

PUBLIC VERSION

ASSET PURCHASE AGREEMENT

By and Between

THE SEWER AUTHORITY OF THE CITY OF SCRANTON

AS SELLER

and

PENNSYLVANIA-AMERICAN WATER COMPANY

AS BUYER

Dated as of March 29, 2016

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement"), dated as of March 29, 2016 (the "Effective Date"), is made and entered into by and between THE SEWER AUTHORITY OF THE CITY OF SCRANTON (the "Seller"), and PENNSYLVANIA-AMERICAN WATER COMPANY ("Buyer").

WITNESSETH:

WHEREAS, the Seller, acting by and through the Authority Board, owns and operates a wastewater collection and treatment system (the "System"); and

WHEREAS, Buyer owns and operates a public utility water system operating in or near the Seller's wastewater service area (the "Water System") which includes the City of Scranton (the "City") and the Borough of Dunmore (the "Borough") (the City and the Borough, together, the "Service Area"); and

WHEREAS, the Seller issued on March 3, 2015 a Request for Proposals ("RFP") regarding the management and/or sale of the System, as it explored ways to achieve operating efficiencies, to improve customer wastewater service, to keep future customer rates as low as possible and to raise capital to fund important infrastructure needs; and

WHEREAS, Buyer, among other parties, responded to the RFP and, subsequently, to Seller's request for Best and Final Offers ("BAFO"), and engaged in extensive discussions with the Seller including the Seller's response to Buyer's questions related to the RFP, the Seller's requests for clarification related to the BAFO, and Buyer's and the Seller's responses to such correspondence (collectively, the "Clarifying Correspondence"), which resulted in the Seller and Buyer entering into a Memorandum of Understanding, dated December 15, 2015, as modified on March 14, 2016 (the "MOU"), for the sale and transfer of the System; and

WHEREAS, Buyer, in reliance upon the representations, warranties and covenants of the Seller herein, desires to purchase and acquire from the Seller, and the Seller, in reliance upon the representations, warranties and covenants of Buyer herein, desires to sell, transfer, assign, convey and deliver to Buyer all of the assets of the System (other than the Excluded Assets), and in connection therewith, Buyer has agreed to assume certain ongoing obligations and liabilities of the Seller related to the operation of the System (including the Seller's obligations under the Consent Decree subject to the limitations contained herein), all on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual representations, warranties, covenants, and agreements herein contained, the receipt and sufficiency of which hereby are acknowledged, intending to be legally bound, the Parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms, as used in this Agreement shall have the meanings set forth in this Article I:

“Abstract Completion Date” has the meaning specified in Section 6.01(a).

“Abstractor” has the meaning specified in Section 6.01(a).

“Abstractor Search Result Chart” has the meaning specified in Section 6.01(a).

"Accrued PTO" has the meaning specified in Section 7.04(c).

"Accrued Sick Bank" means the portion of the Accrued PTO comprising the total amount of accrued but unused paid sick days with respect to all Union Personnel as of the Closing Date.

"Acquired Assets" has the meaning specified in Section 2.01.

"Acquired Authorizations" has the meaning specified in Section 2.01(j).

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning specified in the Preamble of this Agreement.

"Allocation Schedule" has the meaning specified in Section 3.03.

"Amended CBA" has the meaning specified in Section 7.04(f).

"Amended Consent Decree" has the meaning specified in Section 7.06(d).

"Approved Revised CSO Control Measures Plan" means any Revised CSO Control Measures Plan approved in accordance with Subsection XIX of the Consent Decree, or established through Dispute Resolution pursuant to Section XII of the Consent Decree.

"Assignable Outstanding Indebtedness" has the meaning specified in Section 7.11(a).

"Assigned Contracts" has the meaning specified in Section 2.01(c).

"Assignment and Assumption Agreement" has the meaning specified in Section 13.02(b).

"**Assumed Liabilities**" has the meaning specified in Section 2.04(a).

"**Authority Board**" has the meaning set forth in the Municipality Authorities Act of 1945 and the bylaws of the Seller.

"**Average System Rates**" means the "Rates for Rate Zone 1" contained in Buyer's Supplement No. 2 to Tariff Wastewater PA P.U.C. No. 15, 1st Revised Page No. 4 through 1st Revised Page No. 4.1 on file with the PaPUC, as amended.

"**Base Amount**" has the meaning specified in Section 3.01.

"**Borough**" has the meaning specified in the recitals to this Agreement.

"**Business Day**" means any day other than Saturday, Sunday, and any day on which commercial banks in Pennsylvania are authorized by Law to be closed.

"**Buyer**" has the meaning specified in the Preamble of this Agreement.

"**Buyer Fundamental Representations**" has the meaning specified in Section 8.01.

"**Buyer Indemnified Persons**" has the meaning specified in Section 8.02.

"**Buyer Parent**" means American Water Works Company, Inc.

"**Buyer Post-Signing Event**" has the meaning specified in Section 10.04.

"**Buyer Schedule Supplement**" has the meaning specified in Section 10.04.

"**CAGR**" has the meaning specified in Section 7.07(d).

"**CERCLA**" means the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq., as amended.

"**City**" has the meaning specified in the recitals to this Agreement.

"**City NPDES Permit**" means the National Pollutant Discharge Elimination System Permit No. PA1132203 issued by PaDEP to the City with respect to the MS4 System which became effective on November 1, 2014 and expires on October 31, 2019, including any revision or modification thereto.

"**City-Owned Real Property**" has the meaning specified in Section 6.02(d).

"**Clarifying Correspondence**" has the meaning specified in the recitals to this Agreement.

"**Closing**" means the consummation of the sale and purchase of the Acquired Assets and assumption of the Assumed Liabilities and the other transactions contemplated hereby, all in accordance with the terms and conditions of this Agreement.

"**Closing Cash Balance**" means the sum of (a) the aggregate amount of cash and cash equivalents in the bank accounts included in the Acquired Assets as of the Closing Effective Time *plus* (b) the lesser of (i) the aggregate amount paid by the Seller to cash-out the Accrued Sick Bank in accordance with Section 7.04(c), and (ii) \$450,000.

"**Closing Cash Statement**" has the meaning specified in Section 3.02(b).

"**Closing Date**" has the meaning specified in Section 13.01.

"**Closing Effective Time**" has the meaning specified in Section 13.01.

"**Closing Outstanding Indebtedness Amount**" has the meaning specified in Section 3.01(a).

"**COBRA**" means Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, including Sections 2201 through 2208 of the Public Health Service Act and Part 6 of Subtitle B of the Employee Retirement Income Security Act of 1974, as amended.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Collective Bargaining Agreement**" means the Agreement between the Seller and the Union dated as of April 1, 2013 for the period April 1, 2013 to March 31, 2017, as may be amended from time to time.

"**Combined Sewer Overflow**" or "**CSO**" means any discharge from the Seller's Combined Sewer System at a CSO Outfall designated in the currently applicable Seller NPDES Permit.

"**Combined Sewer System**" means the portion of the Seller's System designed to convey municipal sewage, wastewaters (domestic, commercial, and industrial) and stormwater runoff in the same system of pipes to the Wastewater Treatment Plant.

"**Combined Sewer System Assets**" means the assets of the System designed and constructed to collect and convey municipal sewage (i.e., domestic, commercial and industrial) and stormwater through a single pipe-system to the Wastewater Treatment Plant or Combined Sewer Overflow structures, including (i) wastewater collection pipes, pumping stations and other assets used for wastewater collection, (ii) stormwater drains, pipes, collection basins, pumping stations and all other stormwater drainage assets used for stormwater collection, and (iii) catch basins, inlets, pipes and all other stormwater lateral facilities, in each case that connect wastewater and surface stormwater drains to the combined sewer mains that discharge to the Wastewater Treatment Plant or combined sewer overflow structures, but excluding the Municipal Separate Storm Sewer System. The term "Combined Sewer System Assets" also includes facilities constructed in accordance with Exhibit A of the Consent Decree.

"**Compliance Schedule**" has the meaning specified in Section 7.06(a).

"**Consent Decree**" means the order of the United States District Court for the Middle District of Pennsylvania dated January 31, 2013, among the EPA, PaDEP and the Seller,

including, among other requirements, the Long-Term Control Plan and Nine Minimum Controls Plan (as defined in the Consent Decree), as modified by the Notice of Non-Material Modification of Consent Decree filed December 18, 2015, and as may be further modified in accordance with the terms of this Agreement and approved in accordance with the terms of the Consent Decree.

"Consent Decree Required Information" has the meaning specified in Section 7.03(b).

"Contract" means any contract, agreement, purchase order, lease, sublease, license, sublicense, plan, indenture, loan agreement, security agreement, instrument or other document, commitment, arrangement, undertaking, practice or authorization that is binding on any Person or its property under applicable Law.

"CSO Control Measures" means the construction, control measures, actions and other activities set forth in Appendix A of the Consent Decree, including the Seller's Long-Term Control Plan, as approved by Federal and State regulatory authorities and as may be amended from time to time in accordance with the terms of the Consent Decree.

"CSO Outfall" means an outfall in the Combined Sewer System from which combined sewage and stormwater are discharged and so designated in the currently applicable Seller NPDES Permit.

"Cured" has the meaning specified in Section 6.02(a).

"Damages" means any and all losses, liabilities, obligations, damages, penalties, interest, Taxes, claims, actions, demands, causes of action, judgments, reasonable attorneys', consultants' and other professional fees, and all other reasonable costs and expenses sustained or incurred in investigating, preparing or defending or otherwise incident to any such claim, action, demand, cause of action or judgment or the enforcement of a Party's rights under Article VIII; *provided, however,* that **"Damages"** shall not include punitive damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party in respect of a Third Party Claim.

"Easements" means all easements, rights of way, licenses, use agreements, occupancy agreements, leases and other agreements and appurtenances for and over the real property of third parties.

"Effective Date" has the meaning specified in the Preamble.

"Eligible Easement" means any Easement that is either:

(a) a Held Easement which is not subject to any Objection Notice or, if same was subject to an Objection Notice, the applicable Title Objection Items have been Cured pursuant to Section 6.02(a); or

(b) an Easement with respect to which the Seller has instituted condemnation proceedings in order to obtain the necessary right and title to such Easement, the period for making preliminary objections thereto has expired without any preliminary objections being made or, if preliminary objections were made, all such preliminary objections have been resolved and, in

any case, the only remaining issue is the fair value that will be paid to the landowner for the taking of such Easement.

“Environment” means any surface water, ground water, soil or subsurface strata, sediments or ambient air.

"Environmental Claims" means all notices of investigations, warnings, notice letters, notices of violations, Liens, orders, claims, demands, suits or administrative or judicial actions for any injunctive relief, fines, penalties, third party claims, or other claims asserting violations of Environmental Requirements or responsibility for Environmental Liabilities.

"Environmental Conditions" means the Release of Hazardous Materials or the presence of Hazardous Materials on, in, under or within any property (including the presence in the Environment), other than the presence of Hazardous Materials in locations and at concentrations that are naturally occurring.

"Environmental Liabilities" means any legal obligation or liability arising under Environmental Requirements or related to or arising out of any Environmental Condition, including those consisting of or relating to any (a) duty imposed by, breach of or noncompliance with any Environmental Requirements; (b) environmental, health or safety matters or conditions (including on-site or off-site contamination, occupational safety and health and regulation of Hazardous Materials); (c) Remedial Action undertaken by any Person; (d) bodily injury (including illness, disability and death, and regardless of when any such bodily injury occurred, was incurred or manifested itself), property damage (including trespass, nuisance, wrongful eviction and deprivation of the use of real or personal property), or other losses or damages incurred by any other Person (including any employee or former employee of such Person); (e) any injury to, destruction of, or loss of natural resources, or costs of any natural resource damage assessments; (f) exposure of any Person to any Hazardous Materials; and (g) the presence or Release of any Hazardous Materials.

"Environmental Requirements" mean all present Laws (including common law), regulations, legally binding or otherwise enforceable requirements and Licenses and Permits relating to human health, pollution, or protection of the Environment (including ambient air, surface water, ground water, land surface or surface strata), including (i) those relating to emissions, discharges, Releases, or threatened Releases of Hazardous Materials, and (ii) those relating to the identification, generation, manufacture, processing, distribution, use, treatment, storage, disposal, release, recovery, transport or other handling of Hazardous Materials. Without limiting the foregoing, the term **“Environmental Requirements”** includes (1) CERCLA; the Superfund Amendments and Reauthorization Act, Public Law 99-499, 100 Stat. 1613; the Emergency Planning and Community Right to Know Act, 42 U.S.C. Sections 11001-11050; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901-6992k (“RCRA”); the Safe Drinking Water Act, 42 U.S.C. Sections 300f to 300j-26; the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2692; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101-5127; the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387; the Oil Pollution Act of 1990, 33 U.S.C. Sections 2701--2761; the Clean Air Act, 42 U.S.C. Sections 7401-7671q; the Atomic Energy Act of 1954, as amended, 42 U.S.C. Sections 2011 et seq.; the Low Level Radioactive Waste Policy Act, as amended, 42 U.S.C. Section 2021b et seq.; the

Occupational Safety and Health Act, 29 U.S.C. Sections 651-678, and the regulations promulgated pursuant to the above-listed federal statutes, and (2) counterpart Laws and regulations promulgated or issued by any state or local Governmental Authority.

"**EPA**" means the United States Environmental Protection Agency, or a successor Governmental Authority with substantially similar power and authority thereto.

"**Equipment and Machinery**" means (i) all equipment, tangible personal property, machinery, office furniture and equipment, fixtures, tooling, spare maintenance or replacement parts, environmental testing equipment, and vehicles, (ii) any rights to warranties applicable to the foregoing, and licenses received from manufacturers of any such item, and (iii) any related claims, credits, and rights of recovery with respect thereto.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Escrow Account**" has the meaning specified in Section 3.01(b).

"**Escrow Agent**" means Delaware Trust Company.

"**Escrow Agreement**" means the Escrow Agreement, in substantially the form attached hereto as Exhibit C, dated as of the Closing Date, among Buyer, the Seller and the Escrow Agent.

"**Escrow Amount**" has the meaning specified in Section 3.01(b).

"**Escrow Fund**" means, at any given time, the portion of the Escrow Amount (together with any interest or other earnings thereon) then remaining in the Escrow Account.

"**Escrow Release Date**" means the date that is eighteen (18) months following the Closing Date.

"**Essential Easement**" means any Easement that is necessary for or used in connection with the use and operation of any Essential System Asset or to provide continuous and unimpeded rights of way for the Essential System Assets (including access thereto).

"**Essential System Assets**" means (a) the Waste Water Treatment Plant, (b) all pumping stations, outfalls and other "above ground" Combined Sewer System Assets and all appurtenances relating thereto, and (c) easements for all Combined Sewer System Assets which in any way relate to railroad properties and rights-of-way, and collection system mains and laterals and other lines comprising the System, wherever located, which have a diameter of twelve (12) inches or more, including those Essential System Assets at the locations identified on Schedule 6.01.

"**Estimated Closing Cash Balance**" has the meaning specified in Section 3.02(a).

"**Estimated Closing Cash Increase**" has the meaning specified in Section 3.02(a).

"**Estimated Closing Cash Reduction**" has the meaning specified in Section 3.02(a).

"Estimated Closing Cash Statement" has the meaning specified in Section 3.02(a).

"Estimated Withdrawal Liability Amount" has the meaning specified in Section 2.07(b).

"Excess Offsets and Credits" has the meaning specified in Section 7.06(e).

"Excluded Accounts Receivable" has the meaning specified in Section 2.02(l).

"Excluded Assets" has the meaning specified in Section 2.02.

