

**HALL COUNTY – GAINESVILLE
INTERGOVERNMENTAL LEASE AND MANAGEMENT AGREEMENT
CONCERNING THE HALL COUNTY WATER SYSTEM**

This intergovernmental lease and management agreement, entered into as of the 17th day of January, 2006, by and between **HALL COUNTY, GEORGIA**, a political subdivision of the State of Georgia, by and through its duly authorized governing authority, the Board of Commissioners of Hall County, Georgia, (hereinafter referred to as "Hall County"), and the **CITY OF GAINESVILLE, GEORGIA**, a municipal corporation by and through its duly authorized governing authority, the Gainesville City Council, (hereinafter referred to as "Gainesville"), the purpose of which lease agreement is to set forth responsibilities and obligations of each party as may be relevant to the Hall County Water System within Hall County, as established by the parties hereto. This agreement as it relates to such issues shall provide as follows:

WHEREAS, Gainesville owns and operates a water treatment and distribution system, and Hall County owns a water distribution system; and

WHEREAS, Gainesville and Hall County have agreed to operate the two water systems as one water system; and

WHEREAS, the Georgia Environmental Protection Division has requested Hall County permanently dedicate or provide a long term lease of the Hall County water distribution system to Gainesville to facilitate state permitting for efficient operations and provide for responsible accountability of the water system as a whole.

NOW THEREFORE, it is agreed between Hall County and Gainesville as follows:

1.

The previous agreements listed below shall be null, void, and of no effect as of the date of execution of this agreement:

- ✓ HALL COUNTY – GAINESVILLE INTERGOVERNMENTAL AGREEMENT CONCERNING THE OPERATION AND MAINTENANCE OF THE HALL COUNTY WATER SYSTEM, executed January 20, 2004
- ✓ A JOINT RESOLUTION OF THE CITY OF GAINESVILLE AND HALL COUNTY, GEORGIA ESTABLISHING THE POLICY AND GUIDELINES

do not
have ?

- • FOR DEVELOPMENT OF AN OPERATIONALLY UNIFIED WATER SYSTEM AND FOR OTHER PURPOSES, executed September 12, 1997
- ✓ • INTERGOVERNMENTAL AGREEMENT, executed May 13, 1998
- ✓ • ELEMENT ONE OF THE OPERATIONAL AND MANAGEMENT AGREEMENT TO PROVIDE POLICY AND PROCEDURES GOVERNING DEVELOPER CONSTRUCTED WATER MAIN EXTENSION, executed June 18, 1998
- ✓ • A JOINT RESOLUTION OF THE CITY OF GAINESVILLE AND HALL COUNTY, GEORGIA, CONTINUATION OF THE POLICY AND GUIDELINES FOR DEVELOPMENT OF AN OPERATIONALLY UNIFIED WATER SYSTEM AND FOR OTHER PURPOSES, executed December 28, 1998

2.

Gainesville and Hall County agree the \$5,000,000.00 paid by Hall County to the City of Gainesville as a part of the construction cost of the "South Hall Water Treatment Plant," now known as the "Lakeside Water Treatment Plant" shall not be repaid or refunded. The City of Gainesville is not indebted to Hall County in any amount for the construction of the South Hall Water Treatment Plant. However, these monies shall be credited toward the Lakeside Water Treatment Plant as part of future water rate differential studies as was previously agreed.

3.

Gainesville and Hall County agree to provide for a City-County rate differential study and tax equity study whereby the criteria for the studies; the selection of the consultants and the funding of the studies shall be shared jointly. A joint committee composed of representatives appointed by the City of Gainesville and Hall County shall be responsible for reviewing the results of the studies and making recommendations to the City Council and Hall County Commission for the use in the adoption and implementation of water rate differential and tax equity measures. It is the intent of both parties hereto, to the extent legally permissible, to adopt water rate differential and tax equity measures.

4.

The "System" is defined as all facilities in the Hall County Water System including but not be limited to all water mains, fire hydrants, water meters, all existing customers in the Hall County water service district, reservoir, river pumping station, real estate

properties and other system appurtenances, existing as of the execution date of this agreement, or as listed on attached Exhibit A.

5.

As consideration for this Agreement, Gainesville shall pay to Hall County a lump sum fee in the amount of Twenty Five Dollars (\$25.00) upon execution of same.

