

INTERLOCAL AGREEMENT

City of Polson & North Lake County Public Library District

This agreement, dated the 17th day of December 2010, by and between the City of Polson (City), a municipality of the State of Montana, and the North Lake County Public Library District (District,) a political subdivision of the State of Montana;

WITNESSETH:

WHEREAS, the City of Polson maintained for many years a Polson City Library; and,

WHEREAS, as of July 1, 2010, the District came into existence at the will of the voters in Lake County High School District #23, including inter alia all the area encompassed within the corporate boundaries of the City of Polson; and,

WHEREAS, it is the intention of the parties hereto that from and after January 1, 2011, the District will provide library services to the residents of the City of Polson, among others, and that from and after said date the need for a Polson City Library serving the same area will cease to exist; and,

WHEREAS, the City and the District desire to set forth their agreement herein, for the purpose of ensuring a smooth and functioning transition of administration, assets, services, personnel, and liabilities in view of the aforesaid cessation of operations by Polson City Library and commencement of operations by the District.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and in compliance with Sections 7-11-101, et seq., MCA the "Interlocal Cooperation Act", it is agreed as follows:

1. The parties agree that the effective date for the cessation of the Polson City Library shall be at midnight December 31, 2010, and the effective date for commencement of library services operation by the District shall likewise be January 1, 2011, unless these dates must be changed due to circumstances that may arise during the execution hereof.
2. The City shall take all necessary steps to dissolve the Polson City Library, effective the date stated in Paragraph 1 hereof, or as the same may be later amended.
3. Pursuant to state statute, the City has held certain funds in trust for the Polson City Library and disbursed the same from time to time at the direction of its Board of Trustees. The list of funds held by the City and attributable to the Polson City Library is attached hereto as Exhibit A. The City intends to transfer these funds to care, custody, and control of the District as of the effective date of the commencement of District library services operations. The District has declined to independently audit the above-referenced funds and will accept a certified letter from the Polson City Treasurer verifying the accuracy of the funds. Execution of this Agreement by the authorized representative of the District

shall constitute a waiver of any claims against the City by the District relating to or arising from the City's management of such monies through the date of transfer.

4. The City shall place on its regular agenda an item to authorize the Mayor to execute and deliver a deed to the District, conveying thereby the present library building and land upon which it is located, and a further item authorizing the Mayor to execute and deliver a bill of sale for all chattel as-is, where-is, without warranty of any kind. No authority will exist in the Mayor to deliver any deed or bill of sale until December 31, 2010, and only upon the District furnishing proof of insurance, including real and personal property, and liability, acceptable to the City.
5. As of December 31, 2010, the City will accept the resignation of any present Polson City Library staff member who indicates such desire in writing. Any present Polson City Library staff member who declines to resign will of necessity be laid off from City employment from and after January 1, 2011.
 - a. At the specific request of the District, at the time of such resignation the City employee shall have the opportunity to sign an Assignment and Waiver, of such terms as necessary to instruct the City to transfer and assign any categories of leave accrued or to be accrued by such employee through December 31, 2010, to the sole control and liability of the District, and waiving any claims against the City that such resigning employee may accrue as a consequence of such assignment.
 - b. Execution of this Agreement by the authorized representative of the District shall constitute a full and absolute acknowledgement and assumption by the District of any liabilities referable to any assignments of categories of accrued leave period by any departing City employee as set forth above, and constitutes an indemnification of the City by the District as to any claim arising therefrom. The accrued numbers will be provided by the City at the time of transition.
 - c. Non-pay related personnel records of departing City employees shall be turned over to the District only with the written consent of the affected employee.
6. The District shall furnish proofs to the City prior to January 1, 2011, that the District has secured workers compensation and unemployment insurance policies for any present Polson City Library staff member that the District intends to hire. Any present Polson City Library staff hired by the District shall be hired at a comparable rate of pay and benefits at which such respective persons resigned from City employment.
7. The North Lake County Public Library District has by resolution or other appropriate means adopted the existing Polson Personnel Manual together with some minor amendments thereto, which the City acknowledges are lawful and proper. The same shall remain substantially in place through to January 1, 2011. No part of this term requires the District to keep or maintain the same in the present configuration after January 2, 2011.
8. The District shall offer any present Polson City Library staff member later employed by the District a health insurance plan benefit, in kind or in cash, in like and similar amounts as such present Polson City Library staff members enjoy, at the time of hiring of such former Polson City Library staff member.
9. From and after January 1, 2011, the City will not honor any contracts entered into by the Polson City Library, and the District by its execution hereof agrees to assume the benefits

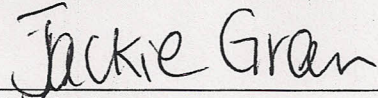
and burdens of any such existing contracts, and to indemnify the City from any cost, burden, or expense associated with any such contracts.

