

**MASTER AGREEMENT BETWEEN THE CITY OF BAY CITY AND
PINCONNING TOWNSHIP**

THIS AGREEMENT between the City of Bay City, 301 Washington Avenue, Bay City, Michigan, 48708 and Pinconning Township,
P.O. Box 58, Pinconning, Michigan, 48650 ["PWSS"].

WHEREAS the Michigan Department of Environmental Quality ["MDEQ"], Drinking Water and Radiological Detection Division, and the United States Environmental Protection Agency have mandated that all Public Water Supply Systems ["PWSS"] must comply with the Lead and Copper Rule ["LCR"], 40 CFR Parts 141 and 142; and

WHEREAS Bay City owns and operates the Bay Metropolitan Water Treatment Plant ["Bay Metro Plant"] which supplies water to Bay City and 16 out-city Public Water Supply Systems ["PWSS"] which distribute the water, all of which are required to individually comply with the LCR; and

WHEREAS pursuant to MDEQ's classification of the Bay Metropolitan Water Supply System as a Modified Consecutive System, Bay City has been conducting monitoring, public notification and public education, providing corrosion control treatment, and complying with the other requirements of the LCR on behalf of all 17 PWSSs, the costs of which have been shared through the "common-to-all" fund; and

WHEREAS each PWSS is legally responsible under the Modified Consecutive System classification for removing and replacing lead service lines within its PWSS, if necessary; and

WHEREAS Modified Consecutive System classification by MDEQ is no longer possible, because Bay City does not control out-city water distribution; and

WHEREAS the cost of operating the PWSS water distribution systems is the responsibility of each PWSS; and

WHEREAS if the 17 PWSSs which are supplied water by the Bay Metro Plant were individually required to comply with the LCR, the individual PWSSs would collectively have to collect 480 water samples 2 times a year and obtain 374 additional sample sites complying with LCR requirements, both at substantially increased cost and expense over current sampling costs; and

WHEREAS the LCR classification of a "Consecutive System" is one which has complete control over the treatment, supply and distribution of all water within the system; and

WHEREAS because Bay City does not have control of the out-city water distribution systems, the MDEQ cannot classify the Bay Metro Plant supply area as a Consecutive System; and

WHEREAS there are an estimated 6,000 lead service lines in Bay City and an estimated 500 lead service lines in the 16 out-city PWSSs; and

WHEREAS lead service line removal and replacement may be required if LCR required sampling reveals lead and/or copper at customers' taps exceeds LCR standards; and

WHEREAS the MDEQ has agreed to allow the Bay Metropolitan Water Supply System to be considered as a "Consecutive System" with only 97 samples required twice yearly in 1998 and no additional sample sites, but only if Bay City agrees to be legally responsible for the 17 PWSS's compliance with the LCR, and Bay City obtains agreements from each out-city PWSS that it will comply with any requirements for lead service line removal and replacement located within its PWSS.

NOW THEREFORE, Bay City and the PWSS covenant and agree as follows:

1. The PWSS agrees to conform to the Consecutive System approach in the implementation of the LCR.

2. The PWSS authorizes Bay City to conduct monitoring, public notification and public education, to provide corrosion control treatment, and comply with other requirements of the LCR, the costs of which are to be shared among the 17 PWSSs through the "common-to-all" fund.

3. Twice in 1998, each PWSS will collect and deliver its designated number of samples to Bay City and Bay City will analyze those samples in accordance with the LCR. If, in either round of sampling, 10% or more of the samples show at least 15 parts per billion of lead (an "action level" exceedance under the LCR), then each of the 17 PWSSs will be required to begin removing and replacing any lead service lines within its PWSS at the rate of at least 7% per year over a 15 year period.

4. If the action level is exceeded, the PWSS covenants and agrees to submit to Bay City, within 120 days of Bay City's notification to the PWSS that the action level was exceeded, a list of all customer names and addresses with lead service lines which will be required to be removed and replaced within its PWSS. Bay City in turn covenants and agrees to submit to and file with the MDEQ a report containing the number of lead service lines in the 17 PWSSs

constituting the Consecutive System within the time limit established by the MDEQ.

5. Within 60 days of the submittal to Bay City of the customer names and addresses of lead service lines to be removed and replaced within the PWSS, the PWSS shall submit its schedule for the removal and replacement of the lead service lines on its list. Thereafter, no later than the 15th day of March, June, September and December of each calendar year of this Agreement, the PWSS shall submit to Bay City a quarterly report of its progress in removing and replacing the lead service lines within the PWSS until all reported lead service lines have been removed and replaced.

6. The PWSS shall comply with its schedule for the removal and replacement of lead service lines identified in the list it submitted to Bay City. The PWSS shall bear the sole and complete cost of removal and replacement of lead service lines identified in Paragraph 5.

7. If the PWSS does not complete removal and replacement of the identified lead service lines within its schedule for removal and replacement in accordance with Paragraph 5, then the PWSS authorizes and empowers Bay City to have any lead service line not removed and replaced in accordance with the schedule to be removed and replaced by Bay City, or contractors selected by Bay City, and to charge the PWSS the actual costs related to the removal and replacement.