"Excluded Liability" or **"Excluded Liabilities"** means any and all liabilities, debts or obligations of any nature, whether known or unknown, absolute, accrued, contingent, liquidated, unliquidated, due or to become due or otherwise and whether or not required to be reflected on a balance sheet prepared in accordance with GASB, in each case which are not Assumed Liabilities.

"Executive Officers" of the Seller are the Executive Director, the Director of Compliance, the Director of Engineering and the Chief Financial Officer.

"Files and Records" means all files and records of or relating to the Seller or the System, whether in hard copy or magnetic or other format including customer and supplier records, customer lists (both current and prospective), records of sales calls, manuals, books, files, records, engineering data, procedures, systems, instructions, drawings, blueprints, plans, designs, specifications, equipment lists, parts lists, equipment maintenance records, equipment warranty information, plant plans, specifications and drawings, sales and advertising material, computer software, and records relating to Transferred Personnel, and whether stored on-site or off-site.

"Final Order" means a Governmental Approval by a Governmental Authority as to which (a) no request for stay of the action is pending, no such stay is in effect and if any time period is permitted by statute or regulation for filing any request for such stay, such time period has passed, (b) no petition for rehearing of the action is pending and the time for filing any such petition or application has passed, (c) such Governmental Authority does not have the action under reconsideration on its own motion and (d) no appeal to a court or administrative tribunal or a request for stay by a court or administrative tribunal of the Governmental Authority's action is pending or in effect and the deadline for filing any such appeal or request for stay has passed.

"Financial Statements" has the meaning specified in Section 4.05.

"GASB" means the Government Accounting Standards Board.

"Governmental Approval" means any consent, approval, authorization, order, adjudication, award, decision, judgment, writ, decree, ruling, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Authority of competent jurisdiction.

"Governmental Authority" means any government, court, department, commission, board, bureau, municipality, agency or instrumentality of the United States, or of any state,

county, city or political subdivision thereof, or any foreign governmental body, including the PaPUC, the EPA, PaDEP and the Authority Board.

"Hazardous Materials" means: (a) any substance that is a "hazardous substance," "hazardous waste," "solid waste," "municipal waste," "industrial waste," "flammable material," "radioactive material," "hazardous material," "pollutant," or "contaminant" or words of similar meaning and regulatory effect under any applicable Environmental Requirements, (b) petroleum or petroleum product (including crude oil and any fraction thereof) or waste oil, (c) any natural or synthetic gas (whether in liquid or gaseous state), (d) any asbestos or polychlorinated biphenyls, (e) Mold, and (f) any mixture or solution of the foregoing, and all derivatives or synthetic substitutes of the foregoing.

"Held Easement" means, as of any particular date, each Easement that has been obtained by the Seller prior such date.

"Indemnified Party" means any Buyer Indemnified Person or Seller Indemnified Person, as applicable, entitled to indemnification pursuant to Article VIII.

"Indemnifying Party" means a Party which is obligated to indemnify an Indemnified Party pursuant to Article VIII.

"Independent Third Party" has the meaning specified in Section 7.05(b).

"Industrial Pretreatment Program" means the program for regulation and management of discharges to the System from Industrial Users as defined in 40 C.F.R. §403.3 which is sufficient to satisfy the requirements of the Amended Consent Decree (including the revised Nine Minimum Controls Plan) and the Seller NPDES Permit as transferred to Buyer, including any amendments or revisions thereto.

"Intellectual Property" means any and all of the following in any jurisdiction throughout the world: (a) trademarks and service marks, including all applications and registrations and the goodwill connected with the use of and symbolized by the foregoing; (b) copyrights, including all applications and registrations, and works of authorship, whether or not copyrightable; (c) trade secrets and confidential know-how; (d) patents and patent applications; (e) websites and internet domain name registrations; and (f) all other intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing.

"Intellectual Property Assets" has the meaning specified in Section 2.01(g).

"Knowledge", "to the Knowledge of", and phrases of similar import, means the actual knowledge, after reasonable inquiry, of (A) with respect to Seller, the Executive Officers, or (B), with respect to Buyer, Kathy L. Pape.

"Law" means any law, statute, regulation, ordinance, rule, order, judicial, administrative or regulatory decree, judgment, adjudication, consent decree, settlement agreement, governmental requirement or common law doctrine enacted, promulgated, entered into, agreed or imposed by any Governmental Authority.

"Leased Real Property" means any parcel of land, building, fixtures or other real property leased, subleased, licensed or occupied pursuant to any leasehold or other real property right or interest.

"Liability Cap" has the meaning specified in Section 8.05(c).

"Licenses and Permits" mean all licenses, permits, franchises, authorizations, certificates, registrations, consents, orders, adjudications, variances, waivers, privileges, approvals or other Governmental Approvals issued, granted, approved or allowed by or obtained from, or required to be obtained from, any Governmental Authority, including environmental permits, operating permits and approvals.

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, charge, claim, option, warrant, lease, sublease, right to possession, hypothecation, easement, right-of-way, encroachment, or other encumbrance, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any property.

"Long Term Control Plan" means the plan submitted and approved by EPA and PaDEP under Section V.B. of the Consent Decree.

"Material Adverse Effect" means any event, occurrence, fact, condition or change that, individually or in the aggregate, is materially adverse to (a) the business, condition (financial or otherwise), assets, liabilities or results of operations of the System, taken as a whole, or (b) the ability of the Seller to consummate the transactions contemplated hereby; *provided, however*, that for purposes of the foregoing clause (a), a "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the sewer system industry (including sewer system owners, operators and service providers); (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action by the Seller required or permitted by this Agreement or any action taken (or omitted to be taken) by the Seller with the written consent of or at the written request of Buyer; (vi) any changes in applicable Laws or accounting rules or the enforcement, implementation or interpretation thereof; (vii) any natural or man-made disaster or acts of God; or (viii) any failure, in and of itself, by the Seller to meet any internal or published projections, forecasts or revenue or earnings predictions with respect to the System (*provided* that the underlying causes of such failure shall not (subject to the other provisions of this definition) be excluded from the determination of a Material Adverse Effect), except, in the case of the foregoing clauses (i), (ii), (iii), (iv), (vi) and (vii), to the extent such event, occurrence, fact, condition or change has a materially disproportionate effect on the Seller as compared to other similar situated Persons engaged in the industry in which the Seller operates.

"Material Change" has the meaning specified in Section 7.05(h).

"Material Contracts" has the meaning specified in Section 4.18.

"Material Terms" has the meaning specified in Section 7.05(b).

"Maximum Liability Cap" has the meaning specified in Section 8.05(c).

"Missing Easements" means, as of any particular date, each Easement that is appurtenant to any Combined Sewer System Asset or necessary for access to any Combined Sewer System Asset or for the operation of any Combined Sewer System Asset (including Easements for utilities and power to any Combined Sewer System Asset) or otherwise is necessary for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Combined Sewer System Assets (including access thereto) that either (a) has not been obtained by the Seller prior such date or (b) if such Easement has been obtained by the Seller prior such date, such Easement is unrecorded or such Easement is not sufficient to operate the System as currently conducted.

"Mold" means any mold, fungus, bacteria, viral, or microbial matter or pathogenic organisms of a type or quantity that (a) results in or could reasonably result in a significant risk to human health or the Environment or obligations under Environmental Requirements to undertake Remedial Actions, or (b) would materially and negatively impact the value of any of the Acquired Assets.

"MOU" has the meaning specified in the recitals to this Agreement.

"Multiemployer Plan" has the meaning specified in Section 4.12(c).

"Municipal Separate Storm Sewer System" or "MS4 System" means the current and any future assets and facilities, built, operated or maintained, or real property ("**MS4 System Real Property**") and Stormwater System Assets owned by the City, the Borough or the Seller, and used for the purpose of capturing, conveying and discharging stormwater separate from any sewage or wastewaters.

"Nine Minimum Controls Plan" means the plan set forth in Appendix A of the Consent Decree as may be revised and updated in accordance with the Nine Minimum Controls requirements referenced in Section V.A of the Consent Decree.

"Non-Union Personnel" means Personnel who are not members of the Union.

"Nonassignable Assets" has the meaning specified in Section 2.06(a).

"Noticed Proposal" has the meaning specified in Section 7.05(g).

"Noticed Proposal Period" has the meaning specified in Section 7.05(g).

"Objection Notice" has the meaning specified in Section 6.02(a).

"Off-Site Location" means a location other than property on which the System is located.

"Outside Date" means October 15, 2016, as may be extended pursuant to Section 14.01(f).

"Outstanding Indebtedness" means the aggregate amount of outstanding indebtedness and other obligations of the Seller (including all principal and accrued but unpaid interest, fees, indemnities, compensation, expenses and other amounts payable, and including any termination fees, prepayment penalties, redemption premium, "breakage" costs or similar payments associated with the payment, prepayment or redemption of such amounts of Outstanding Indebtedness), as of the Closing Effective Time, and all arbitrage rebate amounts and trustee or paying agent fees and expenses payable under or with respect to the following bonds, notes and other debt instruments (including any and all indentures, debentures, mortgages or other Contracts relating to any of the following): (i) Sewer Revenue Bonds, Series of 2011A, (ii) Sewer Revenue Bonds, Series of 2011B, (iii) Sewer Revenue Bonds, Series of 2014, (iv) Sewer Revenue Bonds, Series of 2015, (v) PENNVEST Promissory Note #71192, (vi) PENNVEST Promissory Note #71162, (vii) PENNVEST Promissory Note #71281, (viii) PENNVEST Promissory Note #27682, (ix) PENNVEST Promissory Note #79906, (x) PENNVEST Promissory Note #71375, , (xi) PENNVEST Promissory Note #27881, (xii) \$4,000,000 line of credit from First National Commonwealth Bank and (xiii) \$2,000,000 line of credit from First National Commonwealth Bank.

"Owned Real Property" means all land owned in fee simple, together with all buildings, structures, improvements and fixtures located thereon, and all easements, rights of way, licenses, privileges, air rights and other rights and interests appurtenant thereto.

"PaDEP" means the Pennsylvania Department of Environmental Protection.

"PaPUC" means the Pennsylvania Public Utility Commission.

"Party" means Buyer or the Seller, and the term **"Parties"** means collectively Buyer and the Seller.

"PCB Equipment" means PCB equipment as defined in 40 C.F.R. Part 761.

"Permitted Liens" means (a) Liens securing the Outstanding Indebtedness which (i) will be will be repaid and fully and unconditionally released, satisfied and discharged of record at the Closing or (ii) secure only that portion of the Outstanding Indebtedness that is assumed by Buyer at Closing, if any, pursuant to and in accordance with Section 3.01 and Section 7.11; (b) statutory Liens for Taxes not yet due and payable or which are being contested in good faith by appropriate procedures and for which appropriate reserves have been recorded in the Interim Financial Statements; (c) Liens in the nature of zoning restrictions, easements, rights-of-way or other restrictions of record on the use of the Real Property that, in the reasonable judgment of Buyer will not materially impair the continued use of the Real Property, the System and the Acquired Assets including the easements and rights-of-way for all wastewater lines and other facilities comprising the System, as the System and other Acquired Assets are currently being and have historically been used; (d) the Liens set forth on Schedule 1.01; and (e) mechanic's, materialman's, carrier's, repairer's and other similar Liens arising or incurred in the ordinary course of business under applicable Law or that are not yet due and payable or are being contested in good faith and by appropriate proceedings, in any case (i) for which reserves have been established on the Interim Financial Statements and (ii) that do not, and would not reasonably be expected to, individually or in the aggregate, materially and adversely affect the

value, or materially impair the continued use, of such Acquired Assets in the same or similar manner as currently being used; *provided, however*, that nothing contained in herein shall be construed as relieving the Seller of its obligation hereunder to deliver the Acquired Assets to Buyer on the Closing Date in the condition required under Article XIII of this Agreement.

"Person" means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, or unincorporated organization, or any Governmental Authority or other entity.

"Personnel" means the employees of the Seller, and includes Union Personnel and Non-Union Personnel.

"Policies" and **"Policy"** have the meanings specified in Section 4.17(a).

"Post-Closing Withdrawal Liability Payoff Amount" has the meaning specified in Section 2.07(d).

"Proposal" means any written agreement, offer or proposal (including a letter of intent, term sheet, form of definitive agreement or definitive agreement) for a Sale Transaction.

"Proposal Notice" has the meaning specified in Section 7.05(b).

"Purchase Price" has the meaning specified in Section 3.01.

"R&W Insurance Policy" has the meaning specified in Section 10.01.

"R&W Premium" has the meaning specified in Section 10.01.

"Rate Increase(s)" has the meaning specified in Section 7.07(a).

"RCRA" means the Resource Conservation and Recovery Act, as amended.

"Real Property" has the meaning specified in Section 4.08(a).

"Real Property Lease" has the meaning specified in Section 4.08(b).

"Regulated Asbestos Containing Material" means regulated asbestos containing material as defined by 40 C.F.R. § 61.141.

"Related Agreements" means all agreements, instruments, ordinances and other documents contemplated by or executed and delivered by Buyer or Seller pursuant to this Agreement or in connection with the transactions contemplated hereby.

"Release" means any actual or threatened spilling, leaking, pumping, pouring, injecting, emptying, discharging, emitting, escaping, leaching, dumping, disposal, or release or migration of Hazardous Materials into the Environment, including the abandonment or discarding of barrels, containers and other receptacles containing any Hazardous Materials.

"Remedial Action" means any and all actions to (a) investigate, clean up, remediate, remove, treat, contain or in any other way address any Hazardous Materials in the Environment, (b) prevent the Release or threat of Release or minimize the further Release of any Hazardous Materials so it does not migrate or endanger public health or welfare or the indoor or outdoor Environment, and (c) perform pre-remedial studies and investigations and post-remedial monitoring, maintenance and care. The term **"Remedial Action"** includes any action which constitutes (i) a "removal", "remedial action" or "response" as defined by Section 101 of CERCLA, 42 U.S.C. §§ 9601(23), (24), and (25); (ii) a "corrective action" as defined in RCRA, 42 U.S.C. § 6901 et seq.; or (iii) a "response" or "interim response" as defined in the Pennsylvania Hazardous Sites Cleanup Act, 35 P.S. §6020.103.

"Representative" means, with respect to any Person, any director, officer, agent, employee, general partner, member, shareholder, advisor or other authorized representative of such Person.

"Retained Equipment and Machinery" has the meaning specified in Section 2.02(i).

"Review Period" has the meaning specified in Section 3.02(c).

"Revised CSO Control Measures Plan" means any revisions, amendments or changes to the CSO Control Measures Plan that is submitted and approved by EPA and PaDEP in accordance with the Consent Decree.

"RFP" has the meaning specified in the recitals to this Agreement.

"ROFR Sale Transaction" has the meaning specified in Section 7.05(d).

"ROFR Sale Transaction Negotiation Period" has the meaning specified in Section 7.05(d).

"Sale Proposal Review Period" has the meaning specified in Section 7.05(b).

"Sale Transaction" means any proposed sale, lease, liquidation or transfer of all or substantially all of the System or the Acquired Assets by Buyer, and including any other assets of Buyer or its Affiliates included in such proposed transaction; *provided*, that the term "Sale Transaction" excludes any sale or transfer of the equity interests, or all or substantially all the assets, of Buyer, Buyer Parent or any of their respective Affiliates.

"Schedules" means the disclosure schedules delivered by the Seller and Buyer respectively, concurrently with the execution and delivery of this Agreement, and as may be updated by a Seller Schedule Supplement or a Buyer Schedule Supplement, respectively.

"Seller" has the meaning specified in the Preamble of this Agreement.

"Seller Indemnified Persons" has the meaning specified in Section 8.03.

"Seller NPDES Permit" means the National Pollutant Discharge Elimination System Permit No. PA0026492 issued by PaDEP to the Seller with respect to the System.