10. It is the intent of the parties hereto that from and after January 1, 2011, neither party hereto shall have the right of governance or control of the other, and each shall assume any and all liabilities with respect to land, chattel, and personnel as arranged herein, save and except any rights arising under this Agreement.
11. The City and the District agree that while the City has funded library operations of the Polson City Library from and after July 1, 2010, through December 31, 2010, the City shall not seek reimbursement from the District of any such expenditures on its behalf, save and except the District shall reimburse the City for any amounts expended by the library operation in excess of amounts approved by the Council in the 2010-2011 budget for the library through calendar year 2010, on such terms and conditions as the parties may later agree.
12. Each party hereto represents and warrants that the governing body of each party has considered the terms of this Agreement, approved its adoption, and empowered the subscribers hereof to execute this Agreement on behalf of their respective governing boards.
13. The City Payroll Clerk, City Treasurer, and City Clerk along with the Library Director will be involved in administering the transition and providing any applicable reports.

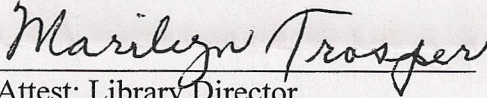
IN WITNESS WHEREOF, the parties have executed this agreement on the date above cited.

North Lake County Public Library District

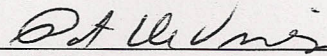
City of Polson



Jackie Gran,
Chairperson, Library District



Attest: Library Director



Pat DeVries,
Mayor, City of Polson



Attest: City Clerk

INTERLOCAL AGREEMENT

City of Polson and the North Lake County Public Library District

EXHIBIT A: (ASSETS TO BE TRANSFERRED)

The following Assets will be transferred from the City to the District on or about January 1, 2011:

1. The City of Polson will transfer the library building and the land upon which it is located. The land was previously designated and dedicated as a place for a library (see Exhibit 2). The building was built with private donations, without taxpayer money, for the same purpose.
2. Financial assets and accrued interest through December 31, 2010 in Funds:
 - a. 2750 Hochmark
 - b. 2751 Technology
 - c. 2752 Library District Education
 - d. 2755 Memorial (Restricted)
 - e. 2756 Memorial (Non Restricted) and
 - f. 4510 Library Depreciation Reserve (created in accordance with MCA 22-1-305, 22-1-306, 22-1-307).

These funds were created with private donations, not taxpayer funds, for specific library purposes. Following transfer, the District will assume all obligations regarding such Funds, and comply with all applicable legal requirements pertaining to them.

3. The materials collections (books, audios, videos, magazine/periodicals, etc.) in the Polson City Library.
4. All personal property, equipment, fixtures and other property located within and outside the Polson City Library.
5. Story Shuttle Van (2000 Dodge Ram).
6. Original or photocopies of complete personnel records for existing staff.
7. Deed to the library building and land.

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EXHIBIT B

SAMPLE

DATE:

TO: Todd Crossett, Polson City Manager

FROM: Present Polson City Library Employee

SUBJECT: Resignation

Please consider this my resignation from employment by the City of Polson, effective December 31, 2010.

I do / do not wish to transfer and assign accrued vacation / sick / other time to the control and liability of the North Lake County Library District. I understand that if I do not wish to do so I will be paid out the value thereof by the City of Polson as of December 31, 2010.

I further understand that if I choose to transfer those categories of reserved time, they will continue to accrue pursuant to the Personnel Manual of the District, as it exists or may later be amended. If this is my choice I hereby waive any and all claims against the City that might accrue by reason of failing to take a cash payout at this time.

If no choice is indicated the City will assume I intend to be paid out as of December 31, 2010.

I authorize / do not authorize the City to turn over all non-pay related personnel records to the District.

Signed _____