6.

Gainesville resolutions PR-2005-18 and PR-2005-60 and the Hall County Water System Integration resolution dated September 8, 2005 are hereby reaffirmed resulting in the following distribution of costs for the existing projects as follows:

Hall County Water System Integration: Design shall be paid by Hall County;
Construction shall be paid by Hall County.

Belton Bridge Road Water Main Extension: Design shall be paid by Hall County;
Construction shall be paid by Gainesville.

King Street Elevated Storage Tank: Design shall be paid by Hall County and
Gainesville (50%/50%);
Construction shall be paid by Gainesville.

The above resolutions are attached hereto as Exhibits "B" - "D" and by reference made a part hereof.

7.

Hall County shall supply and transfer to Gainesville all easements granted to Hall County for the operation and maintenance of the System to Gainesville. Gainesville shall prepare for signature and record the necessary documents transferring said easements.

8.

Gainesville has inspected and knows the condition of the System, and it is understood that the same is hereby leased without any representation or warranty by Hall County, and without obligation on the part of Hall County to make any alterations, repairs, or additions thereto.

9.

Gainesville shall neither transfer nor assign this agreement or any facilities, nor sublet this lease or any facilities, nor grant any interest, privilege, or license whatsoever in connection to this agreement.

10.

Gainesville shall assume the financial, operational, maintenance, management, and capital improvement responsibilities required to operate the System. This shall include the \$156,738.76 debt owed to Hall County by the White County Water Authority for the construction of the Shoal Creek Road water main. Gainesville shall also assume the payments for the GEFA Loan number 96-L77-WS and GEFA Loan number 03-L20-WS during the third quarter of 2006. Any other future or previously incurred debts or loans, Hall County has incurred to construct the System shall be the sole responsibility of and be repaid by Hall County.

11.

While it is Gainesville's intent to expand the System to ultimately provide service throughout Hall County, Hall County may desire a water main to be extended to an area earlier than Gainesville's planned construction schedule. If so, Hall County may request Gainesville to extend water mains on an earlier schedule. Water main extensions requested by Hall County to be constructed ahead of schedule may be designed and constructed by Gainesville and the cost thereof paid for by Hall County. Upon final construction inspection and acceptance of the extended water main, the extended water main and all associated appurtenances shall be transferred and dedicated by Hall County to Gainesville.

12.

All facilities constructed and customers added to the System after the date of execution of this agreement, regardless of which party pays the cost of said facilities, shall be dedicated to and therefore owned by Gainesville.

13.

The term of this lease agreement shall commence as of the date of the execution of same by the last party to sign same and shall continue until either party terminates same but in no event shall such term exceed twenty five (25) years from the date of execution hereof. On the annual anniversary of execution of this agreement Hall County shall automatically transfer ownership of 1/25th of the System to Gainesville such that upon completion of the twenty five (25) year term of this agreement, the full ownership of the System shall have been transferred to Gainesville.

14.

The parties shall have the right to terminate this agreement upon completion of the following:

- A mutual written agreement between Hall County and Gainesville
- A written approval from GaEPD, provided by certified mail
- Payment shall be made by Hall County to Gainesville for all costs associated with the capital improvements made to the System after the date of execution of this agreement. Said payment shall be prorated based on the consumer price index at the time this agreement is terminated. The base point for all expenses prorated shall be from the date of the execution of this agreement, regardless of when the expenditure actually occurred.
- Payment shall be provided by Hall County to Gainesville for portion of the System transferred to Gainesville as described under paragraph 13. The value of the System shall be the assessed fixed asset value of the System as of the date of execution of this agreement.

Either Party shall have the right to terminate upon the breach of the provisions of this agreement by the other Party if not corrected within thirty (30) days of written notice thereof and provided the items listed above have been completed. Termination shall be effective upon the 365th day after completion of items listed above. Termination shall relieve the parties of further performance under the agreement but notice of termination shall not relieve either party of obligations undertaken prior to receipt of such notice of termination.

15.

If any paragraph, subparagraph, sentence, clause, phrase, or any portion of this agreement shall be declared invalid or unconstitutional by any court of competent jurisdiction or if the provisions of any part of this agreement as applied to any particular situation or set of circumstances shall be declared invalid or to any particular situation or set of circumstances shall be declared invalid or unconstitutional, such invalidity shall be construed to effect the portions of this agreement not held to be invalid. It is hereby declared to be the intent of Hall County and Gainesville to provide for separable and

divisible parts, and they do hereby adopt any and all parts hereof as by not be held invalid for any reason.