"Seller Post-Signing Event" has the meaning specified in Section 9.03.

"Seller Proposal Notice" has the meaning specified in Section 7.05(c).

"Seller Schedule Supplement" has the meaning specified in Section 9.03.

"Seller Successor" has the meaning specified in Section 15.13(c).

"Seller's Benefit Obligations" have the meaning specified in Section 4.12.

"Seller's Plans" have the meaning specified in Section 4.12.

"Service Area" has the meaning specified in the recitals to this Agreement.

"Stormwater System Assets" means all assets owned by the Seller, the City or the Borough and used exclusively in the operation or maintenance of the MS4 System, including (i) drains, pipes and collection basins and all other stormwater drainage assets used exclusively for stormwater collection, conveyance and discharge; (ii) catch basins, inlets, pipes and all other stormwater lateral facilities (the **"Stormwater Lateral Facilities"**) that connect surface stormwater drains to storm conveyances which discharge to surface waters, and (iii) the City NPDES Permit. Stormwater System Assets shall not include the Combined Sewer System Assets or any other property that is jointly used for (a) the collection, transportation and treatment of stormwater or otherwise in the operation of the stormwater system and (b) the operation of the System, including the Stormwater Lateral Facilities that connect surface stormwater drains to Combined Sewer System Assets mains.

"Straddle Period" has the meaning specified in Section 7.01.

"Substantially Comparable Compensation and Benefits" means wages, health/welfare, including holidays, vacation time, sick time, bereavement benefits and any personal days, as applicable, and retirement benefits that are, on an actuarial basis, substantially comparable to the aggregate value of Seller's then current wages, health/welfare plans and retirement benefit plans for current employees as of the Closing Date; provided however that any changes to Seller's wages, health/welfare and retirement benefits shall only be as allowed for by Section 9.01.

"Supplies" means all lubricants, spare parts, fuel, chemicals, raw materials, and other supplies and inventory, and all rights to warranties received from suppliers with respect to the foregoing, and related claims, credits, and rights of recovery with respect thereto.

"System" has the meaning specified in the recitals to this Agreement.

"Target Cash" means \$38,340,626.

"Tax" or **"Taxes"** means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains,

windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"Tax Return" means any return, declaration, form, report, claim, informational return (including all Forms 1099), election, disclosure, estimate or statement required to be filed with any Governmental Authority with respect to Taxes, including any schedule or attachment thereto or amendment thereof.

"Taxing Authority" means, with respect to any Tax or Tax Return, the Governmental Authority that imposes such Tax or requires a Person to file such Tax Return and the agency (if any) charged with the collection of such Tax or the administration of such Tax Return, in each case, for such Governmental Authority.

"Threshold Amount" has the meaning specified in Section 8.05(a).

"Title Commitment" has the meaning specified in Section 6.02(a).

"Title Company" has the meaning specified in Section 6.02(a).

"Title Objection Items" has the meaning specified in Section 6.02(a).

"Title Policy" has the meaning specified in Section 2.03.

"Transaction Expense Amount" means the sum of (a) the R&W Premium, *plus* (b) the aggregate amount of Transfer Taxes for which the Seller is responsible pursuant to Section 3.04 being paid by Buyer at the Closing, if any.

"Transfer Taxes" has the meaning specified in Section 3.04.

"Transferred Personnel" has the meaning specified in Section 7.04(a).

"Transition Plan" has the meaning specified in Section 7.06(d).

"Trustees" has the meaning specified in Section 2.07(a).

"UCC Search" has the meaning specified in Section 6.03.

"Union" means Teamsters Union Local 229.

"Union Personnel" means Personnel who are members of the Union.

"Variance Adjustment" has the meaning specified in Section 7.07(d).

"WARN Act" has the meaning specified in Section 4.13(d)(i).

"Wastewater Treatment Plant" means the wastewater treatment plant owned and operated by the Seller located at Cedar Avenue and Breck Street, Scranton, PA, with a permitted

average flow capacity of 20 million gallons per day, as authorized by PaDEP Water Quality Management Part II Permit No. 3510401.

"**Water System**" has the meaning specified in the Preamble of this Agreement.

"**Withdrawal Liability**" has the meaning specified in Section 2.07(a).

"**Withdrawal Liability Escrow Account**" has the meaning specified in Section 3.01(c).

"**Withdrawal Liability Escrow Amount**" has the meaning specified in Section 2.07(b).

"**Withdrawal Liability Escrow Release Date**" has the meaning specified in Section 2.07(c).

"**Withdrawal Liability Payoff Amount**" has the meaning specified in Section 2.07(a).

Other Defined Terms	Defined in Section:
Act 11	Section 7.09(a)(x)
Accounting Referee	Section 3.02(c)(iii)
Disputed Amounts	Section 3.02(c)(iii)
DOJ	Section 7.06(c)
Excluded Intellectual Property	Section 2.02(d)
Interim Financial Statements	Section 4.05
Post-Closing Adjustment	Section 3.02(b)(ii)
Resolution Period	Section 3.02(c)(ii)
Statement of Objections	Section 3.02(c)(ii)

ARTICLE II.

TERMS OF PURCHASE AND ASSUMPTION OF LIABILITIES

Section 2.01. **Purchase and Sale of Acquired Assets.** Subject to the terms and conditions set forth in this Agreement, at the Closing, Buyer shall purchase from the Seller and the Seller shall sell, transfer, assign, convey and deliver to Buyer, free and clear of all Liens other than Permitted Liens, all of the Seller's right, title and interest in and to all assets, properties, business, goodwill and rights of the Seller of every kind and description, whether tangible or intangible, real, personal or mixed, wherever situated, in each case used in, held for use in, or acquired or developed for use in, the System, or otherwise related to, or arising out of, the operation or conduct of the System (whether or not any such assets have any value for accounting purposes or are carried or reflected on the books or financial statements of the Seller), but in all cases other than the Excluded Assets (the foregoing, collectively, the "**Acquired Assets**"), including:

(a) all real property and appurtenant interests, Easements, rights of way, property rights and privileges owned, licensed or leased by the Seller including the Real Property, leases or licenses or other arrangements by or between the Seller and third Persons of the Real Property or other Acquired Assets (and any guaranties or other credit enhancement in connection therewith), and fixtures;

(b) all cash and cash equivalents, including accounts receivable;

(c) subject to Section 2.06, all rights in, to and under the Contracts listed on Schedule 2.01(c) (including any Contracts which may be added to Schedule 2.01(c) by the Seller following the date hereof and prior to the Closing at the written request or with the prior written consent of Buyer in accordance with Section 2.06(c)) (collectively, the "Assigned Contracts");

(d) all Supplies;

(e) all personal property and fixed assets, including all Equipment and Machinery owned, leased or licensed or otherwise used or usable by the Seller, and all system pipes, auxiliary equipment and plant equipment, other than the Retained Equipment and Machinery;

(f) all prepaid expenses and security deposits (including letters of credit and other noncash deposits);

(g) all Intellectual Property owned, licensed or otherwise used by the Seller, other than the Excluded Intellectual Property (the "Intellectual Property Assets");

(h) all other intangible assets, including, the benefit of third party representations, warranties and guarantees, correspondence and the computer software and programs (whether proprietary or not), including the intangible assets listed on Schedule 2.01(h);

(i) subject to Section 2.02(p), all Files and Records;

(j) subject to Section 2.06, all Licenses and Permits of or held by the Seller (to the extent transferrable to Buyer under applicable Law) (the "Acquired Authorizations"), including all Licenses and Permits which are environmental permits, the Seller NPDES Permit, other operating permits and those items listed or described on Schedule 4.16 hereto;

(k) all rights to any action, suit, claim or proceeding of any nature available to or being pursued by the Seller in respect of the System or any other Acquired Asset, whether arising by way of claim, counterclaim, right of recoupment or otherwise;

(l) the Combined Sewer System Assets; and

(m) all goodwill of the System.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, INCLUDING ANY REPRESENTATION AS TO THE PHYSICAL CONDITION OR VALUE OF ANY OF THE ACQUIRED ASSETS OR THE SYSTEM, OR

THE FUTURE PROFITABILITY OR FUTURE EARNINGS PERFORMANCE OF THE ACQUIRED ASSETS OR THE SYSTEM OR ANY FUTURE RATEMAKING THAT MAY BE ALLOWED BY THE PAPUC FOR ANY OF THE ACQUIRED ASSETS. ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED.

Section 2.02. **Excluded Assets.** Notwithstanding anything herein to the contrary, the Acquired Assets shall not include the following assets, properties and rights of Seller (the "Excluded Assets"):

- (a) the Stormwater System Assets;
- (b) the Seller's telephone numbers and fax numbers;
- (c) all Contracts other than the Assigned Contracts;
- (d) all Intellectual Property set forth on Schedule 2.02(d) (the "Excluded Intellectual Property");
- (e) the corporate seals, organizational documents, minute books, Tax Returns, books of account or other records having to do with the organization of Seller, all employee-related or employee benefit-related files or records, other than personnel files of Transferred Personnel, and any other books and records which Seller is prohibited from disclosing or transferring to Buyer under applicable Law and is required by applicable Law to retain;
- (f) all insurance policies of Seller and rights to applicable claims and proceeds thereunder, except as otherwise provided in Section 7.13 and Section 15.04;
- (g) all Seller's Plans and trusts or other assets attributable thereto;
- (h) the assets, properties and rights specifically set forth on Schedule 2.02(h);
- (i) the Equipment and Machinery specifically set forth on Schedule 2.02(i) (the "Retained Equipment and Machinery");
- (j) the City NPDES Permit;
- (k) any unamortized debt expenses;
- (l) the accounts receivable set forth on Schedule 2.02(l) (the "Excluded Accounts Receivable"), which Schedule shall be delivered by Buyer to the Seller not less than three (3) Business Days prior to the Closing Date, and which Excluded Accounts Receivable shall be written off by the Seller concurrently with the Closing, and all Liens related thereto;
- (m) all Liens held by the Seller with respect to accounts of customers of the System which are not transferrable to Buyer under applicable Law, other than Liens relating to the Excluded Accounts Receivable;

(n) the rights which accrue or will accrue to the Seller under this Agreement and the Related Agreements;

(o) the MS4 System Real Property, including the MS4 System Real Property listed on Schedule 2.02(o); and

(p) all privileged materials, documents and records of the Seller related solely to the sale of the System, including all such privileged materials, documents and records related solely to the negotiation, execution, delivery, or performance of this Agreement.

Section 2.03. **Conveyance of Title.** At the Closing, the Seller shall (i) sell, transfer, assign, convey and deliver to Buyer good and valid title to the Acquired Assets (other than Owned Real Property, Leased Real Property and Easements), (ii) grant, bargain, sell, transfer, assign and convey to Buyer all of the Seller's right, title and interest in and to a valid fee simple estate in the Owned Real Property included in the Acquired Assets, (iii) assign, transfer and convey to Buyer all of the Seller's right, title and interest in and to a valid leasehold estate in the Leased Real Property included in the Acquired Assets, and (iv) assign, transfer and convey to Buyer all of the Seller's right, title and interest in and to any and all Easements included in the Acquired Assets, including all Easements that are necessary for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Combined Sewer System Assets (including access thereto), in each case free and clear of all Liens, other than Permitted Liens. The Acquired Assets shall be conveyed by special warranty deeds, bills of sale, assignments and other instruments of transfer or conveyance reasonably satisfactory to Buyer and the Title Company. Title to the Real Property shall be insurable by the Title Company, at regular rates, as a good and marketable title, free and clear of all Liens and exceptions to coverage, except for Permitted Liens and otherwise as provided for in Section 6.02(a) below, pursuant to an owner's policy of title insurance on the American Land Title Association's ("ALTA") Owner's Form 2006 (the "Title Policy").

Section 2.04. **Assumption of Liabilities.**

(a) On the terms and subject to the conditions set forth in this Agreement and excluding the Excluded Liabilities, Buyer shall assume and agrees to pay, perform and discharge when due, only the following liabilities and obligations of the Seller and no others (the "Assumed Liabilities"): (1) liabilities and obligations arising under the Consent Decree (whether arising from, related to, or based on events or circumstances occurring prior to, on or after the Closing Date, and including the Seller's obligations and covenants set forth in the Consent Decree regarding implementation of the CSO Control Measures to be performed on or after the Closing) but excluding any Environmental Liabilities arising from the non-compliance events and conditions described in Schedule 4.14, (2) in the event that Buyer and the Union have agreed prior to the Closing to enter into the Amended CBA effective as of immediately following the Closing, liabilities and obligations under the Amended CBA (*provided*, that for the avoidance of doubt, in no event shall the Assumed Liabilities include any liabilities or obligations with respect to the Accrued PTO, which shall be cashed-out and paid in full to the applicable Union Personnel by the Seller in accordance with Section 7.04(c) (and in any event shall constitute an Excluded Liability)), (3) all liabilities and obligations related to the System or the Acquired Assets to the extent arising from, related to, or based on events or circumstances occurring after

the Closing, (4) all liabilities and obligations of the Seller arising under or to be performed under the executory portions of the Assigned Contracts after the Closing; *provided, however*, that Buyer will not assume or be responsible for any liabilities or obligations that arise from the Seller's breach of or default under any Assigned Contracts on or prior to the Closing Date, all of which liabilities and obligations constitute Excluded Liabilities, and (5) in the event that Buyer elects to assume any portion of the Outstanding Indebtedness at the Closing pursuant to Section 3.01, the Seller's obligations relating to such portion of the Outstanding Indebtedness so assumed by Buyer (but only to the extent of the Outstanding Indebtedness actually assumed by Buyer).

(b) Buyer shall not assume or be liable to pay any liabilities or obligations relating to the Excluded Liabilities or any other liabilities or obligations that are not Assumed Liabilities.

Section 2.05. **Subsequent Documentation; Further Acts.** At any time and from time to time after the Closing Date, the Seller shall, upon the request of Buyer, and Buyer shall, upon the request of the Seller, at the cost of requesting Party, promptly execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate, (a) the sale, transfer, assignment, conveyance and delivery hereunder of the Acquired Assets to Buyer, (b) the assumption by Buyer of any of the Assumed Liabilities, and (c) the vesting in Buyer of all right, title and interest in the Acquired Assets and the System as provided herein.

Section 2.06. **Certain Transfers; Assignment of Contracts.**

(a) Notwithstanding anything to the contrary in this Agreement, and subject to the provisions of this Section 2.06(a) and Section 2.06(b), to the extent that the sale, transfer, assignment, conveyance and delivery, or attempted sale, transfer, assignment, conveyance and delivery, to Buyer of any Assigned Contract or other Acquired Asset would result in a violation of applicable Law, or would require the consent, authorization, approval or waiver of any Person (other than the Parties hereto), including any Governmental Authority, and such consent, authorization, approval or waiver shall not have been obtained prior to the Closing, this Agreement shall not constitute a sale, transfer, assignment, conveyance and delivery, or an attempted sale, transfer, assignment, conveyance and delivery, thereof (any such Acquired Asset, a "Nonassignable Asset"). For a period of six (6) months following the Closing, the Seller and Buyer shall use commercially reasonable efforts (at the Seller's cost and expense), and shall cooperate with each other, to obtain any such required consent, authorization, approval or waiver, or any release, substitution, novation or amendment required to sell, transfer, assign, convey and deliver any such Nonassignable Asset to Buyer; *provided, however*, that in no event shall Buyer be required to pay any consideration therefor. Once such consent, authorization, approval, waiver, release, substitution or amendment is obtained, the Seller shall sell, transfer, assign, convey and deliver to Buyer the relevant Nonassignable Asset to which such consent, authorization, approval, waiver, release, substitution or amendment relates for no additional consideration, and such Nonassignable Asset shall thereafter constitute and be deemed an "Acquired Asset" for all purposes hereunder. Any applicable sales, transfer and other similar

Taxes in connection with such sale, transfer, assignment, conveyance and delivery shall be paid by Buyer and Seller pursuant to the provisions of Section 3.04(a).

