to provide Boyne USA, Inc. and the Big Sky Owners Association (BSOA), with up to, but not more than, 145 million gallons of treated wastewater per year for irrigation of its Meadow Village golf course after the advanced Meadow Village treatment plant has been constructed. If there is ever an insufficient supply of treated wastewater for BSOA, and both Boyne (up to the 145 million gallon maximum) and YMC golf courses, the pre-existing contractual right of Boyne and BSOA shall be superior to the

rights granted to Developer by this Agreement. The District represents and warrants that, other than the Boyne and BSOA contract referenced in this section, the District has no other existing contractual obligations to supply treated wastewater to any other person or entity. However the District does use treated wastewater to water the lawn and shrubs around its buildings and at the church.

6. Easements and Rights-of-Way. Developer shall grant to the District all easements and rights-of-way necessary for the implementation and continued performance of the terms, conditions and obligations of this Agreement. Easements and rights-of-way shall be conveyed in a form as provided in **Exhibit H**. Documents granting such easements and rights-or-ways shall be placed in escrow on or before **December 31, 2001**. The easements shall be filed by the escrow agent on the date that the District awards a contract to construct its Meadow Village treatment plant and forcemain sewer line to Developer's storage ponds.

7. Developer's Continuing Responsibilities. Developer agrees, understands and acknowledges its continuing responsibility to comply with all present and future governmental statutes,

ordinances, regulations and requirements related to the construction, operation, repair and maintenance of the wastewater storage and disposal facilities to be constructed and operated pursuant to this Agreement.

8. Indemnification. The District shall save and hold Developer harmless from and indemnify Developer against all liability, damage, loss, claims, demands and actions of any nature whatsoever which arise out of or are connected with or are claimed to arise out of or be connected with the District's operation, maintenance and use of the District's wastewater treatment facilities. The Developer shall save and hold District harmless from and indemnify District against all liability, damage, loss, claims, demands and actions of any nature whatsoever which arise out of or are connected with or are claimed to arise out of or be connected with the Developer's operation, maintenance and use of the Developer's wastewater storage ponds or irrigation disposal facilities.
9. Special Improvement Charge. A Special Improvement Charge shall be assessed to all new construction taking place within Lone Moose Meadows and the other lands of Developer (**Exhibit F**) that eventually connect to the public sewer system under

the terms of this Agreement. The sole purpose of the Special Improvement Charge is to guarantee the completion of Developer's work under this Agreement. The Special Improvement Charge is subject to the following provisions:

- a. Properties Assessed. The fee will be assessed against the 1900 SFE's, allocated to the properties defined by **Exhibit F** and Lone Moose Meadows, including LMM, and shall be charged by the District on a property-by-property basis at the time that sewer connection permits are issued by the District for new construction connecting to the District's public sewer system.
- b. Amount of Fee. The Special Improvement Charge shall initially be one thousand three hundred fifty two (\$1,352) per Single Family Equivalent (SFE) and is based on the following assumptions:
 - (1) The total cost of facilities allocated to Developer's properties is estimated to be \$6,634,096, as calculated and set forth on Table 2 of "Proposed Plan- Cost Distribution", which is attached as **Exhibit G**.
 - (2) The Phase 1 construction cost allocated to Developer's properties is estimated to be \$4,595,234 as listed below:

▶ Golf course irrigation system(s)	. \$2,093,680
▶ 50 Million gallons of storage	. . . \$1,380,977
▶ Contingency \$ 599,378
▶ Engineering \$ 521,199

Total Phase 1 \$ 4,595,234

(1) The remaining construction allocated to Developer's properties would be completed 15 years after completion of the Phase 1 facilities, or sooner if the District needs additional capacity in accordance with terms of this Agreement.

(2) An average annual inflation rate of 3.04% (based on average Consumer Price Index (CPI) from 1990 to 2000).

(3) The 1900 SFE's are projected to be built out in 15 years, or an average of 126.7 SFEs connecting to the system each year.