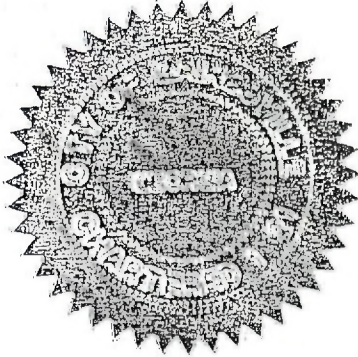
Any notice or communications hereunder shall be in writing and shall be deemed to have been delivered when deposited in the United States mail, registered or certified, addressed as follows:

City Manager
City of Gainesville
P.O. Box 2496
Gainesville, GA 30503

County Administrator
Hall County Commission
P.O. Box 1435
Gainesville, GA 30503

Or to such other address as either party may designate for itself by written notice to the other given from time to time, in the manner herein provided.

IN WITNESS WHEREOF, the parties hereto, by and through their Chief Executive Officers, have executed this agreement the date and year above written.



CITY OF GAINESVILLE, GEORGIA

BY: *Robert L. Hammel*

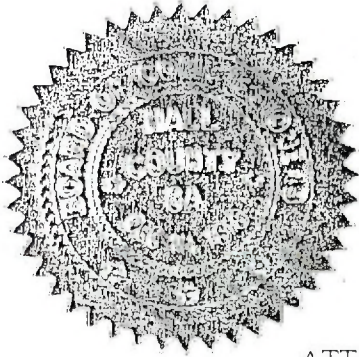
Mayor

BY: *Myrtle W. Figueras*

BY: *Ruth H. Buene*

BY: *George Wangermann*

ATTEST: *Dense O. Jordan*
City Clerk



HALL COUNTY, GEORGIA

BY: *Wally*
Chairman

BY: *Delores Lynne*

BY: *Bill Powell*

BY: *Steve Daily*

BY: *Deborah K. Mack*

ATTEST: *Michelle Swallow*
County Clerk

Exhibit A Hall County Water System

PART A - WATER MAINS				
Road Name/Location	Water Main Size	Line Length (Linear Ft)	Main Length (Mile)	Pipe Material*
Clermont Station S/D	2"	247	0.05	PVC
Overlook at North Hall S/D Phase 1	2"	190	0.04	PVC
Pennington Point S/D	2"	332	0.06	PVC
South Chase S/D	2"	726	0.14	PVC
Stone Creek at the Reservoir S/D	2"	242	0.05	PVC
The Oaks S/D	2"	260	0.05	PVC
Windmill S/D	2"	157	0.03	PVC
Clermont Station S/D	6"	1,081	0.20	DIP
Everette St	6"	490	0.09	DIP
McKinnley Forest S/D	6"	1,774	0.34	DIP
Nix Crossing	6"	221	0.04	DIP
Old Cornelia Hwy	6"	5	0.00	DIP
Overlook at North Hall S/D Phase 1	6"	690	0.13	DIP
South Chase S/D	6"	1,356	0.26	DIP
The Oaks S/D	6"	479	0.09	DIP
Windmill S/D	6"	2,374	0.45	DIP
Woodlin Dr	6"	2,229	0.42	DIP
Barkers Bend	8"	7,564	1.43	DIP
Clermont Station S/D	8"	1,361	0.26	DIP
Cleveland Hwy - US 129	8"	1,554	0.29	DIP
County Line Rd	8"	4,747	0.90	DIP
Gaines Mill Rd	8"	633	0.12	DIP
Greenway Rd	8"	4,907	0.93	DIP
Lanier Cold Storage	8"	2,644	0.50	DIP
Lula Rd - SR 52	8"	13,483	2.55	DIP
McKinnley Forest S/D	8"	818	0.15	DIP
Old Cleveland Hwy	8"	962	0.18	DIP
Overlook at North Hall S/D Phase 1	8"	1,419	0.27	DIP
Pennington Point S/D	8"	5,333	1.01	DIP
South Chase S/D	8"	7,168	1.36	DIP
Stone Creek at the Reservoir S/D	8"	556	0.11	DIP