(b) Until such time as a Nonassignable Asset is transferred to Buyer pursuant to this Section 2.06, Buyer and the Seller shall cooperate in any commercially reasonable and economically feasible arrangements (such as subleasing, sublicensing or subcontracting) to provide to the Parties the economic and, to the extent permitted under applicable Law, operational equivalent of the transfer of such Nonassignable Asset to Buyer at the Closing and the performance by Buyer of its obligations with respect thereto, and to the extent that the Seller transfers and turns over the economic and beneficial rights with respect to each such Nonassignable Asset, Buyer shall, to such extent and to the extent permitted under applicable Law and the terms of any applicable Contract that constitutes a Nonassignable Asset, as agent or subcontractor for the Seller, pay, perform and discharge the liabilities and obligations of the Seller thereunder from and after the Closing Date, but only to the extent that such liabilities and obligations would constitute Assumed Liabilities if the applicable consent or approval had been obtained on or prior to the Closing Date and such Nonassignable Asset had been assigned to Buyer at Closing. To the extent permitted under applicable Law, the Seller shall, at Buyer's expense, hold in trust for and pay to Buyer promptly upon receipt thereof, such Nonassignable Asset and all income, proceeds and other monies received by the Seller with respect to such Nonassignable Asset in connection with the arrangements under this Section 2.06.

(c) If, following the date hereof and prior to the Closing, Buyer identifies any Contract to which the Seller is a party which is not set forth on Schedule 2.01(c) as of the date hereof and Buyer desires for such Contract to be included in the Acquired Assets as an Assigned Contract, and Buyer reasonably determines that such Contract is used in, held for use in, or acquired or developed for use in, the System, or otherwise related to, or arising out of, the operation or conduct of the System, Buyer shall give notice of such determination to the Seller and, unless the Seller disagrees in good faith with Buyer's determination that such Contract is used in, held for use in, or acquired or developed for use in, the System, or otherwise related to, or arising out of, the operation or conduct of the System (in which case the Seller shall give Buyer notice of such disagreement and the Parties shall work together in good faith to resolve such dispute), the Seller shall, promptly following receipt of such notice, deliver to Buyer an updated Schedule 2.01(c) reflecting the addition of such Contract, and such Contract shall thereafter constitute and be deemed an "Assigned Contract" for all purposes hereunder (including, for the avoidance of doubt, the provisions of Section 2.06(a) and Section 2.06(b) to the extent applicable to such Contract from and after the Closing).

(d) In the event that, during the twelve (12) month period following the Closing, Buyer identifies any Contract to which the Seller was a party as of the Closing and which was not set forth on Schedule 2.01(c) (as may be updated pursuant to Section 2.06(c)) and (i) Buyer desires for such Contract to be assigned to Buyer and deemed an Assigned Contract as provided in this Section 2.06(d), and (ii) Buyer reasonably determines such Contract was, prior to the Closing, used in, held for use in, or acquired or developed for use in, the System, or otherwise related to, or arising out of, the operation or conduct of the System, unless the Seller disagrees in good faith with Buyer's determination that such Contract was not, as of or prior to the Closing, used in, held for use in, or acquired or developed for use in, the System, or otherwise related to, or arising out of, the operation or conduct of the System (in which case the Seller shall give

Buyer notice of such disagreement and the Parties shall work together in good faith to resolve such dispute) and Seller has not otherwise terminated such Contract on or after Closing, the Seller shall, promptly following Buyer's written request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such Contract to Buyer for no additional consideration, and upon such assignment, such Contract shall be deemed an "Assigned Contract" for all purposes hereunder. From the time that Buyer delivers written notice to the Seller in accordance with this Section 2.06(d) requesting that the Seller assign or cause the assignment of such Contract to Buyer until such Contract is assigned to Buyer, the provisions of Section 2.06(a) and Section 2.06(b) shall apply to such Contract as a Nonassignable Asset.

(e) For the avoidance of doubt, nothing contained in this Section 2.06 shall be applicable to the Easements or other matters with respect to the Real Property as of and following the Closing (including the transfer thereof following the Closing), which shall be governed exclusively by the terms of Article VI.

Section 2.07. **Withdrawal Liability.**

(a) Following the date hereof, and except as otherwise provided in Section 2.07(g) below, the Seller shall, and Buyer shall reasonably cooperate with the Seller to, request from the trustees of the Multiemployer Plan (the "Trustees") consent and agreement of the Trustees to the payment of an amount at Closing in full and final satisfaction of the withdrawal liability that would be assessed against the Seller for withdrawal from the Multiemployer Plan as of the Closing (the "Withdrawal Liability"). In the event that the Seller obtains the written consent of the Trustees, on terms reasonably acceptable to Buyer, to the payment at the Closing of an aggregate amount in full and final satisfaction of the Withdrawal Liability and the Seller's obligations with respect to the Multiemployer Plan (the "Withdrawal Liability Payoff Amount"), (i) the Seller shall deliver written evidence of such consent to Buyer prior to the Closing Date, which written evidence include instructions for the payment by Buyer at the Closing on behalf of the Seller, and shall otherwise be in form and substance reasonably acceptable to Buyer, and, (ii) subject to the foregoing clause (i), Buyer shall pay the Withdrawal Liability Payoff Amount on behalf of the Seller out of the proceeds of the sale at the Closing pursuant to Section 3.01(c).

(b) In the event that the Seller is unable to obtain the consent of the Trustees to the payment at Closing of the amount required to fully pay, satisfy and discharge the entire amount of the Withdrawal Liability as described in Section 2.07(a), then (i) the Seller and Buyer shall, each acting reasonably and in good faith (and taking into account the most recent estimate obtained by the Trustees of the amount required to fully and finally satisfy the Withdrawal Liability and the Seller's obligations with respect to the Multiemployer Plan as of a date reasonably proximate to the Closing Date), agree in writing prior to the Closing Date, on an estimate of the amount required to fully pay, satisfy and discharge the entire amount of the Withdrawal Liability (such amount, the "Estimated Withdrawal Liability Amount"), and (ii) Buyer shall, at the Closing, deliver to the Escrow Agent an amount equal to one hundred and ten percent (110%) of the Estimated Withdrawal Liability Amount (the "Withdrawal Liability Escrow Amount") pursuant to Section 3.01(c).

(c) The Escrow Agent shall hold the Withdrawal Liability Escrow Amount in the Withdrawal Liability Escrow Account until the date on which Buyer and the Seller, after having obtained the written consent of the Trustees to the payment of an aggregate amount in full and final satisfaction of the Withdrawal Liability and the Seller's obligations with respect to the Multiemployer Plan, on terms reasonably acceptable to Buyer, jointly instruct the Escrow Agent in writing to disburse the Withdrawal Liability Escrow Amount as provided herein (such date, the "Withdrawal Liability Escrow Release Date").

(d) On the Withdrawal Liability Escrow Release Date, the Seller and Buyer shall jointly instruct the Escrow Agent in writing to make payment by wire transfer of immediately available funds from the Withdrawal Liability Escrow Account directly to the account or accounts specified in the written consent of the Trustees, in the amount (such amount, the "Post-Closing Withdrawal Liability Payoff Amount") equal to the amount set forth in the written consent of the Trustees as described in Section 2.07(c).

(e) If the Post-Closing Withdrawal Liability Payoff Amount is an amount that exceeds the aggregate amount of funds in the Withdrawal Liability Escrow Account on the Withdrawal Liability Escrow Release Date, the Seller shall, concurrently with the disbursement by the Escrow Agent of the entire balance of the Withdrawal Liability Escrow Account, pay (by wire transfer of immediately available funds) to the account or accounts specified in the written consent of the Trustees, the amount of such excess.

(f) If the Post-Closing Withdrawal Liability Payoff Amount is an amount that is less than the aggregate amount of funds in the Withdrawal Liability Escrow Account on the Withdrawal Liability Escrow Release Date, the Seller and Buyer shall jointly instruct the Escrow Agent in writing to make payment, by wire transfer of immediately available funds from the Withdrawal Liability Escrow Account to the Seller in an amount, if any, of the balance of any funds remaining in the Withdrawal Liability Escrow Account immediately following the payment of the Post-Closing Withdrawal Liability Payoff Amount.

(g) Notwithstanding the foregoing provisions of this Section 2.07, following the Effective Date, it is agreed that the Seller and Buyer shall enter into good faith discussions surrounding the possible application of the asset sale exception pursuant to Section 4204 of ERISA as an alternative to the payment of the Withdrawal Liability as provided in the foregoing provisions of this Section 2.07, *provided* that the Parties acknowledge and agree that unless and only in the event that the Seller and Buyer agree in writing prior to the Closing Date to mutually satisfactory terms regarding the implementation of the asset sale exception pursuant to Section 4204 of ERISA in connection with the transactions contemplated by this Agreement, the foregoing provisions of this Section 2.07 shall be applicable.

ARTICLE III.

PURCHASE PRICE

Section 3.01. **Purchase Price.** The purchase price for the sale, transfer, assignment, conveyance and delivery hereunder of the Acquired Assets to Buyer hereunder shall be One Hundred Ninety Five Million Dollars (\$195,000,000) (the "Base Amount"), which, subject to

any adjustment pursuant to Section 3.02 (the "Purchase Price") shall be paid as follows at Closing:

(a) Buyer shall (i) pay in full (in the case of Outstanding Indebtedness then subject to prepayment or redemption) or make provision for the payment in full so as to effect a legal defeasance of (in the case of Outstanding Indebtedness not then subject to prepayment or redemption), on behalf of the Seller, the total amount of Outstanding Indebtedness as of the Closing Effective Time (the "Closing Outstanding Indebtedness Amount"), less any amount of the Outstanding Indebtedness actually assumed by Buyer pursuant to clause (ii) of this Section 3.01(a), and (ii) subject to Section 7.11 and at Buyer's sole and absolute discretion, assume such portion of the Outstanding Indebtedness (if any) as Buyer, in its sole and absolute discretion, elects to assume and which may be lawfully assigned to and assumed by Buyer pursuant to applicable Law and the terms of the Contracts governing the Outstanding Indebtedness, subject to obtaining the written release of the Seller and the City from all obligations thereunder in such form and terms reasonably acceptable to the Seller.

(b) Buyer shall pay to the Escrow Agent an amount equal to Five Million Dollars (\$5,000,000) (the "Escrow Amount"), to be held by the Escrow Agent pursuant to the terms of the Escrow Agreement in a segregated account (the "Escrow Account") for a period of up to the Escrow Release Date, to be utilized to fund any payments required to be made in connection with any claim made pursuant to Article VIII;

(c) subject to Section 2.07, Buyer shall pay (i) to the account or accounts specified in the written consent of the Trustees as described in Section 2.07, on behalf of the Seller, the Withdrawal Liability Payoff Amount, or (ii) to the Escrow Agent, an amount equal to the Withdrawal Liability Escrow Amount, to be held by the Escrow Agent pursuant to the terms of the Escrow Agreement in a segregated account (the "Withdrawal Liability Escrow Account") for a period of up to the Withdrawal Liability Escrow Release Date, to be utilized as provided in Section 2.07; and

(d) Buyer shall pay to the Seller by wire transfer of immediately available funds an amount equal to the Base Amount (i) *plus* the Estimated Closing Cash Increase (if any) or *minus* the Estimated Closing Cash Reduction (if any), (ii) *minus* the Closing Outstanding Indebtedness Amount, (iii) *minus* the Escrow Amount, (iv) *minus* (x) the Withdrawal Liability Payoff Amount or (y) the Withdrawal Liability Escrow Amount, as the case may be, and (v) *minus* the Transaction Expense Amount, to one or more accounts that the Seller designates in writing and provides to Buyer at least three (3) Business Days prior to the Closing Date.

Section 3.02. Purchase Price Adjustment.

(a) Estimated Closing Cash. No less than three (3) Business Days prior to the Closing Date, the Seller shall prepare a statement (the "Estimated Closing Cash Statement") setting forth the estimated aggregate amount of the Closing Cash Balance, as determined in good faith by the Seller (the "Estimated Closing Cash Balance") and prepared and calculated accordance with the manner of determination and calculation (as applicable), using the same line items, accounting principles, practices, procedures, policies and methods (with consistent classifications, judgments, elections, inclusions, exclusions and valuation and estimation

methodologies) used and applied in preparing the Interim Financial Statements, and which Estimated Closing Cash Statement shall set forth the actual amount paid by the Seller prior to the Closing to cash-out the Accrued PTO in accordance with Section 7.04(c), and the portion thereof attributable to the cash-out of the Accrued Sick Bank. In the event that the Estimated Closing Cash Balance exceeds the Target Cash, then the Purchase Price will be increased by the amount of such difference and such increase shall be paid to the Seller at Closing in the manner provided in Section 3.01 above (the amount of any such increase, the "Estimated Closing Cash Increase"). In the event that the Target Cash exceeds the Estimated Closing Cash Balance, then the Purchase Price (and the amount payable by Buyer at Closing) will be reduced by the amount of such difference (the amount of any such reduction, the "Estimated Closing Cash Reduction"). The Purchase Price, as adjusted pursuant to this Section 3.02(a), shall be subject to further adjustment following the Closing as provided in Section 3.02(b).

(b) Post-Closing Adjustments.

(i) Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to the Seller a statement (the "Closing Cash Statement") setting forth Buyer's good faith calculation of the Closing Cash Balance, prepared and calculated accordance with the manner of determination and calculation (as applicable), using the same line items, accounting principles, practices, procedures, policies and methods (with consistent classifications, judgments, elections, inclusions, exclusions and valuation and estimation methodologies) used and applied in preparing the Interim Financial Statements.

(ii) The "Post-Closing Adjustment" shall be an amount equal to the Estimated Closing Cash Balance minus the Closing Cash Balance, as finally determined pursuant to Section 3.02(c). If the Post-Closing Adjustment is a positive number, Buyer shall pay to the Seller an amount equal to the Post-Closing Adjustment in accordance with Section 3.02(c)(vi) below. If the Post-Closing Adjustment is a negative number, the Seller shall pay to Buyer an amount equal to the Post-Closing Adjustment (expressed as a positive number) in accordance with Section 3.02(c)(vi) below.

(c) Examination and Review.

(i) After receipt of the Closing Cash Statement, the Seller shall have forty-five (45) days (the "Review Period") to review the Closing Cash Statement. During the Review Period, the Seller and the Seller's Representatives shall have reasonable access (during normal business hours upon reasonable advance notice) to, including by being furnished copies of, such financial information (to the extent in Buyer's or its Representatives' possession) and documents to the extent used in or directly relating to the preparation of the Closing Cash Statement as the Seller may reasonably request for the purpose of reviewing the Closing Cash Statement and to prepare a Statement of Objections.

(ii) The Seller may object to the Closing Cash Statement by delivering to Buyer, no later than the last day of the Review Period, a written statement setting forth the Seller's objections in reasonable detail, indicating each disputed item or amount and the basis for the Seller's disagreement therewith (the "Statement of Objections");

provided that the Seller's grounds for any such objections shall be limited to fixing manifest errors and omissions, including mathematical errors or omissions, in Buyer's calculations and claims that the items in dispute were not calculated and determined in accordance with the accounting principles and procedures set forth in this Agreement. If the Seller fails to deliver the Statement of Objections before the expiration of the Review Period, the Closing Cash Statement (as prepared by Buyer) and the Post-Closing Adjustment reflected in the Closing Cash Statement shall be deemed to have been accepted by the Seller and shall be deemed final and binding on the Parties for all purposes hereunder. If the Seller delivers the Statement of Objections before the expiration of the Review Period, Buyer and the Seller shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of the Statement of Objections (the "Resolution Period"), and, if each disputed item properly included in the Statement of Objections is resolved in writing within the Resolution Period, the Post-Closing Adjustment and the Closing Cash Statement, with such changes as are agreed in writing by Buyer and the Seller during the Resolution Period, shall be final and binding upon the Parties for all purposes hereunder.