(4) The Special Improvement Charge (SIC) is based on the following formula:

$$\text{SIC} = [(\$6,634,096 - \$4,595,234) \times (1.0304)^{15} \times [(0.0304) / (1.0304^{15} - 1)]] \times (1900 \times \text{Growth Rate})$$

b. Recalculation of Fee. The SIC shall be recalculated if any of the following occur:

(1) If the District exercises its option to acquire additional wastewater storage and disposal rights on

developer's property, and the exchange occurs as provided in Section IV., then the SIC fee shall be recalculated on the day of closing, as provided in Section IV.

- (2) Any change that materially effects the cost of implementation of Developer's obligations under the terms of this Agreement, including but not limited to, the cost of providing an alternative disposal site(s);
 - (3) Any default by the Developer;
 - (4) Every three (3) years the assumptions used to calculate the SIC as set forth above shall be reexamined by the District and Developer and the SIC recalculated if either the CPI or growth rate has changed more than five percent (5.0%).
- c. Deposits. All fees paid under this Section shall be placed in an interest-bearing account maintained by the District. All investment income shall be deposited in the account and reinvested.
- d. Events of Default. Funds from the account may be released to the District for its use only in the event of a default by Developer. For purposes of this paragraph, an "event of a default" shall mean:

- (1) The failure of Developer to construct an item called for under this Agreement, after proper notice from the District as provided in this Agreement;
 - (2) Written notice from the District to Developer with an appropriate period of time to cure; and
 - (3) The failure of Developer to cure within the time provided. Following an event of default, the District may use funds from the account to complete only those items for which an event of default has occurred.
- e. Release of Funds to Developer. This section does not apply to the construction of any of the Phase 1 facilities identified in Section II.C.9.b. above. Upon completion of the Developer's future obligations under the terms of this Agreement, which includes Phases Two and Three of the Developer's storage, and alternative irrigation disposal site(s), the District shall calculate the percentage of work that has been completed by the Developer, and shall release the same percentage from the Special Improvement Charge account to the Developer regardless of the account balance. Funds shall be released only upon the completion of either Phases Two and/or Three of Developer's storage, and/or construction of alternative spray irrigation

system(s). For example, if the work to finish the Phase Two storage constitutes 50% of the remaining obligation, the Developer is entitled to 50% of the proceeds in the Special Improvement Charge account after it has been approved by DEQ for use. The parties understand that the money reimbursed from the fund may not be equal to the actual cost of construction, and that the District shall retain at least ten percent (10%) of the account fund until all future Developer obligations are satisfied under terms of this Agreement.

II. CONNECTION TO DISTRICT'S WASTEWATER TREATMENT FACILITIES.

As additional consideration for this Agreement, the District agrees to provide sewer works capacity for the collection, treatment and disposal of wastewater generated by the Developer, subject to Montana statutes and regulations, the rules and ordinances promulgated by the District for its consumers, the District's existing legal obligation to its constituents, and the terms and conditions of this Agreement.

A. District's Existing Legal Obligation. Developer understands and acknowledges that the District has an existing legal obligation to the subdivisions and developments within the District boundaries to provide sewage treatment services, and

that the District's existing treatment and disposal facilities lack sufficient capacity to provide treatment and disposal services to Developer. The District's existing legal obligation is for 7,913 Single Family Equivalents (SFE's) as noted in Table 3.01 in the District's Long Term Compliance Work Plan, and as Exhibit "A" to District Ordinance 97-1001. Developer further understands and acknowledges that the District's ability to provide future sewer works capacity for Developer's lands is completely dependent upon Developer constructing the wastewater storage pond(s), identified in Section II.A. above, and granting the District the right to store treated wastewater in the pond(s) and dispose of the treated wastewater on Developer's golf course(s), or other alternative site(s), as provided in Section II.B. above. Developer further understands, acknowledges and agrees that Developer may not connect to the District's wastewater treatment facilities until the Phase One storage pond is fully completed and all easements and rights-of-ways allowing the District to store and dispose of treated wastewater on Developer's property have been filed, provided, however, Developer shall be allowed to connect up to 48 units (not to exceed 76.8 SFEs) from its LMM

Development as soon as the LMM Development is admitted into the District as provided by statute. In addition, Developer shall have the right to continue to use its existing wastewater treatment and storage disposal system permitted under MDEQ #98-1456 until after the District awards a contract to construct its Meadow Village treatment plant and forcemain facilities.