Sugar Hill Elementary	8"	285	0.05	DIP
The Oaks S/D	8"	1,708	0.32	DIP
Whitehall Rd	8"	7,956	1.51	DIP
Windmill S/D	8"	3,542	0.67	DIP
Yellow Creek Rd	8"	21,286	4.03	DIP
A.L. Mangum Rd	10"	6,548	1.24	DIP
Blackstock Dr	10"	2,775	0.53	DIP
Bob Bryant Rd	10"	6,310	1.20	DIP
Cato Rd	10"	2,131	0.40	DIP
County Line Rd	10"	19,453	3.68	DIP
Lula Rd - SR 52	10"	4,186	0.79	DIP
Mangum Mill Rd	10"	6,902	1.31	DIP
Mangum Rd	10"	3,399	0.64	DIP
Old Cleveland Hwy	10"	6,355	1.64	DIP
Old Shoal Creek Rd	10"	1,853	0.35	DIP
Shoal Creek Rd - SR 284	10"	11,202	2.12	DIP
Athens Hwy - US 129	12"	3,090	0.59	DIP
Belton Bridge Rd	12"	1,056	0.20	DIP
Ben Parks Rd	12"	3,423	0.65	DIP
Bethel Rd	12"	4,922	0.93	DIP
Bob Bryant Rd	12"	5,453	1.03	DIP
Britt Whitmire Rd	12"	12,998	2.46	DIP
Burton Mill Rd	12"	3,596	0.68	DIP
Clarks Bridge Rd	12"	12,113	2.29	DIP
Coker Rd	12"	10,621	2.01	DIP
Dahlongega Hwy	12"	9,548	1.81	DIP
East Hall Rd	12"	13,026	2.47	DIP
Gillsville Hwy - SR 323	12"	29,352	5.56	DIP
Greggs Rd	12"	4,589	0.87	DIP
Harmony Church Rd	12"	946	0.18	DIP
Holly Springs Rd	12"	11,669	2.21	DIP
Hubert Stephens Rd	12"	10,657	2.02	DIP
Jenny Lynn Ct	12"	1,397	0.26	DIP
Joe Chandler Rd	12"	22,204	4.21	DIP
Kenimer Rd	12"	9,296	1.76	DIP

Latty Rd	12"	13,131	2.49	DIP
Lula Rd - SR 52	12"	44,011	8.34	DIP
Old Cleveland Hwy	12"	452	0.09	DIP
Old Cornelia Hwy	12"	10,806	2.05	DIP
Old Dahlonga Hwy	12"	5,078	0.96	DIP
Oxford Rd	12"	2,375	0.45	DIP
Roy Parks Rd	12"	20,524	3.91	DIP
Simpson Rd	12"	5,005	0.95	DIP
Skitts Mtn Rd - SR 283	12"	1,577	0.30	DIP
SR 365	12"	700	0.13	DIP
Thompson Bridge Rd - SR 60	12"	12,674	2.40	DIP
Wade Whelchel Rd	12"	5,383	1.02	DIP
Bulldog Rd	16"	72	0.01	DIP
Dahlonga Hwy	16"	242	0.05	DIP
Kenimar Rd	16"	9,348	1.77	DIP
Bowen Bridge Rd	20"	9,306	1.76	DIP
Clarks Bridge Rd	20"	7,712	1.46	DIP
Dahlonga Hwy	20"	364	0.07	DIP
Greenway Rd	20"	2,673	0.51	DIP
Lula Rd - SR 52	20"	12,360	2.34	DIP
Belton Bridge Rd	24"	34,295	6.50	DIP
Old Cornelia Hwy	24"	2,518	0.48	DIP
Reservior Dr	24"	7,429	1.41	DIP
Simpson Rd	24"	461	0.09	DIP
SR 365	24"	21,764	4.12	DIP
Cedar Creek Rd	30" Raw	4,013	0.76	DIP
Dunagan Rd	30" Raw	7,112	1.35	DIP
* PVC - Polyvinyl Chloride Pipe				
DIP - Ductile Iron Pipe				
PART B - PRESSURE REDUCING VALVE VAULTS				
Hubert Stephens Road				
Kenimer Road		To Be Removed after Interconnection with Gainesville		
Lula Road - State Route 52				
Oxford Road		To Be Removed after Interconnection with Gainesville		