(iii) If the Seller and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("Disputed Amounts") shall be submitted for resolution to RSM US LLP or such other regionally recognized firm of independent certified public accountants mutually agreed upon by the Parties other than the accountants of Buyer or the Seller or their Affiliates (the "Accounting Referee") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to the Closing Cash Statement and the Post-Closing Adjustment to reflect the resolution of such Disputed Amounts. The Accounting Referee shall only decide the specific Disputed Amount, and the scope of the disputes to be resolved by such Accounting Referee shall be limited to fixing mathematical errors and determining whether the items in dispute were calculated and determined in accordance with the accounting principles and procedures set forth in this Agreement, and the Accounting Referee's decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Cash Statement and the Statement of Objections, respectively.

(iv) All fees and costs of the Accounting Referee will be borne pro rata by Buyer and the Seller in proportion to the difference between the Accounting Referee's determination of Post-Closing Adjustment and the Seller's and Buyer's determination of such Post-Closing Adjustment. For example, if the Seller's determination differs by \$20,000 from the Accounting Referee's determination, but Buyer's determination only differs by \$5,000, the Seller will bear 20/25 (or 80%) of such fees and costs and Buyer will bear 5/25 (or 20%) of such fees and costs.

(v) The Accounting Referee shall make a determination as soon as practicable within thirty (30) days (or such other time as the Parties shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Closing Cash Statement and the Post-Closing Adjustment shall be conclusive and binding upon the Parties.

(vi) Payment of the Post-Closing Adjustment shall (A) be due (x) within five (5) Business Days following the expiration of the Review Period (if the Seller does not timely deliver a Statement of Objections) or (y) if the Seller timely delivers a Statement of Objections, then within five (5) Business Days following the earlier to occur of (1) written agreement of the Parties with respect to the resolution of all items in dispute, or (2) final resolution by the Accounting Referee; and (B) be paid by wire transfer of immediately available funds to such accounts as are directed in writing by Buyer or the Seller, as the case may be.

(d) Any payments made pursuant to this Section 3.02 shall be treated as an adjustment to the Purchase Price by the Parties for Tax purposes, unless otherwise required by applicable Law.

(e) Any payment or distribution to customers of the Variance Adjustment made pursuant to Section 7.07 shall be treated as an adjustment to the Purchase Price by the Parties for Tax purposes and any other purposes under applicable Law, unless otherwise required by applicable Law.

Section 3.03. **Allocation of the Purchase Price.** Buyer and the Seller agree that the Purchase Price (which for purposes of this Section 3.03 shall include any liabilities required to be treated as part of the Purchase Price for U.S. federal income Tax purposes), as may be adjusted pursuant to Section 3.02, shall be allocated among the Acquired Assets in accordance with the allocation reflected in a schedule prepared by Buyer in accordance with this Section 3.03 (the "Allocation Schedule") as required by the Code. Within sixty (60) days following the final determination of the Purchase Price pursuant to Section 3.02, Buyer shall deliver to the Seller a draft of the Allocation Schedule setting forth Buyer's proposed allocation for the Seller's review. The Seller shall have the right to review and reasonably comment upon Buyer's proposed Allocation Schedule, *provided*, that (a) such proposed Allocation Schedule shall be deemed approved by the Seller and shall be final and binding upon the Parties unless the Seller provides written notice of the Seller's comments to one or more items reflected in the proposed Allocation Schedule within twenty (20) Business Days after delivery of the proposed Allocation Schedule to the Seller, and (b) upon receipt of any such written comments from the Seller with respect to the proposed Allocation Schedule, Buyer may make such adjustments or revisions to the proposed Allocation Schedule based on the Seller's comments as Buyer determines in good faith to be necessary and appropriate, *provided further*, that Buyer shall have no obligation to make any such adjustments or revisions absent manifest error. The Parties shall adhere to the Allocation Schedule (as finally determined pursuant to this Section 3.03) for all purposes relevant to the calculation of federal or state Taxes, and will report the transactions contemplated herein in a manner consistent with such Allocation Schedule. Except as required by applicable Law, Buyer and the Seller shall not take any position on their respective Tax Returns that is inconsistent with the Allocation Schedule.

Section 3.04. **Transfer Taxes; Bulk Sales.**

(a) Any and all deed stamps or transfer Taxes which may be due the Commonwealth of Pennsylvania or any political subdivision in connection with the sale, transfer, assignment, conveyance and delivery hereunder of the Acquired Assets to Buyer (collectively, "Transfer

Taxes”), shall, except as otherwise provided below, be borne seventy five percent (75%) by Buyer and twenty five percent (25%) by the Seller, and in the event that Buyer pays the full amount of any such Transfer Taxes following the Closing, the Seller shall promptly, and in any event within five (5) Business Days, following Buyer’s request therefor, pay to Buyer an amount equal to twenty five percent (25%) of any such Transfer Taxes so paid by Buyer, *provided, that*, the Seller’s obligation to pay such Transfer Taxes hereunder is limited to an aggregate amount of \$100,562.28 and in no event shall the Seller be required to pay any Transfer Taxes in excess of such amount. Without limiting the foregoing, in the event that Buyer is required under applicable Law, or elects in its sole discretion, to pay any Transfer Taxes at the Closing, then Buyer shall give written notice to the Seller prior to the Closing Date of such payment, which notice shall include the aggregate amount of such Transfer Taxes being paid at Closing and the portion for which the Seller is responsible (which, for the avoidance of doubt, shall be the lesser of (x) twenty five percent (25%) of such Transfer Taxes being paid at the Closing or (y) \$100,562.28), and upon Buyer’s delivery of such notice, the Seller’s portion of such Transfer Taxes shall be included in the Transaction Expense Amount for purposes of Section 3.01(d). The terms hereof shall survive Closing.

(b) The Parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Acquired Assets to Buyer.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller makes only the representations and warranties which are set forth in this Article IV. Any matter, information or item disclosed on any particular Schedule delivered by the Seller which is numbered to correspond to the representations and warranties contained in this Article IV shall be deemed to have been disclosed in response to such other representations or warranties in this Article IV in respect of which such disclosure is reasonably apparent on its face notwithstanding the omission of an appropriate cross-reference.

As a material inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, the Seller represents and warrants to Buyer, as of the date hereof and as of the Closing Date, as follows:

Section 4.01. **Existence and Power.** The Seller is a municipal authority under the Municipality Authorities Act, as enacted by the Commonwealth of Pennsylvania, as amended, and in good standing under the Laws of the Commonwealth of Pennsylvania. The Seller has all requisite power and authority to own, lease and operate the Acquired Assets and the System, to sell and transfer in the manner described herein the Acquired Assets to Buyer and to enter into, execute and deliver this Agreement and the Related Agreements and perform its obligations hereunder and thereunder.

Section 4.02. **Authorization and Validity of Agreement.** The execution and delivery of this Agreement and the Related Agreements by the Seller and the consummation by the Seller of the transactions contemplated by this Agreement and the Related Agreements have been duly

and validly authorized by all necessary action on the part of the Seller, and no other proceedings on the part of the Seller are necessary to authorize the execution, delivery and performance of this Agreement or any applicable Related Agreement. This Agreement has been duly executed and delivered by the Seller and constitutes, and the Related Agreements, when executed and delivered, will constitute legal, valid and binding obligations of the Seller, enforceable against the Seller in accordance with their respective terms and conditions, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other Laws affecting the enforcement of creditors' rights generally. A true, correct and complete copy of the authorizing resolutions duly adopted by the Authority Board is attached hereto as Exhibit D, which resolutions have not been, and as of the Closing will not have been, revoked, rescinded or amended.

Section 4.03. **No Conflict or Violation.** Except as set forth on Schedule 4.03, the execution, delivery and performance of this Agreement and the Related Agreements by the Seller do not and shall not: (a) violate or conflict with, or result in a breach or constitute a default under, any provision of the charter, bylaws or other similar organizational or governing documents of the Seller, (b) violate, conflict with, result in a breach or constitute a default under any provision of, or require any Governmental Approval or any notice, filing, consent, authorization or approval under, any Licenses and Permits held by the Seller or any applicable Law of any Governmental Authority having jurisdiction over the Seller, the System or any of the Acquired Assets, or the City, the Borough, or their respective assets or properties, (c) violate, conflict with, or result in a breach of or constitute (with due notice or lapse of time or both) a default under any provision of, or require any notice, filing, consent, authorization or approval under, or give rise to any rights of termination, amendment, modification, acceleration or cancellation of or loss of any benefit under, or result in the creation of any Lien on any of the Acquired Assets or any other material assets or properties of Seller (other than Permitted Liens) pursuant to, any Contract to which the Seller is a party, or by which any of the Acquired Assets or any other material assets and properties of the Seller are bound or subject, or (d) result in the imposition of any Liens or other restrictions on the System or any of the Acquired Assets, other than Permitted Liens, except, in the case of the foregoing clauses (b), (c) and (d), where such violation, conflict, breach, default, requirement, or resulting Lien or other restriction would not reasonably be expected to have a material and adverse effect on the System or any of the Acquired Assets (or Buyer's ownership or operation thereof following the Closing) or materially impair the Seller's ability to timely consummate the transactions contemplated hereby or perform its obligations hereunder.

Section 4.04. **Consents and Approvals.** Schedule 4.04 sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration or notice to or filing or registration with any Governmental Authority required to be obtained, given or made by the Seller in connection with the execution and delivery of this Agreement and each Related Agreement by the Seller and the performance by the Seller of its obligations hereunder and thereunder.

Section 4.05. **Financial Statements.**

(a) Schedule 4.05 sets forth the following financial statements of the Seller (collectively, the "Financial Statements"): (i) the audited financial statements of the Seller for

the fiscal years ended March 31, 2015, March 31, 2014 and March 31, 2013, which consist of the statements of net position and statements of revenues, expenses and changes in net position for the fiscal years then ended (the "Audited Financial Statements"), and (ii) the unaudited balance sheet as of January 31, 2016 and the related unaudited income statement for the ten-month period then ended (the "Interim Financial Statements"). Except as set forth on Schedule 4.05, the Financial Statements have been prepared and presented in accordance with the applicable standards for financial reporting of the GASB, consistently applied, and fairly present, in all material respects, the financial condition and results of operations of the Seller as of the respective dates of, and for the periods referred to in, the Financial Statements, subject in the case of the Interim Financial Statements, to the absence of footnote disclosures and normal year-end adjustments which, if presented, would not be material in amount or differ materially from those presented in the Audited Financial Statements.

(b) The Seller has established and maintains, adheres to and enforces a system of internal accounting controls which are, in all material respects, effective in providing assurance regarding the reliability of financial reporting and the preparation of financial statements (including the Financial Statements) in accordance with GASB, including policies and procedures that (i) require the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Seller and the System, (ii) provide assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GASB, and that receipts and expenditures of the Seller and the System are being made only in accordance with appropriate authorizations of management and (iii) provide assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Seller and the System.

(c) There are no liabilities, obligations, indebtedness, debts, or commitments of any nature whatsoever, whether asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise, of the Seller or the System, other than liabilities (i) adequately reflected in or reserved against in the Interim Financial Statements, (ii) incurred in the ordinary course of business since the date of the Interim Financial Statements consistent with past practice and which are not, individually or in the aggregate material (in amount or otherwise), (iii) incurred under Contracts to which the Seller is a party on the Effective Date with respect to the performance by the Seller of its obligations thereunder in the ordinary course of business (other than any liabilities or obligations that arise from the Seller's breach of, or default under, any such Contracts), (iv) related to undrawn amounts under Outstanding Indebtedness or (v) disclosed in Schedule 4.05(c).

Section 4.06. **Absence of Certain Changes or Events**. Except as reflected in the Financial Statements, or as set forth on Schedule 4.06, since March 31, 2015, (x) the Seller has operated the System in the ordinary course of business consistent with past practice, and (y) there has not been any:

(a) change, event or condition (whether or not covered by insurance) that has had, or would reasonably be expected to have, a Material Adverse Effect;

(b) (i) increase in the compensation payable or to become payable to any Personnel, except for normal periodic increases in the ordinary course of business consistent with past

practice or obligations of the Seller pursuant to the terms of the Collective Bargaining Agreement, (ii) bonus, incentive compensation, service award or other like benefit granted, made or accrued, contingently or otherwise, for or to the credit of any Personnel, (iii) employee welfare, pension, retirement, profit sharing, or similar payment or arrangement made or agreed to by the Seller for any Personnel, or (iv) entry by the Seller into any employment agreement or similar Contract with any Personnel;

(c) establishment of, addition or amendment to or modification of any employee benefit plan, arrangement, or practice described in Schedules 4.12(b), (c), or (d);

(d) sale, assignment or transfer of any assets or properties of the Seller used in, or necessary or important to, the operation of the System, except for the disposal of obsolete assets in the ordinary course of business;

(e) failure to repay or discharge any material obligation or liability of the Seller;

(f) failure to operate the System in the ordinary course or to preserve the System intact;

(g) material damage, destruction or loss involving or affecting the Acquired Assets or the System, or any material interruption in use of any Acquired Assets, in either case whether or not covered by insurance;

(h) action to incur, increase or modify any indebtedness, obligations or liabilities with respect to the System or the Acquired Assets (including any Assumed Liabilities) or that subject any Acquired Assets to any Liens, other than Permitted Liens;

(i) agreements, waivers, permits, fees, charges, or other burdens of any nature imposed on the System by the Seller, the City or the Borough for the benefit of the Seller, the City or the Borough;

(j) action taken, or failure to take any action, by or on the part of the Seller, the City or the Borough which, had such action been taken or such failure occurred after the date of this Agreement, would have violated the covenants in Section 9.01; or

(k) agreement by the Seller, the City or the Borough to do any of the foregoing.

Section 4.07. **Tax Matters.** Except as set forth in Schedule 4.07, (i) the Seller has timely paid all Taxes that may have been or may be due and payable by the Seller arising from the ownership or operation of the Acquired Assets or the System; (ii) all Tax Returns required to be filed by the Seller or with respect to the System have been timely (within any applicable extension periods) filed, and all such Tax Returns are true, complete and correct in all material respects; (iii) the Seller has established reserves or accruals on the Financial Statements that are adequate for the payment of Taxes, if any, for all periods through the Closing Date; (iv) no Taxing Authority has asserted any claim against the Seller for the assessment of any additional Tax liability or initiated any action or proceeding which could result in such an assertion; and (v) the Seller has made all withholding of Taxes required to be made under all applicable Laws and

regulations, including withholding with respect to compensation paid to employees, and the amounts withheld have been properly paid over to the appropriate Taxing Authorities.

Section 4.08. **Real Property.**

(a) Schedule 4.08 contains a description of (i) each Owned Real Property included in the Acquired Assets and (ii) each Leased Real Property included in the Acquired Assets. Such Owned Real Property and such Leased Real Property, together with the Held Easements are collectively referred to herein as the “Real Property”. As of the Effective Date, there are no pending condemnation proceedings relating to any of the Owned Real Property included in the Acquired Assets or any of the Leased Real Property included in the Acquired Assets, nor written threats of any condemnation proceedings with respect to such Owned Real Property or Leased Real Property. As of the Closing, there are no pending condemnation proceedings relating to any of the Real Property nor written threats of any condemnation proceedings with respect to the Real Property. To the Knowledge of the Seller, (1) as of the Effective Date, the Seller is not in violation of any Law, the Seller has not received any written notice from any Governmental Authority that it is in violation of an applicable Law with respect to any of the Owned Real Property included in the Acquired Assets or any of the Leased Real Property included in the Acquired Assets, or its interests thereunder, except for such violation that has been cured in all material respects by the Seller and for which the Seller has received confirmation of cure from the Governmental Authority, and (2) as of the Closing, the Seller is not in violation of any Law, the Seller has not received any written notice from any Governmental Authority that it is in violation of an applicable Law with respect to the Real Property or its interests thereunder, except for such violation that has been cured in all material respects by the Seller and for which the Seller has received confirmation of cure from the Governmental Authority.