D. Developer's Right to Future Sewer Works Capacity. Developer's future right to connect to the District's wastewater treatment facilities shall not exceed **one thousand nine hundred (1,900) SFE's.** or an equivalent annual flow in the amount of 80.86 million gallons per year. **Nine hundred (900)** SFE's shall be allocated to the LMM development. The remaining **one thousand (1,000)** SFE's shall be allocated to Developer's properties which are identified on **Exhibit F**. Developer may request reallocation and/or pooling of these SFE's only as allowed by District Ordinance 97-1001.

C. Connection of Lone Moose Meadows. Developer shall be allowed to connect its Lone Moose Meadows (LMM) development to the District's wastewater treatment facilities to treat and

dispose of a maximum of **thirty eight million three hundred thousand (38.3 million) gallons of wastewater per year,** which is the equivalent of 900 SFEs. For purposes of fulfilling its obligation to provide future sewer works capacity, the District shall use total wastewater flow as the sole criteria and not SFEs. Except for the connection of the 48 units provided for in Subparagraph III.A. above, the remainder of LMM connections may occur only after the LMM development is admitted into the District, the District has awarded a contract to construct its Meadow Village treatment plant, as required by the District's Long-Term Compliance Work Plan, and the forcemain sewer pipe to Developer's property, and if the District has treatment and disposal capacity available.

1. Disconnection of Santec system. After the District has received a certificate of substantial completion for its Meadow village treatment plant and forcemain sewer pipe, Developer shall be required, at its sole expense, to disconnect and abandon and/or relocate the Santec wastewater treatment and disposal facilities presently serving the LMM development. Site remediation, after disconnection and abandonment and/or relocation, and all other costs,

responsibilities or liabilities shall remain with and be the sole obligation of Developer. The Developer shall retain ownership of the Santec system after its abandonment.

D. Connection of Other Lands. Developer shall be allowed to connect improvements on other lands identified in **Exhibit F** to the District's wastewater treatment facilities to treat and dispose of a maximum of **forty two million five hundred sixty thousand (42.56 million) gallons of wastewater per year**, which is the equivalent of 1,000 SFEs. For purposes of fulfilling its obligation to provide future sewer works capacity, the District shall use total wastewater flow as the sole criteria and not SFEs. Connection of other lands may occur only after lands connecting to the District's wastewater collection system have been admitted into the District as provided by statute, and if the District has treatment and disposal capacity available.

E. Admission Into District. All approved Developer subdivisions, including LMM, and other property anticipated to be developed by Developer, must be admitted into the District as provided in MCA § 7-13-2341, before they have the right to connect to the District's wastewater treatment facilities. Upon

admission into the District, all ordinances, rules, regulations and fees of the District shall apply to those properties that are admitted into the District, except plant investment fees.

1. Plant Investment Fees. Based upon the cost analysis conducted by HKM, Inc. and Morrison-Maierle, Inc. (a copy of which is attached as **Exhibit 'C'**), the parties agree Developer shall be granted a full plant investment fee credit for all 1900 SFEs.

III. OPTION TO ACQUIRE ADDITIONAL WASTEWATER STORAGE AND DISPOSAL RIGHTS

As part of its LTCWP, the District intends to treat, store and dispose of its treated wastewater by making snow near the Mountain Village. The necessary treatment and storage facilities is proposed to be constructed on a site (approximately 10 acres) near Lone Moose Meadows ("Treatment Site"), and the treated wastewater piped to a site south of the treatment site for snow making ("disposal site"). The treatment site is being acquired in fee from Boyne, USA, pursuant to a Settlement Agreement, and the disposal site is available to the District pursuant to a lease granted by Boyne, USA.

The District wants the option to acquire additional sufficient treated wastewater storage and disposal rights on Developer's property so it could avoid constructing its Mountain Village treatment and disposal facilities.

In exchange for giving the District additional wastewater storage and disposal rights on its property, Developer wants to acquire the approximate ten (10) acre treatment site.

Therefore, in consideration of these mutual wants and desires the Developer hereby grants the District the right to acquire sufficient, additional land for the storage and disposal of treated wastewater, upon the following terms and conditions:

A. Acquisition of Treatment Site. The District shall exercise this option only after it has received a Quit Claim deed for the ten (10) acre treatment site from Boyne, USA. The District shall have six (6) months from the date of this Agreement to acquire the ten (10) acre treatment site.