8. The PWSS agrees for each year after 1998 to collect and deliver its designated number of samples to Bay City for analysis. Bay City shall continue to perform an analysis of samples required by the LCR after 1998.

9. If 1998 sampling does not result in an action level exceedance, but sampling in any year after 1998 results in an action level exceedance, then all 17 PWSSs will be required to begin removing and replacing any lead service lines within its PWSS at the rate of at least 7% per year over a 15 year period. In such event, the PWSS and Bay City shall comply with the requirements of Paragraphs 4, 5, 6 and 7.

10. If all PWSSs execute this Master Agreement, then Bay City shall notify the MDEQ that Bay City will be legally responsible for the performances and obligations in Paragraphs 2 and 4 as well as the removal and replacement of the lead service lines in the 17 PWSSs in accordance with the consolidated schedules of all PWSSs submitted to the MDEQ.

11. The PWSS covenants and agrees to reimburse Bay City for any fines, expenses and charges imposed on Bay City by the MDEQ and/or United

States Environmental Protection Agency that are attributable to the PWSS's failure, neglect or refusal to comply with the LCR.

12. This Master Agreement shall have an initial term of 15 years. However, if any sampling after 1998 results in an action level exceedance, and therefore requires removal and replacement of lead services lines, then this Master Agreement shall be automatically extended 15 years from the year of the commencement of the removal and replacement of lead service lines. This Master Agreement may not be modified, withdrawn, revoked, rescinded or repealed during the term, including extended term, thereof.

13. This Master Agreement shall only become effective upon and if all 16 out-city PWSSs have executed this Master Agreement by February 28, 1998, or any extension granted by MDEQ.

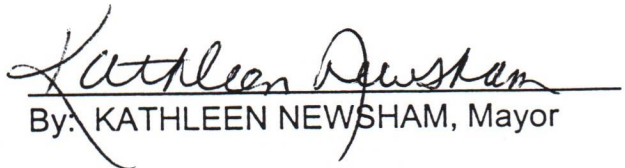
14. This Master Agreement contains all of the agreements between the parties and may not be modified orally or any in other manner, except by an agreement signed by all of the 16 out-city PWSSs and Bay City.

15. All notices to be given under this Master Agreement by either party shall be in writing and given by personal delivery or certified mail to the parties at the addresses set forth above. For purposes of calculating time periods under this Master Agreement, notice shall be deemed effective upon mailing or personal delivery, whichever is applicable.

16. This Master Agreement is executed in duplicate original copies, one of which shall be retained by Bay City and one by PWSS, each of which shall be deemed to be an original, but all of which shall be construed as one document.

17. Time shall be of the very essence of this Master Agreement.

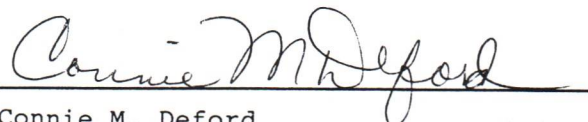
CITY OF BAY CITY


By: KATHLEEN NEWSHAM, Mayor

STATE OF MICHIGAN)
) ss.
COUNTY OF BAY)

On the 2nd day of ^{March}~~February~~, 1998, before me, a Notary Public in and for said County, personally appeared **Kathleen Newsham**, who did for herself

say that she is the Mayor of the CITY OF BAY CITY, MICHIGAN, the municipal corporation named in and which executes the within instrument, and that said instrument was signed on behalf of said municipal corporation by authority of its Commission; and severally acknowledged said instrument to be the free act and deed of said municipal corporation.

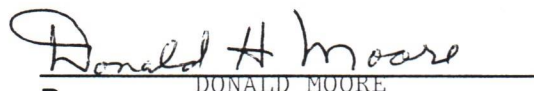


Connie M. Deford
Notary Public, Bay County, Michigan
My Commission Expires: 4-13-99

PWSS: PINCONNING TOWNSHIP



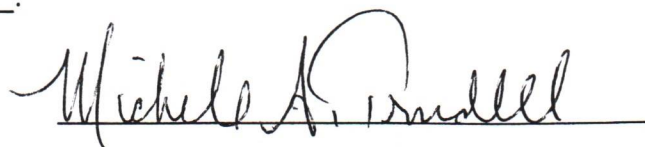
By: SHARON STALSBERG
Its SUPERVISOR



By: DONALD MOORE
Its CLERK

STATE OF MICHIGAN)
) ss.
COUNTY OF BAY)

On the 12 day of FEBRUARY, 1998, before me, a Notary Public in and for said County, personally appeared STALSBERG and MOORE who did each for themselves say that they are respectively the SUPERVISOR and CLERK of the PINCONNING TWP, the _____ named in and which executes the within instrument, and that said instrument was signed on behalf of said BOARD by authority of its BOARD and severally acknowledged said instrument to be the free act and deed of said BOARD.



Notary Public, Bay County, Michigan
My Commission Expires: 4-4-01

MICHELE A. TRUDELL
Notary Public, Bay Co., MI
My Comm. Expires Apr. 4, 2001