(b) The Seller has valid and subsisting leasehold estate in and to each Leased Real Property included in the Acquired Assets, free and clear of all liens, other than Permitted Liens. Schedule 4.08 contains a description of each real property lease or sublease or other similar Contract under which the Seller has a leasehold or subleasehold estate or otherwise uses or occupies or has the right to use or occupy the Leased Real Property included in the Acquired Assets (each such lease, sublease or other Contract including all amendments thereto, a “Real Property Lease”). True and correct copies of each Real Property Lease has been provided by the Seller to Buyer. Neither the Seller nor, to the Knowledge of Seller, the landlord under any Real Property Lease is in default or breach of any obligations under any Real Property Lease, nor is there any condition which, with the passage of time, the giving of notice, or both, would reasonably be expected to result in a default or breach by the Seller or, to the Knowledge of Seller, the landlord of any obligations thereunder.

(c) With respect to each Held Easement, as of the Closing: (i) each such Held Easement is in appropriate form, has been duly recorded, and is sufficient for the right of way and other interests necessary for the operation of the System, or access thereto, at the locations to which it relates, (ii) each such Held Easement is free and clear of any Liens, except for any Permitted Liens, and is assignable by Seller to Buyer without consent of the owner of the land to which the Easement relates or that any such consent has been obtained, (iii) the Seller is not in breach of or in default under such Easement, (iv) no party to such Easement has given the Seller written notice of or made a claim with respect to any breach or default thereunder, and (v) to the

Knowledge of Seller, no condition currently exists and there is no condition which, with the passage of time, the giving of notice, or both, could result in a default or breach by any party (including the Seller) under or with respect to such Easement. True and correct copies of each Held Easement will be provided by Seller to Buyer prior to the Closing.

Section 4.09. **Equipment and Machinery.**

(a) All Equipment and Machinery included in the Acquired Assets that is material to the operation of the System as currently and historically operated and conducted is set forth and otherwise described on Schedule 4.09(a). Except as set forth in Schedule 4.09(a), the Seller (i) has good and marketable title, free and clear of all Liens (other than the Permitted Liens and Liens which will be fully and unconditionally released at or prior to Closing) to the Equipment and Machinery owned by the Seller, and (ii) holds good and transferable leasehold interests in or a valid license to use, all Equipment and Machinery leased or licensed by it or otherwise used by it in the operation of the System, in each case under valid and enforceable leases or other Contracts. Except as set forth on Schedule 4.09(a), the Seller is not required to obtain the approval or consent of the lessor or any other Person in connection with the assignment to Buyer of the Equipment and Machinery leased or licensed by the Seller, and such assignment will not result in any change in terms of the applicable Contract or any increased costs or tax recapture. For the avoidance of doubt, this Section 4.09(a) does not apply to any Retained Equipment and Machinery.

(b) Except for Equipment and Machinery which is obsolete and except as otherwise set forth on Schedule 4.09(a), the Equipment and Machinery and all other tangible assets and properties that are included in the Acquired Assets are in good operating condition and repair (except for ordinary wear and tear) and are usable in the ordinary course of the business and are being operated in conformity in all material respects with all applicable Laws and the terms of any Contracts to which the Seller is a party or by which such Equipment and Machinery is subject or bound.

Section 4.10. **Supplies.** All Supplies included in the Acquired Assets consist of a quality and quantity usable in the ordinary course of business, consistent with past practice. As of the Closing, the levels of Supplies included in the Acquired Assets will be consistent with the levels of Supplies historically maintained by the Seller and will be sufficient for the continued conduct and operation of the System by Buyer immediately following the Closing in substantially the same manner as currently and historically conducted and operated by the Seller.

Section 4.11. **Intellectual Property Assets.** Schedule 4.11 sets a complete and accurate list of all Intellectual Property Assets (whether owned by the Seller or licensed to the Seller by any third party) that are material to the operation of the System as currently and historically operated and conducted. All Intellectual Property Assets are owned by or licensed to the Seller free and clear of all Liens, except for Permitted Liens and Liens which will be fully and unconditionally released at or prior to Closing, and are valid, issued and enforceable, have not been canceled, and, to the Knowledge of Seller, are not the subject of any legal challenge. To the Knowledge of Seller, no facts exist that would invalidate or render unenforceable any Intellectual Property Assets. Except as disclosed on Schedule 4.11, (a) there are no licenses now outstanding or other rights granted to third parties under any Intellectual Property Assets, and (b)

the Seller is not a party to any Contract or other agreement or understanding with respect to any Intellectual Property Assets. There are no unresolved claims made, and no Person or Governmental Authority has communicated to the Seller, the threat of any such claim, that any of the Intellectual Property Assets or activities of the Seller in connection with the Intellectual Property Assets constitutes unfair competition or is in violation or infringement of any patent, trademark, trade name, service mark, trade dress, right of publicity, copyright or registration therefor, of any other Person. To the Knowledge of Seller, (x) the Intellectual Property Assets do not infringe the patent, trademark, copyright, trade secret or other proprietary right of any third party and (y) no Intellectual Property Asset is being infringed or misappropriated by any third party. All filings or recordings necessary or appropriate to protect the interests of the Seller in any Intellectual Property Assets have been duly made and are in full force and effect.

Section 4.12. **Employee Benefit Plans.**

(a) As used in this Agreement, the following terms have the meanings set forth below:

"Seller's Benefit Obligations" means all material obligations, arrangements, or practices, whether or not legally enforceable, to provide benefits, other than salary or wages to present or former directors, employees or agents, (other than obligations, arrangements and practices that are Seller's Plans), that are owed, adopted or followed by the Seller. Seller's Benefit Obligations also include consulting agreements under which the compensation paid does not depend upon the amount of service rendered, sabbatical policies, severance payment policies and fringe benefits within the meaning of Code §132.

"Seller's Plans" means each voluntary employees' beneficiary association under Section 501(c)(9) of the Code whose members include any Personnel and any employee benefit plans or any other retirement, profit sharing, stock option, stock bonus, deferred compensation (including any "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code), severance, sick leave or other material plan or arrangement providing benefits to current or former Personnel, in each case, if either currently in effect or terminated within the last six (6) years, to which the Seller is a plan sponsor or to which the Seller otherwise contributes or has contributed within the last six (6) years, or in which the Seller otherwise participates or has participated within the last six (6) years.

(b) Schedule 4.12(b) contains a true and complete list of all Seller's Plans and the Seller's Benefit Obligations. All such Seller's Plans and Seller's Benefit Obligations are in full force and effect and are in material compliance both as to form and operation, with applicable provisions of the Code, ERISA and any other applicable Laws, and with any applicable collective bargaining agreement. To Seller's Knowledge, no event has occurred which has resulted or could reasonably be expected to result in the imposition of any liability on the Seller under the Code or other applicable Law with respect to any Seller's Plans or Seller's Benefit Obligations.

(c) Except as set forth in Schedule 4.12(c), the Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any "multiemployer plan" within the meaning of Section 414(f)(1) of the Code, and has no liability of any nature, whether known or unknown,

fixed or contingent, with respect to any such multiemployer plan (the multiemployer plan set forth in Schedule 4.12(c), the “Multiemployer Plan”). Schedule 4.12(c) sets forth an estimate obtained by the trustee of the Multiemployer Plan, based on the most recent valuation of the Multiemployer Plan, of the withdrawal liability that would be assessed against the Seller for withdrawal from the Multiemployer Plan.

(d) Except as set forth on Schedule 4.12(d), the Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any medical, health, life or other welfare plan or benefits for present or future terminated or retired Personnel or their spouses or dependents, other than as required by COBRA, or any comparable state Law, and has no liability of any nature, whether known or unknown, fixed or contingent, with respect to any such post-termination welfare benefits.

(e) The Seller is and has been in compliance in all material respect with the requirements of COBRA and is not subject to any excise Tax under Code Section 4980B for the current or any prior taxable year.

(f) Except as set forth in Schedule 4.12(f), the Seller has not entered into any severance or similar arrangement with respect to any present or former Personnel that will result in any obligation (absolute or contingent) of Buyer to make any payment to any present or former Personnel following termination of employment, including the termination of employment effected by the transactions contemplated by this Agreement. The consummation of the transactions contemplated by this Agreement will not trigger any severance or other obligation of the Seller for which Buyer shall have any liability.

Section 4.13. **Personnel; Labor Relations.**

(a) Schedule 4.13(a) sets forth all collective bargaining agreements and relationships to which the Seller is a party, including the identification of the parties thereto and the expiration dates. Other than the collective bargaining agreements and relationships set forth in Schedule 4.13(a), there are no commitments, Contracts, agreements, arrangements or understandings (whether written or oral, formal or informal) of the Seller with respect to the Union or the Union Personnel, and the collective bargaining agreements described on Schedule 4.13(a) constitute the entire agreement between the Seller and the other parties thereto, with respect to the subject matter thereof.

(b) With respect to all Personnel:

(i) except as set forth in Schedule 4.13(b)(i), there is no labor strike, lockout, dispute, slowdown or stoppage pending or, to the Knowledge of the Seller threatened against or involving the operation of the System, nor has any such event or labor difficulty occurred within the past five (5) years;

(ii) except as set forth in Schedule 4.13(b)(ii), the Seller is in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment, wages, hours of work, classification of Personnel and independent contractors, and occupational safety and health;

(iii) except as set forth in Schedule 4.13(b)(iii), there is no unfair labor practice charge or complaint against the Seller with respect to the System pending or, to the Knowledge of the Seller threatened before the Pennsylvania Labor Relations Board or any other Governmental Authority;

(iv) the Seller has no present intention to terminate the employment of any Personnel due to misconduct or unsatisfactory performance and, to the Knowledge of the Seller, no event has occurred or circumstance exists with respect to any Personnel, including any event or circumstance involving misconduct (whether or not involving any actual or potential violation of Law) or other wrongful or improper acts or omissions by any Personnel, which would in any case give the Seller grounds for terminating the employment of any such Personnel; and

(v) the Seller has not received notice of any assertion or allegation of any wrongful employment action or practice, including discrimination and harassment, by any present or former Personnel or any applicant for employment with respect to the System.

(c) Except as set forth on Schedule 4.13(c), the Seller has, and as of the Closing shall have timely paid, or cause to be timely paid, the Personnel as required under its policies and/or by applicable Law for accrued but unused and unpaid vacation, sick leave and other accrued benefits as of the Closing Date.

(d) The Seller has not, in the past five (5) years, effectuated:

(i) a "plant closing" (as defined in the Worker Adjustment and Retraining Notification Act ("WARN Act")) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the System; or

(ii) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of the System; nor has the System been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local Law.

(e) None of the Personnel has suffered an "employment loss" (as defined in the WARN Act) during the previous six months.

Section 4.14. **Environmental Compliance.** Except as set forth in Schedule 4.14:

(a) The System as currently operated by the Seller and all operations and activities conducted by the Seller with respect to the System are in compliance in all material respects with all applicable Environmental Requirements.

(b) The Seller has generated, used, handled, treated, stored and disposed of all Hazardous Materials in (i) compliance in all material respects with all applicable Environmental Requirements and (ii) a manner that has not given, and could not reasonably be anticipated to give, rise to Environmental Liabilities.

(c) The Seller has not received notice of any Environmental Claims related to the System that have not been fully and finally resolved, and to the Knowledge of Seller no claims of Environmental Liabilities have been threatened allegedly arising from or relating to the System that have not been fully and finally resolved.

(d) Hazardous Materials are not present at or on the System or Acquired Assets, there has been no Release of Hazardous Materials at, on or from any part of the System or the Acquired Assets, and there has been no Release of Hazardous Materials for which the Seller is responsible at any Off-Site Location, in each case in a manner that violates any Environmental Requirements or has resulted in, or could reasonably be anticipated to give rise to, Environmental Liabilities.

(e) No Lien or activity use limitation or institutional control has been recorded affecting any Acquired Assets by any Governmental Authority due to either the presence of any Hazardous Material on or off the Acquired Assets or a violation of any Environmental Requirement.

(f) There are no underground storage tanks on or at any of the Acquired Assets. Any underground storage tanks previously located at the Acquired Assets have been removed or otherwise closed, plugged and abandoned in compliance with applicable Environmental Requirements in effect at the time of such closure.

(g) There is no PCB Equipment on or at any of the Acquired Assets. Any PCB Equipment that previously existed at the Acquired Assets has been flushed of polychlorinated byphenyls or has been removed and properly disposed of, in compliance with applicable Environmental Requirements, and any remaining PCB Equipment is labeled to the extent required under applicable Environmental Requirements and being managed in compliance with applicable Environmental Requirements.

(h) No Regulated Asbestos Containing Material exists in or on the Acquired Assets in an aggregate amount that would reasonably be expected to result in an Environmental Liability; and any Regulated Asbestos Containing Material is being managed in compliance with all applicable Environmental Requirements.

(i) The Seller has delivered to Buyer (1) all material environmental site assessments or reasonable and accurate summaries thereof pertaining to the System, (2) all material compliance audits or compliance assurance reviews prepared within the previous five (5) years or reasonable and accurate summaries thereof relating to compliance with Environmental Requirements by the System, and (3) reasonable and accurate summaries of, or all material documents pertaining to, any known and unresolved Environmental Liabilities incurred in relation to the System, to the extent possessed by or under the reasonable control of the Seller.

Section 4.15. **Consent Decree Matters.**

(a) The Seller is in compliance with all terms, conditions and requirements of the Consent Decree and no claims, actions, suits, proceedings, arbitral actions or investigations are pending, or to the Knowledge of the Seller, have been threatened against the Seller with respect to the Consent Decree. The Seller has not incurred or accrued any liabilities for payment of

stipulated penalties under the terms of the Consent Decree with respect to any conditions, events, circumstances, actions or inactions prior to the date hereof or prior to the Closing (whether or not EPA or PaDEP have asserted demands for such stipulated penalties).

(b) The Seller has completed all requirements or undertaken all actions required to be performed by the Seller prior to the date hereof and prior to the Closing Date pursuant to:

(i) the Consent Decree, including all control, operation, maintenance and mitigation requirements and the implementation of the CSO Control Measures and the Approved Revised CSO Control Measures Plan;

(ii) the Compliance Schedule; and

(iii) the Acquired Authorizations.

(c) The CSO Control Measures are being implemented in accordance with the Consent Decree. All work performed by or on behalf of the Seller pursuant to the Consent Decree, including work performed by architects, design professionals, and civil, mechanical or other engineers, whether by contract or pursuant to employment with the Seller or as an agent of the Seller is being performed and has been performed in accordance with the terms and conditions of the Consent Decree and on schedule in a manner sufficient to achieve the completion of the CSO Control Measures by the dates required under the Consent Decree.

(d) As of the Effective Date and as of the Closing, (i) the Seller is in compliance in all material respects with its obligations under the Long Term Control Plan and (ii) all planning, engineering, design, procurement, financing and construction activities on all Phase A and Phase B Projects within the Long Term Control Plan are on schedule with the milestones set forth the Compliance Schedule attached as Schedule 7.06 to this Agreement.