B. Exercise of Option. Within thirty (30) days after acquiring the ten (10) acre treatment site, the District may exercise this option by delivering written notice to the Developer.

C. Developer's Review Period. Upon receipt of notice from the District, Developer shall have fifteen (15) days to review

the status of title, the condition of the property and other matters related to obtaining this property from the District. If Developer determines in its sole discretion that issues exist as to the status of title or other condition of the property, then Developer may either provide notice to the District that it does not desire to acquire the property, or the parties shall establish a reasonable period of time within which to resolve any such issues.

D. Exchange. Within thirty (30) days after the later of (1) the expiration of the fifteen (15) day review period or (2) the extension period agreed upon by the parties, the parties shall conduct a closing. At the closing, the parties shall exchange any and all documents to effectuate the transfer of the treatment site property from the District to Developer, and the grant to the District from the Developer of additional rights to store and dispose of treated wastewater on Developer's property. These documents shall include, but are not necessarily limited to:

1. Quit Claim Deed. A quit claim deed transferring the ten (10) acre treatment site from the District to an entity controlled by Developer.

2. Easement. An easement allowing the District to store, treat and dispose of treated wastewater on Developer's lands in a quantity not to exceed fifty three million (53,000,000) gallons per year. The easement shall provide Developer with the same rights to relocate the storage and disposal area as are contained in the other storage and disposal easements granted under this Agreement.
3. Disposal Method. The easement shall further provide the Developer the right to select the method of disposal, either land spray irrigation or snowmaking at the time disposal becomes necessary. If the disposal method is snowmaking, then the District shall be responsible for payment of the costs of all infrastructure necessary to conduct snowmaking. If the snowmaking site is more than one thousand (1,000) feet from the forcemain to the YMC storage site, or a storage pond, then the Developer shall pay for the added cost in constructing piping to convey treated wastewater from the forcemain to the snowmaking treatment site. If the disposal method is spray irrigation of a golf course, other lands or any other disposal method, then Developer shall pay the costs of all infrastructure downstream from the forcemain necessary to conduct the disposal.

IV. WARRANTIES.

A. Developer Warranties

1. No Additional Rights. Developer acknowledges, understands, and agrees that Developer's rights granted pursuant to this Agreement shall not be construed as granting the Developer any rights not specifically set forth in this Agreement.
2. Fire Protection. This Agreement is not to be construed as providing any kind of fire protection or guarantee of water availability for fire protection for the YMC development. Developer agrees to hold District harmless in connection with any claim that may arise at any time, now or in the future, in the event there is insufficient water pressure or water available through the District's main water line or any tributary water lines to effectively fight and/or contain any fire on Developer's property which threatens any home or structure, or any structural fire, which may occur at any time upon the Developer's property.
3. Accidental Damage to Developer's Water System. In addition, Developer agrees to hold District harmless for any breaking of any water service or indoor plumbing on Developer's property, or for accidental failure in supply of water on Developer's property. The District shall not be responsible

for accidents on Developer's property resulting from insecure boilers, from variations in water pressure, hydraulic surges from the mains, or collapse from any cause whatsoever.

D. District Warranties

1. No Additional Rights. District acknowledges, understands, and agrees that District's rights granted pursuant to this Agreement shall not be construed as granting the District any rights not specifically set forth in this Agreement.

V. ADDITIONAL TERMS, CONDITIONS AND OBLIGATIONS.

A. Termination. This Agreement is binding on all parties and may not be terminated except as provided herein

1. Right to Terminate the Sale of Surplus Water. The District shall have the right to terminate the sale of water to YMC in accordance with Section I.A.14. of this Agreement, or if Developer fails to perform any of its obligations set forth in this Agreement. The Developer shall have the right to terminate its right to purchase surplus water upon thirty days (30) written notice to this District. If the sale of water is terminated, all remaining rights and obligations of this Agreement shall remain in effect.