PART C - STORAGE TANKS	
State Route 52 at State Route 365	250,000 Gallon Elevated Storage Tank
PART D - WATER SUPPLY	
North Oconee Intake Pump Station	
Cedar Creek Reservoir	
Cedar Creek Reservoir Intake Pump Station	
PART E - SYSTEM INTERCONNECTIONS	
Old Cornelia Highway	Connection with City of Lula's water system with meter
Cleveland Highway	Connection with White County's water system with meter
Shoal Creek Road	Connection with White County's water system with meter

Exhibit B

RESOLUTION PR-2005- 18

KING STREET ELEVATED STORAGE TANK DESIGN AND BIDDING SERVICES

WHEREAS, the City of Gainesville and Hall County own separate water distribution systems which are by Intergovernmental agreement operationally unified; and

WHEREAS, the "Water Distribution Master Plan Update – Interim Service to Hall County Water System" report completed in December 2004 by Wiedeman and Singleton, Inc. recommended a integration plan to provide service to the Hall County Water District via the City of Gainesville's Water System; and

WHEREAS, the integration plan recommends the construction of the King Street Elevated Storage Tank, the modifications of the City of Gainesville's Rilla Road Booster Pump Station, the modification of Hall County's S.R. 52 Elevated Storage Tank, and other necessary appurtenances; and

WHEREAS, proposals from pre-qualified engineering firms for the design of said improvements were solicited and received on February 4, 2005 by the City of Gainesville Public Utilities staff; and

WHEREAS, Precision Planning, Inc. has submitted the best overall proposal and scope of services to design the recommended facilities and to complete the necessary contract documents to construct this project. Said proposal includes a design and bidding schedule of approximately eight (8) months from Notice to Proceed and a not-to-exceed cost of \$89,450.00; and

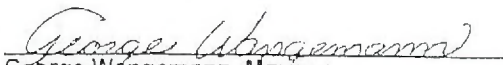
WHEREAS, staff has reviewed said scope and proposal and recommended in a memorandum dated February 11, 2005, Precision Planning, Inc. be authorized to proceed with the work; and

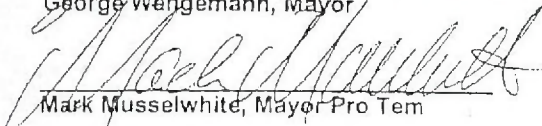
NOW THEREFORE BE IT RESOLVED, that the Gainesville City Council hereby authorizes Precision Planning, Inc. and staff to proceed with design, engineering and production of construction drawings, specifications, contract documents and to obtain bids from pre-qualified construction contractors, make recommendation of contract award and apply for all necessary permits and licenses through appropriate regulatory agencies.

BE IT FURTHER RESOLVED, that the Gainesville City Council hereby authorizes the expenditure of \$89,450.00 for the work proposed, an additional \$35,000.00 for staff salaries, legal services, and other project costs as may be necessary.

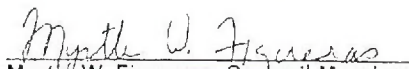
BE IT FURTHER RESOLVED that said expenditures totaling \$124,450.00 shall be from the Extension and Renewal Fund or other appropriate available funding source. The City of Gainesville's portion of the project cost is approximately \$62,225.00 and Hall County's portion of the project cost is approximately \$62,225.00. Hall County shall reimburse the City for its pro rata costs of the work authorized by this resolution, including staff salaries and other project costs that may be necessary.

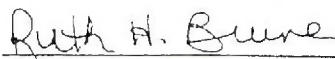
ADOPTED THIS 17th DAY OF March, 2005.


George Wengemann, Mayor


Mark Musselwhite, Mayor-Pro Tem


Robert L. Hamrick, Council Member


Myrtle W. Figueras, Council Member


Ruth Bruner, Council Member

ATTEST:


Denise Jordan, City Clerk

Exhibit C

RESOLUTION

PR-2005- 60

HALL COUNTY WATER SYSTEM INTEGRATION DESIGN & BIDDING SERVICES

WHEREAS, the City of Gainesville and Hall County own water distribution systems which are by intergovernmental agreement operationally unified; and

WHEREAS, the "Water Distribution Master Plan Update – Interim Service to Hall County Water System" report completed in December 2004 by Wiedeman and Singleton, Inc. recommended a integration plan to provide service to the Hall County Water District via the City of Gainesville's Water System; and