Section 4.16. **Licenses and Permits.** Schedule 4.16 sets forth a complete and accurate list of all Licenses and Permits held by the Seller, all of which are in full force and effect and no appeals or other proceedings are pending or threatened with respect to the issuance, terms or conditions of any such Licenses and Permits. The Seller has provided to Buyer true and complete copies of all Licenses and Permits set forth on Schedule 4.16. Except as set forth on Schedule 4.16, (i) the Seller holds all Licenses and Permits which are necessary or required under applicable Law for the ownership, operation and maintenance of the System and the Acquired Assets as currently or previously operated and maintained, (ii) the Seller is, and for the past five (5) years has been, in compliance in all material respects with all terms, conditions and requirements of all Licenses and Permits held by it (whether or not set forth on Schedule 4.16) and all applicable Laws relating thereto, and (iii) the Seller has not received any written notice or other written communication from any Governmental Authority or other Person regarding (1) any actual or alleged violation or failure to comply with any such Licenses and Permits, or (2) any revocation, withdrawal, non-renewal, suspension, cancellation or termination of any such Licenses and Permits. With respect to any Licenses and Permits held by the Seller that are scheduled to expire within six (6) months following the date of this Agreement, any applications for renewal of such Licenses and Permits have been or will be duly filed by the Seller with the applicable Governmental Authority within the time frame required under applicable Law.

Section 4.17. **Insurance; Bonds.**

(a) (i) Schedule 4.17(a) lists all of the Seller's policies of liability, fire, casualty, business interruption, workers' compensation and other forms of insurance and fidelity bonds insuring the properties, assets or operations of the System or the Acquired Assets (collectively, the "Policies" and individually, a "Policy"); (ii) the Seller has provided true and complete copies of the Policies to Buyer; (iii) the Policies, with respect to their amounts and types of coverage, are reasonably adequate to protect the insured properties against the insured risks, subject to reasonable deductibles, and the risks insured against are normal and customary for the industry, and (iv) all premiums with respect to each Policy are currently paid and such policies are in full force and effect. There are no material claims by the Seller pending under any of the Policies as to which coverage has been questioned, denied or disputed by the underwriters of such Policies or in respect of which such underwriters have reserved their rights, and no notice of cancellation, termination or non-renewal has been received with respect to any Policy.

(b) Except as set forth on Schedule 4.17(b), (i) the Seller has no outstanding surety bonds or other surety arrangements issued or entered into in connection with the Acquired Assets or the System; and (ii) no surety bond is required to satisfy any contractual, statutory, or regulatory requirement applicable to the Seller with respect to the System.

Section 4.18. **Contracts and Commitments.**

(a) Schedule 4.18 lists all of the following Contracts (x) by which any of the Acquired Assets are bound or affected or (y) to which the Seller is a party or by which it is bound in connection with the System or the Acquired Assets (collectively, the "Material Contracts"):

(i) Contracts with any Personnel, consultant or other Person providing services to the Seller or with respect to the System;

(ii) Contracts which are notes, mortgages, agreements, swaps or other derivatives or commitments for the repayment or borrowing of money by the Seller, including those related to the Outstanding Indebtedness, or for a line of credit including borrowings by the Seller in the form of a guarantee of, indemnification for, or agreement to acquire any obligation of others, and all security or pledge agreements related thereto;

(iii) Contracts, including management, operating, engineering, design, or service agreements (including professional services agreements), providing for payments in excess of Ten Thousand Dollars (\$10,000) by the Seller in any twelve (12) month period;

(iv) Contracts relating to any joint venture or partnership to which the Seller is a party or is bound;

(v) Contracts containing covenants purporting to limit the freedom of Seller or any Personnel to compete in any business or in any geographic area;

(vi) Contracts relating to ongoing construction, including related to CSO Control Measures, insurance Contracts, surety bonds, management agreement, architect agreement or consultant agreement;

(vii) Contracts for any capital expenditure or leasehold improvements;

(viii) Contracts involving any resolution or settlement of any actual or threatened litigation, arbitration, claim or other dispute involving Seller, the City, the Borough or the System, and any other Person; and

(ix) Contracts, including inter-municipal agreements, between the Seller and any Governmental Authority.

(b) The Seller has provided to Buyer true and complete copies of all the foregoing Material Contracts, together with all amendments, supplements or modifications thereto, and accurate descriptions of all material terms of all oral Contracts, set forth or required to be set forth on Schedule 4.18.

(c) All of the Material Contracts are in full force and effect. Each Material Contract is a legal, valid and binding obligation enforceable against the Seller and, to the Knowledge of Seller, the other party or parties thereto, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other Laws affecting the enforcement of creditors' rights generally. The Seller is not and, to the Knowledge of Seller, no other party to any Material Contract is, in any material respect, in breach or violation of, or default under, or has delivered a notice of termination of, any Material Contract, nor does any condition exist which, with notice or lapse of time, or both, would cause the Seller, or to the Knowledge of Seller, any other party, to be in default under any Material Contract. The Seller has not received any communication from any Person that is party to a Material Contract indicating that such Person intends to (i) terminate such Material Contract, (ii) allow such Material Contract to expire without renewal, or (iii) seek an amendment or modification to such Material Contract that would increase in any material respect any amounts required to be paid by the Seller thereunder.

Section 4.19. **Compliance with Law**. Except as set forth on Schedule 4.19:

(a) the Seller is, and for the last five (5) years has been, in compliance in all material respects with all Laws applicable to Seller, the System, the Personnel and any of the Acquired Assets, and to the Knowledge of the Seller there are no factual circumstances that are likely to result in any such failure to be in compliance in any material respect;

(b) within the last five (5) years, the Seller has not received any written or, to the Knowledge of the Seller, verbal notices and, to the Knowledge of the Seller, no claims have been filed against the Seller, alleging a violation of any such Laws;

(c) to the Knowledge of Seller, neither Seller nor any Personnel is, or within the last five (5) years was, under investigation with respect to, and has not been threatened to be charged with or given notice of any violation of, any Law applicable to Seller, the System, the Personnel and any of the Acquired Assets; and

(d) except for the Consent Decree, there is no judgment, decree, injunction, rule or order of any arbitrator or Governmental Authority outstanding against the Seller, the System, the Personnel or any of the Acquired Assets.

Section 4.20. **Litigation.** Except as set forth on Schedule 4.20, (a) there are no claims, actions, suits, proceedings, arbitral actions, inquiries or investigations (whether judicial, administrative or otherwise) before or by any Governmental Authority pending or, to the Knowledge of the Seller, threatened against the Seller or with respect to the System or any of the Acquired Assets or which in any manner challenge or seek to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement, and no event has occurred, and no claim has been asserted, that could reasonably be expected to result in any such claims, actions, suits, proceedings, arbitral actions, inquiries or investigations, and (b) there are no unsatisfied judgments of any kind against the Seller with respect to the System or the Acquired Assets. All pending or threatened claims, actions, suits, proceedings, arbitral actions, inquiries or investigations against the Seller or with respect to the System or the Acquired Assets are fully covered by insurance except to the extent described in Schedule 4.20.

Section 4.21. **Title to the Acquired Assets; Sufficiency.**

(a) Except as set forth on Schedule 4.21(a), the Seller has good and marketable title to, valid leasehold interest in or valid licenses to use, all of the Acquired Assets, free and clear of all Liens, other than Permitted Liens and Liens which will be fully and unconditionally released at or prior to Closing. The use of the Acquired Assets is not subject to any Liens, other than Permitted Liens, and such use does not encroach on the property or the rights of any Person.

(b) The Acquired Assets are sufficient for, and constitute all the assets, properties, business, goodwill and rights of every kind and description, and services required for, the continued conduct and operation of the System by Buyer in substantially the same manner as currently conducted and operated by the Seller. Except for the Excluded Assets, (i) the Acquired Assets, taken as a whole, comprise all the assets, properties, business, goodwill and rights of every kind and description used or held for use in, or useful or necessary to the operation of the System as currently operated by the Seller, and (ii) there are no assets, properties, business, goodwill, rights or services used in the conduct or operation of the System that are owned by any Person other than the Seller that will not be licensed or leased to Buyer under valid, current license arrangements or leases. None of the Excluded Assets are material to the System.

Section 4.22. **Broker's and Finder's Fees.** Except as set forth on Schedule 4.22, no broker, finder, or Person is, or will be, entitled to any commission or broker's or finder's fees from any of the Parties or from any of their Affiliates by reason of any agreement or action of Seller, the City or the Borough (or any Person acting on their behalf) or otherwise in connection with this Agreement or the transactions contemplated by this Agreement. The Seller is solely responsible for the fees and expenses of any Person set forth on Schedule 4.22 and any other financial or technical advisor engaged by or on behalf of Seller, the City or the Borough.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes only the representations and warranties which are set forth in this Article V. Any matter, information or item disclosed on any particular Schedule delivered by Buyer which is numbered to correspond to the representations and warranties contained in this Article V shall be deemed to have been disclosed in response to such other representations or warranties in this Article V in respect of which such disclosure is reasonably apparent on its face notwithstanding the omission of an appropriate cross-reference.

As a material inducement to the Seller to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer hereby represents and warrants to the Seller, as of the date hereof and as of the Closing Date, as follows:

Section 5.01. **Existence and Power.** Buyer is a corporation duly organized and in good standing under the Laws of the Commonwealth of Pennsylvania. Buyer has all requisite power and authority to execute and deliver this Agreement and all Related Agreements and to perform its obligations hereunder and thereunder.

Section 5.02. **Authorization and Validity of Agreement.** The execution and delivery of this Agreement and the Related Agreements and the performance of the obligations of Buyer hereunder and the consummation by Buyer of the transactions contemplated by this Agreement and the Related Agreements have been duly and validly authorized by all necessary action of Buyer, including Buyer's board of directors and the board of directors of Buyer Parent, and no other proceeding on the part of Buyer is necessary to authorize the execution, delivery and performance of this Agreement or any Related Agreement to which Buyer is or will be a party. This Agreement has been duly executed and delivered by Buyer and constitutes, and the Related Agreements, when executed and delivered, will constitute legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms and conditions, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other Laws affecting the enforcement of creditors' rights generally. A true, correct and complete copy of the authorizing resolutions duly adopted by the board of directors of Buyer is attached hereto as Exhibit E, which resolutions of the board of directors of Buyer, and the resolutions of the board of directors of Buyer Parent with respect to this Agreement and the transactions contemplated hereby, in each case have not been, and at the Closing will not have been, revoked, rescinded or amended.

Section 5.03. **No Conflict or Violation.** Except as set forth on Schedule 5.03, the execution, delivery and performance of this Agreement and the Related Agreements by Buyer do not and shall not: (a) violate or conflict with, or result in a breach or constitute a default under, any provision of the charter, bylaws or other similar organizational or governing documents of Buyer, (b) violate, conflict with, result in a breach or constitute a default under any provision of, or require any Governmental Approval or any notice, filing, consent, authorization or approval under, any Licenses and Permits held by Buyer or any applicable Law of any Governmental Authority having jurisdiction over Buyer or its assets or properties, or (c) violate, conflict with, or result in a breach of or constitute (with due notice or lapse of time or both) a default under any

provision of, or require any notice, filing, consent, authorization or approval under, or give rise to any rights of termination, amendment, modification, acceleration or cancellation of or loss of any benefit under, or result in the creation of any Lien on any assets or properties of Buyer pursuant to, any Contract to which Buyer is a party, or by which any material assets and properties of Buyer are bound or subject, or (d) result in the imposition of any Liens or other restrictions on the material assets and properties of Buyer, except, in the case of the foregoing clauses (b), (c) and (d), where such violation, conflict, breach, default, requirement, or resulting Lien or other restriction would not reasonably be expected to have a material adverse effect on Buyer, Buyer Parent and their business, or materially impair Buyer's ability to timely consummate the transactions contemplated hereby or perform its obligations hereunder.

Section 5.04. **Consents and Approvals.** Schedule 5.04 sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration or notice to or filing or registration with any Governmental Authority required to be obtained, given or made by Buyer in connection with the execution and delivery of this Agreement and each Related Agreement by Buyer and the performance by Buyer of its obligations hereunder and thereunder, except for any such consent, waiver, authorization, approval, declaration, notice, filing or registration, which if not obtained, given or made, would not reasonably be expected, individually or in the aggregate, to materially impair Buyer's ability to performs its obligations hereunder or thereunder and to consummate the transactions contemplated hereby or thereby.

Section 5.05. **Broker's and Finder's Fees.** No broker, finder, or Person is, or will be, entitled to any commission or broker's or finder's fees from any of the Parties or from any of their Affiliates by reason of any agreement or action of Buyer or its Affiliates (or any Person acting on Buyer's or Buyer's Affiliates' behalf) or otherwise in connection with this Agreement or the transactions contemplated by this Agreement.

Section 5.06. **Financial Ability.** Immediately after giving effect to the transactions contemplated hereby, Buyer will have the financial ability and will have adequate capital to carry on its business and to operate the System as a certificated public utility system regulated by the PaPUC authorized, among things, to provide wastewater utility services to retail residential, commercial and industrial customers in the Service Area, in each case assuming (i) the accuracy of the Seller's representations and warranties set forth in this Agreement (without regard to any materiality, Material Adverse Effect or other similar qualifiers contained therein) and (ii) material compliance by the Seller with the covenants required to be performed prior to the Closing set forth herein in all material respects.

Section 5.07. **Sufficient Funds.** Buyer will have at the Closing (a) sufficient immediately available funds available and the financial ability to pay the Purchase Price in accordance with Section 3.01 and any fees and expenses incurred by Buyer in connection with the transactions contemplated by this Agreement and (b) the resources and capabilities (financial and otherwise) to perform its obligations hereunder.

Section 5.08. **Independent Decision.** Except as expressly set forth in this Agreement, or any of the Related Agreements, Buyer acknowledges that (a) neither the Seller nor any other Person has made any representation or warranty, express or implied, as to the accuracy or

completeness of any information provided to Buyer regarding the System, and (b) neither the Seller nor any other Person shall have or be subject to any liability to Buyer (except in the case of fraud) or any other Person resulting from the distribution to Buyer, or Buyer's use of, any information regarding the System or Acquired Assets that has been furnished or made available to Buyer and its Representatives. Buyer acknowledges that other than as expressly set forth in this Agreement or any Related Agreement, Buyer is acquiring the Acquired Assets without any other representation or warranty, whether express or implied, including any representation or warranty as to merchantability or fitness for any particular purpose, except as otherwise expressly represented or warranted in Article IV of this Agreement; *provided, however*, that nothing in this Section 5.08 is intended to limit or modify the representations and warranties contained in Article IV.

Section 5.09. **Independent Investigation.** Buyer acknowledges that it has conducted an independent investigation of the financial condition, assets, liabilities, properties and projected capital needs and operations of the System in making its determination as to the propriety of the transactions contemplated by this Agreement and, in entering into this Agreement and Related Agreements, has relied solely on the results of its investigation and on the representations and warranties of the Seller expressly contained in Article IV of this Agreement; *provided*, that nothing in this Section 5.09 will limit, in any way, any rights that Buyer may have to bring, pursue or prosecute a claim or action grounded in or based upon fraud.

Section 5.10. **Litigation.** There are no claims, actions, suits, proceedings, arbitral actions, inquiries or investigations (whether judicial, administrative or otherwise) pending or, to the Knowledge of Buyer, threatened, against Buyer, Buyer Parent or any of their Affiliates which in any manner challenge or seek to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement.

ARTICLE VI.