2. Developer's Right to Terminate. The Developer shall have the right to terminate its obligation under this Agreement to construct storage ponds and a disposal system if the District has not awarded a contract to construct its Meadow Village treatment plant and forcemain facilities to the Developer's storage facilities by **December 31, 2003**. Notice of such termination shall be given in accordance with the Section VI.D. of this Agreement.
3. Removal of Lands from the District. If Developer terminates under Section VI.A.2., the parties acknowledge that sufficient justification will exist for Developer to seek to remove its lands from the District. The District agrees that it is in the best interests of the District to approve a petition from Developer to remove Developer's lands following such termination. If Developer submits a petition to remove lands, the District agrees that its approval of the petition shall be subject to the District continuing to provide service to the 48 LMM units described in Section III.C. until such time as Developer obtains approval from DEQ for alternative treatment and disposal for these units. However, the District shall provide service to the 48 LMM

units for a period of time not to exceed three (3) years from the date of approval of the petition.

D. Approval of Execution of Agreement

1. Developer Approval. Before the execution of this Agreement by Developer, and the performance of the covenants and obligations by the Developer under this Agreement, the Developer shall provide a written acknowledgment to the District stating that the execution of this Agreement has been duly authorized by all necessary action of the management and/or owners of Yellowstone Mountain Club, LLC, Yellowstone Development, LLC, Spanish Peaks Development, LLC, Lone Moose Meadows, LLC, Blixseth Group, Inc., or otherwise. Copies of all resolutions pertaining to this authorization, certified by the manager of each entity which is a party to this Agreement shall be collectively attached to this Agreement as **Exhibit 'I'** and made a part hereof on the day this Agreement is executed.
2. District Approval. Before the execution of this Agreement by the District, and the performance of the covenants and obligations by the District under this Agreement, the District shall provide a written acknowledgment to the Developer stating that the execution of this Agreement has

been duly authorized by all necessary action of the Board of Directors of the District or otherwise. Copies of all resolutions pertaining to this authorization certified by the Secretary of the Board of Directors of the District shall be attached to this Agreement as **Exhibit `J`** on the day this Agreement is executed. The written acknowledgment from District shall further state that a majority of the Board members of the District shall read and expressly agree to each of the terms of this Agreement. For purposes of this Agreement, a majority shall mean that number of District Board members to take action to bind the District. Each member of the majority shall sign the written acknowledgment.

C. Insurance

1. Developer Insurance. The Developer agrees to maintain liability insurance coverage for its wastewater storage and disposal facilities, and water facilities in an amount equal to or greater than the District's liability coverage for its facilities, and name the District as a named insured. Proof of Developer's liability insurance coverage shall be provided to the District upon request.
2. District Insurance. The District agrees to maintain liability insurance coverage for its wastewater storage and

treatment facilities in the amount of four million dollars (\$4,000,000). Proof of the District's liability insurance coverage shall be provided to the Developer upon request.

D. Notice. Any notice to be given hereunder may be served upon a party personally, or served by registered or certified mail, addressed to the parties at the following addresses:

District: P. O. Box 160670
Big Sky, MT 59716-0670

Developer: P. O. Box 161097
Big Sky, MT 59716-10097

A notice served by mail shall be deemed completed when deposited in any United States Post Office. Any change of address shall not be effective unless served upon the parties in the same manner as the notice referred to herein.

E. Remedies. In the event of a breach of the terms of this Agreement, the parties hereto shall have all legal, equitable and statutory remedies available under Montana law, including but not limited to the right to file an action for specific performance of the terms of this Agreement.

F. Covenant for Further Assurance. It is agreed and understood by and between the parties hereto, each with the other, their respective heirs, personal representatives and successors-in-interest will execute, do such reasonable things, including good faith extensions of time if necessary, and give such

assurances as may be reasonably required to perfect and effectuate the implied and express covenants, warranties and conditions herein set forth, reserved, and contained to be kept and performed on the part of the parties hereto.