WHEREAS, the integration plan recommends the construction of a water main extension on Woodlin Road, several pressure reducing valve stations, several water main connections, and other necessary appurtenances; and

WHEREAS, City staff has reviewed said report and connection plan and recommend the City Public Utilities staff proceed with the design of said water main extensions and interconnection work as detailed in the plan also known as Phase 3 of the water system integration; and

WHEREAS, the Gainesville Public Utilities staff is prepared to perform Design and Bidding Services and complete the necessary contract documents to construct the Phase 3 water system integration project. Said project includes a design and bidding schedule of approximately 8 months from execution of the resolution; and

WHEREAS, the staff also recommends \$85,000.00 for staff salaries for design services, legal services, easement acquisition, and other project costs as may be necessary for Phase 3 of the water system integration; and

WHEREAS, Phase 1 and Phase 2 have been completed and staff recommends monies received from Hall County for staff salaries and construction of the water main connections and extensions for Phase 1 and Phase 2 of the water system integration be transferred to the Public Utilities Department's operating budget; and

NOW THEREFORE BE IT RESOLVED, that the Gainesville City Council concurs with the staff's recommendation; and

BE IT FURTHER RESOLVED, the Gainesville City Council authorizes reimbursement of the Public Utilities Department's operating budget for said expenses associated with design and construction of the water main connections and extensions for Phase 1 and Phase 2 of the water system integration from monies received from Hall County; and

BE IT FURTHER RESOLVED that said expenditures for Phase 3 totaling \$85,000.00 shall be from the Public Utilities Capital Project fund. Hall County has agreed and shall reimburse the City for all costs of the work authorized by this resolution, including staff salaries and other project costs that may be necessary.

ADOPTED THIS 20th DAY OF September, 2005.

George Wangemann
George Wangemann, Mayor

Mark Musselwhite
Mark Musselwhite, Mayor Pro Tem

Robert L. Harrick
Robert L. Harrick, Council Member

Myrtle W. Figueras
Myrtle W. Figueras, Council Member

Ruth H. Bruner
Ruth Bruner, Council Member

ATTEST Denise O. Jordan
Denise Jordan, City Clerk



Exhibit D

RESOLUTION

HALL COUNTY WATER SYSTEM INTEGRATION DESIGN & BIDDING SERVICES

WHEREAS, the City of Gainesville and Hall County own water distribution systems which are by intergovernmental agreement operationally unified; and

WHEREAS, the "Water Distribution Master Plan Update – Interim Service to Hall County Water System" report completed in December 2004 by Wiedeman and Singleton, Inc. recommended a integration plan to provide service to the Hall County Water District via the City of Gainesville's Water System; and

WHEREAS, the integration plan recommends the construction of a water main extension on Woodlin Road, several pressure reducing valve stations, several water main connections, and other necessary appurtenances; and

WHEREAS, staff has reviewed said report and connection plan and recommend that the City Public Utilities staff proceed with the design of said water main extensions and interconnection work as detailed in the plan also known as Phase 3 of the water system integration; and

WHEREAS, the Gainesville Public Utilities staff is prepared to perform Design and Bidding Services and complete the necessary contract documents to construct the Gainesville / Hall County Water System Interconnection project. Said project includes a design and bidding schedule of approximately 8 months from execution of the resolution; and

WHEREAS, the staff also recommends \$85,000.00 for staff salaries, legal services, easement acquisition, and other project costs as may be necessary for Phase 3 of the water system integration; and

NOW THEREFORE BE IT RESOLVED, that the Hall County Commission concurs with the staff's recommendation; and

BE IT FURTHER RESOLVED, per the intergovernmental agreement, the Hall County Commission hereby authorizes reimbursement of project costs not to exceed \$85,000.00 to the City of Gainesville for costs associated with design and bidding of Phase 3.

ADOPTED THIS 8th DAY OF September, 2005.

Tom Oliver
Tom Oliver, Chairman

Billy Powell
Billy Powell, Commission Member

Deborah Lynn
Deborah Lynn, Commission Member

Steve Gailey
Steve Gailey, Commission Member

Deborah Mack
Deborah Mack, Commission Member

ATTEST: Michelle Smallwood
Michelle Smallwood, County Clerk