- G. Attorney's Fees.** In the event it becomes necessary for any party to this Agreement to retain an attorney to enforce any terms or conditions of this Agreement, then the prevailing party or parties shall be entitled to costs and reasonable attorney's fees.
- H. Governing Law.** This Agreement will be construed under and governed by the laws of the State of Montana. In the event of litigation, venue is in the Eighteenth Judicial District, in and for the County of Gallatin, State of Montana.
- I. Amendment.** The parties hereby agree that any amendments or modifications to this Agreement, or any provisions herein, shall be made in writing and executed in the same manner as the original document and shall, after execution, become part of this Agreement.
- J. Recording.** A copy of this Agreement and all other documents necessary for the implementation of this Agreement shall be recorded with the Madison or Gallatin County Clerk and Recorder's Office at the Developer's expense.

K. Indemnification. Each party agrees to indemnify the other against all costs, expenses, attorney's fees, suits, liabilities and damages arising from or connected with the breach of this Agreement, the failure to exercise any of the duties, obligations or powers herein or hereafter granted; or the negligent or willful misconduct of the indemnifying party.

L. Binding Effect. This Agreement shall run with the land. The terms, covenants and provisions of this Agreement shall extend to and be binding upon the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day and year first above written.

BIG SKY COUNTY WATER & SEWER DISTRICT NO. 363

BY: _____
Jack Crowther, President

STATE OF MONTANA)
 : ss.
County of Gallatin)

On this _____ day of _____, 2001, before me, the undersigned a Notary Public for the State of Montana, personally appeared Jack Crowther, known to me to be the President of the Big Sky County Water and Sewer District No. 363, and known to me to be the person whose name is subscribed to the above instrument and acknowledged to me that he executed the same on behalf of Big Sky County Water and Sewer District No. 363.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

Notary Public for the State of Montana
Residing at _____, Montana
(Notarial Seal) My Commission Expires _____

**APPROVED BY MEMBERS OF BOARD OF DIRECTORS OF THE
BIG SKY COUNTY WATER AND SEWER DISTRICT NO. 363**

Wendell Ingraham

Dee Rothschiller

John "Skip" Radick

Paul "Packy" Cronin

Stewart Peacock

Richard Wiggins

YELLOWSTONE MOUNTAIN CLUB, LLC

BY: _____,
its _____

STATE OF MONTANA)
 : ss.
County of Gallatin)

On this 29th day of March, 2001, before me, the undersigned a Notary Public for the State of Montana, personally appeared _____, known to me to be the _____ of YELLOWSTONE MOUNTAIN CLUB, LLC, and known to me to be the person whose name is subscribed to the above instrument and acknowledged to me that he executed the same on behalf of YELLOWSTONE MOUNTAIN CLUB, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

(Notarial Seal)

Notary Public for the State of Montana
Residing at _____, Montana
My Commission Expires _____

YELLOWSTONE DEVELOPMENT, LLC

BY: _____,
its _____

STATE OF MONTANA)
 : ss.
County of Gallatin)

On this 29th day of March, 2001, before me, the undersigned a Notary Public for the State of Montana, personally appeared _____, known to me to be the _____ of YELLOWSTONE DEVELOPMENT, LLC, and known to me to be the person whose name is subscribed to the above instrument and acknowledged to me that he executed the same on behalf of YELLOWSTONE DEVELOPMENT, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

(Notarial Seal)

Notary Public for the State of Montana
Residing at _____, Montana
My Commission Expires _____

LONE MOOSE MEADOWS, LLC

BY: _____,
its _____

STATE OF MONTANA)
 : ss.
County of Gallatin)

On this 29th day of March, 2001, before me, the undersigned a Notary Public for the State of Montana, personally appeared _____, known to me to be the _____ of LONE MOOSE MEADOWS, LLC, and known to me to be the person whose name is subscribed to the above instrument and acknowledged to me that he executed the same on behalf of LONE MOOSE MEADOWS, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

(Notarial Seal)

Notary Public for the State of Montana
Residing at _____, Montana
My Commission Expires _____

EXHIBITS TO AGREEMENT

- Exhibit A-** Location Map Index.
- Exhibit B-** Map showing "Point of Connection".
- Exhibit C-** Map of Yellowstone Club Development with Phases 1, 1A, 2 and 3 shown on map.
- Exhibit D-** Map of proposed wastewater storage pond location.
- Exhibit E-** Map of proposed spray irrigation site.
- Exhibit F-** Map of Developer's lands for future sewer connections.
- Exhibit G-** HKM and MMI Cost Analysis.
- Exhibit H-** Form of Easement.