COVENANTS REGARDING REAL PROPERTY AND EASEMENTS

Section 6.01. **Title Examination; Missing Easements.**

(a) Prior to the Closing, the Seller will, at its sole cost and expense, cause David Durkovic, or another abstractor selected by the Seller and reasonably acceptable to Buyer and the Title Company (the "Abstractor"), to perform, at the Seller's sole cost and expense, a search of the public land records of Lackawanna County, based on the Seller's and Labella Associates', Seller's outside consulting engineering company, records and plans of the System (and such other sources of information as are reasonably related thereto), by means of searching the grantee index in the names of the City, the Scranton Redevelopment Authority, Seller and the Borough, and such other searches as the Abstractor may reasonably make, to (i) identify and provide Buyer with title information on any and all recorded Held Easements, such information to be provided in the form of the chart attached hereto as Exhibit F (the "Abstractor Search Result Chart"), and (ii) together with the Seller, identify all Missing Easements. During such process, as the Abstractor provides written search results to Seller (including updated versions of the Abstractor Search Result Chart), the Seller will promptly provide the same to Buyer for its review, and, without limiting the foregoing, the Seller shall, or shall cause the Abstractor to, provide Buyer

with periodic updates (which shall occur no less frequently than bi-weekly) on the status of the activities set forth in the previous sentence.

(b) In the event that during the process of Abstractor's review and investigation of the Lackawanna County land records, Seller determines, based on the Abstractor's investigation, that there is a Missing Easement, the Seller shall take any and all actions (including the use of its power of condemnation) to obtain any such Missing Easements so that the same may be sold, assigned, transferred and conveyed to Buyer at the Closing pursuant to the terms and conditions of this Agreement. All costs and expenses incurred in connection with obtaining each Missing Easement (including any consideration payable to the landowner in connection with condemnation, in lieu of condemnation or otherwise to obtain Missing Easements) shall be paid by the Seller. In the event Seller has not obtained all Missing Easements by the date that is sixty (60) days after the date that Abstractor has completed his review of the County land records and delivered the last results of the same to Seller (the "Abstract Completion Date"), then, no later than thirty (30) days after the Abstract Completion Date (but in any event no later than thirty (30) days prior to the Closing), the Seller shall commence and file in the Court of Common Pleas, Lackawanna County, a condemnation or eminent domain proceeding to obtain any and all such Missing Easements. For the purposes of clarity, upon obtaining each Missing Easement (including upon the final resolution of a condemnation proceeding), each Missing Easement that has been acquired or obtained by the Seller shall be considered a Held Easement.

(c) The Seller shall take any and all actions to ensure that, as of the Closing, (i) all Essential Easements are Eligible Easements and (ii) no more than ten (10) other Easements (whether Held Easements or Missing Easements) that are appurtenant to any Combined Sewer System Asset or necessary for access to any Combined Sewer System Asset or for the operation of any Combined Sewer System Asset (including Easements for utilities and power to any Combined Sewer System Asset) or otherwise are necessary for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Combined Sewer System Assets (including access thereto) are not Eligible Easements.

(d) With respect to any Easement that is described in clause (b) of the definition of Eligible Assets that is conveyed to Buyer at the Closing, the Seller shall complete the condemnation proceedings with respect to such Easement at its sole cost and expense following the Closing and pay the fair value to the landowner for the taking of such Easement.

Section 6.02. Objections to Title; Conveyance by the City.

(a) Notice of Title Objections. With respect to all Real Property including any title information provided by the Abstractor with respect to any Held Easements, Buyer shall have the right to obtain, at its sole cost and expense, one or more commitments for an owner's policy or policies of title insurance on ALTA's Owner's Form 2006 (each, a "Title Commitment"), issued by a title insurance company selected by Buyer and licensed by the Commonwealth of Pennsylvania (the "Title Company") covering any such Real Property. Within thirty (30) days of Buyer's receipt from the Title Company of any such Title Commitment, Buyer shall deliver to the Seller a complete copy of such Title Commitment and copies of any and all exception documents listed in the same, each as received from the Title Company, along with Buyer's written notice to the Seller of any of the exceptions to title set forth on Schedule B of the Title

Commitment to which Buyer objects (such written notice of Buyer being referred to as the "Objection Notice") provided such exceptions (i) are not Permitted Liens, (ii) are not Schedule B-I exceptions to be satisfied by Buyer prior to Closing, (iii) being matters of record and set forth in the Title Commitment, do not adversely restrict or prevent the use of the Real Property in the operation of the System as currently operated, and (iv) are not the Title Company's pre-printed standard "survey", "unrecorded easement" or "discrepancy in boundary line" exceptions do not adversely restrict or prevent the use of the Real Property in the operation of the System as currently operated (such exceptions objected to in the Objection Notice, provided the same are not any as described in clauses (i) through and including (iv) as aforesaid, being referred to as the "Title Objection Items"). Buyer acknowledges and agrees that for purposes of any Real Property Lease, the term Permitted Lien shall also include (v) any Lien which was created or suffered to exist by the lessor, or any predecessor in title to such lessor, encumbering the title to any real property which is subject to a Real Property Lease. In the event that Buyer provides the Seller with an Objection Notice, the Seller shall use commercially reasonable efforts to have all of the Title Objection Items cured, satisfied or released of record, or insured over, by the Title Company (individually, "Cure" and collectively, "Cured") prior to or as of the Closing. At or prior to the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing that Seller has Cured all such Title Objection Items. For avoidance of doubt, Buyer acknowledges that no item listed in clauses (i) through and including (v) aforesaid, may be objected to by Buyer as a Title Objection Item.

(b) Liens. Without limiting the Seller's obligations pursuant to Section 6.02(a) above, prior to or as of the Closing, the Seller shall be obligated, at its sole cost and expense, to Cure any Lien encumbering the Real Property which can be Cured by the payment of money (other than Permitted Liens).

(c) Title Endorsements/Survey. Any endorsements required by Buyer or any mortgagee of Buyer to Buyer's title insurance policy, except for available endorsements necessary to Cure any Title Objection Items, shall be paid for solely by Buyer. In the event any survey is required by Buyer or its mortgagee, either as a condition to any such endorsement or otherwise, the same shall be obtained solely at Buyer's cost and expense. In the event Buyer obtains a survey of any or all of the Real Property and desires the deed to contain the legal description based on such survey, if the same is not identical to the legal description contained in the Seller's deed of record, the Seller shall not be obligated to include the same in the deed to Buyer unless the survey is certified to the Seller and such description is included in the deed on a "quitclaim" basis only and without warranty of title, so long as such title is insurable by the Title Company.

(d) Conveyance by the City. With respect to the parcels of Real Property described on Schedule 4.08 as being owned by the City as of the Effective Date (such parcels of Real Property, the "City-Owned Real Property"), following the Effective Date the Seller shall take any and all action necessary to cause the conveyance by the City to the Seller of such City-Owned Real Property and to ensure that, as of the Closing, such City-Owned Real Property constitutes Owned Real Property of the Seller included in the Acquired Assets and with respect to which the Seller holds a valid fee simple estate capable of being conveyed to Buyer at Closing pursuant to Section 2.03(ii).

Section 6.03. **UCC Search; Releases.** Not later than sixty (60) days after the Effective Date, Buyer shall obtain, at its sole cost and expense, a Uniform Commercial Code search against the Seller covering any of the personal property or fixtures included among the Acquired Assets from the Office of the Secretary of the Commonwealth of Pennsylvania and the Recorder of Lackawanna County, Pennsylvania (the "UCC Search"). On or prior to the Closing Date, the Seller shall, at its sole cost and expense, obtain releases of any and all security interests in any of the Acquired Assets which are not Permitted Liens. The form of the releases of such security interests shall be provided by the Seller to Buyer on or prior to the Closing Date and the form and substance thereof shall be reasonably satisfactory to Buyer.

Section 6.04. **Consents.** The Seller shall, prior to the Closing, at the Seller's sole cost and expense, obtain any required consents or satisfy any preconditions necessary to assign or transfer a Real Property Lease or an Easement to Buyer at the Closing and, at or prior to the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing that the Seller has obtained all such consents and satisfied all such preconditions. If, prior to the Closing, Buyer identifies any consents required to be obtained or preconditions necessary to assign or transfer a Real Property Lease or an Easement to Buyer at the Closing and Buyer delivers written notice to the Seller of such consent or precondition, the Seller shall use good faith efforts to obtain any such consent or satisfy any such precondition, as the case may be, and, so long as the Seller in good faith seeks to obtain any such consents or satisfy such preconditions as may be identified by Buyer and with respect to which Buyer delivers notice to the Seller prior to the Closing, the Parties acknowledge and agree that the Seller shall not be deemed to have intentionally or willfully breached this Section 6.04 as a result of the Seller's failure, prior to the Closing, to (x) obtain any such consent or satisfy any such condition so identified by Buyer, or (y) to seek to obtain any other required consent or satisfy any other necessary precondition with respect to which Buyer does not identify or deliver written notice to the Seller prior to the Closing. If after the Closing Date, Buyer determines that a third-party consent or precondition must be satisfied in order to assign or transfer a Real Property Lease or an Easement, the Seller shall obtain such third-party consent or satisfy such precondition and execute any documents necessary to effectuate such transfer pursuant to the Seller's obligations in Section 2.03.

ARTICLE VII.

OTHER AGREEMENTS

Section 7.01. **Taxes.** The Seller shall prepare and file or cause to be filed all Tax Returns arising out of the ownership of the Acquired Assets and out of the operation of the System before the Closing for all taxable periods ending on or before the Closing Date whether filed before or after the Closing Date. The Seller shall pay all Taxes arising out of the ownership of the Acquired Assets and out of the operation of the System before the Closing for all taxable periods ending on or before the Closing Date. Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns arising out of the ownership of the Acquired Assets and out of the operation of the System for periods which begin before the Closing Date and end after the Closing Date (a "Straddle Period"). In the case of Taxes arising in a Straddle Period, the allocation of such Taxes between the pre-Closing taxable period portion and the post-Closing taxable period portion of the Straddle Period shall be made on the basis of an interim closing of

the books as of the end of the Closing Date based on a schedule prepared by Buyer and provided to the Seller. The Seller shall pay to Buyer its allocable share of the Straddle Period Taxes as reasonably determined by Buyer within ten (10) days of the delivery of a notice requiring such payment.

Section 7.02. **Cooperation on Tax Matters.** The Seller shall furnish or cause to be furnished to Buyer, as promptly as practicable, whether before or after the Closing Date, such information and assistance relating to the System as is reasonably necessary for the preparation and filing by Buyer of any filings relating to any Tax matters.

Section 7.03. **Files and Records.**

(a) During the seven (7) year period following the Closing Date (or such longer period as may be required under applicable Law), the Seller shall preserve and keep any and all files, documents and records held by the Seller relating to the System (including any copies of any Files and Records in the possession of the Seller and not otherwise delivered or required to be delivered to Buyer at the Closing), and the Seller shall, upon reasonable notice and during normal business hours, make all such files, documents and records available to Buyer as may be reasonably requested or required by Buyer to enable Buyer or its Affiliates to prepare for, file, prove, answer, prosecute, or defend any return, filing, audit, protest, claim, suit, inquiry or other proceeding against or involving Buyer or any of its Affiliates (including any matter pertaining to Taxes), or any governmental investigation of or involving Buyer or any of its Affiliates, or in order to enable Buyer to comply with its obligations under this Agreement and any Related Agreement or other agreement, document or instrument contemplated hereby or thereby. In the event the Seller desires to destroy such records after such seven (7) year period, the Seller shall first give sixty (60) days prior written notice to Buyer and Buyer shall have the right, at its option and expense, upon prior written notice given to Seller within such sixty (60) day period, to take possession of the records within ninety (90) days after the date of such notice.

(b) Without limiting anything contained in Section 7.03(a), on the Closing Date, the Seller shall transfer to Buyer all Files and Records relating to operation of the System, including all documents, records, electronically stored data and other information referenced in Sections 77 and 78 of the Consent Decree ("Consent Decree Required Information"). To the extent that the Seller retains any such Consent Decree Required Information following the Closing (including any copies of any Files and Records in the possession of the Seller and not otherwise delivered or required to be delivered to Buyer at the Closing), at the conclusion of the record retention period specified in Section 79 of the Consent Decree, the Seller or its successor shall notify Buyer, EPA and PaDEP at least ninety (90) days prior to the destruction of any such Consent Decree Required Information, and upon the request of Buyer, EPA or PaDEP (or other applicable Governmental Authority), the Seller shall deliver such Consent Decree Required Information to Buyer, EPA or PaDEP, subject to the provisions set forth in Section 80 of the Consent Decree relating to privileged information.

(c) For the avoidance of doubt, nothing contained in this Section 7.03 shall be deemed to (i) limit the Seller's obligation to deliver all Files and Records to Buyer at the Closing as provided in Section 13.02 or (ii) permit the Seller, the City or the Borough to refuse to deliver

to Buyer, upon Buyer's reasonable request therefor, any Files and Records that are or remain in the possession of the Seller, the City or the Borough as of or following the Closing.

Section 7.04. **Personnel Matters.**

(a) Subject to the obligations of Seller under the Collective Bargaining Agreement and applicable Law and Buyer's obligations set forth in Section 7.04(h) with respect to Union Personnel, Buyer shall, or shall cause an Affiliate of Buyer to, offer employment effective on the Closing Date, to all active Union and Non-Union Personnel employed by the Seller as of the Closing Date, subject to Buyer's existing standard hiring policies and procedures applicable to new employees, which shall be limited to a criminal background check and drug screening of all Union and Non-Union Personnel, except with respect to benefits as otherwise provided in Section 7.04(c). The active Union and Non-Union Personnel who accept such offer of employment and commence employment with Buyer (or its Affiliate) on the Closing Date, shall be referred to in this Agreement as the "Transferred Personnel." For purposes of clarity, nothing contained in this Section 7.04 shall be deemed to limit, restrict or prohibit Buyer from interviewing the applicable Union and Non-Union Personnel for informational purposes only in connection with the transfer of employment of the Union and Non-Union Personnel to Buyer as provided in this Section 7.04.

(b) Subject to the obligations of Seller under the Collective Bargaining Agreement and applicable Law and Buyer's obligations set forth in Section 7.04(h) with respect to Union Personnel, Transferred Personnel who are Non-Union Personnel shall be employees-at-will of Buyer. Buyer shall provide each of the Transferred Personnel who are Non-Union Personnel compensation and benefits which are substantially comparable to (i) in the aggregate to Seller's compensation and benefits as of the Effective Date and (ii) the compensation and benefits then provided to similarly situated employees of Buyer. Nothing in this Agreement shall require Buyer to provide any particular form or type of employee benefit program, plan or policy to any Transferred Personnel who are Non-Union Personnel as a result of the transactions contemplated by this Agreement.

(c) The Seller shall make a payment to each Union Personnel equal to such Union Personnel's accrued but unused paid sick days and paid vacation days as of the Closing Date (collectively, the "Accrued PTO"). The Accrued PTO shall be paid to the applicable Union Personnel through the Seller's payroll system and shall be included in the last payroll period that ends prior to the Closing Date. Subject to the obligations of Seller under the Collective Bargaining Agreement and Law and Buyer's obligations set forth in Section 7.04(h) with respect to Union Personnel, with respect to any employee benefit plan maintained by Buyer or an Affiliate of Buyer for the benefit of any Transferred Personnel, effective as of the Closing, Buyer shall, or shall cause its Affiliate to, recognize all service of the Transferred Personnel with Seller, as if such service were with Buyer for eligibility and vesting under Buyer's employee benefit plans and programs.

(d) Subject to the obligations of Seller under the Collective Bargaining Agreement and applicable Law and Buyer's obligations set forth in Section 7.04(h) with respect to Union Personnel, effective as of the Closing, the Transferred Personnel who are Non-Union Personnel shall cease active participation in the Seller's Plans. The Seller shall remain liable for all eligible

claims for benefits under the Seller's Plans that are incurred by the Non-Union Personnel prior to the Closing Date. Subject to the obligations of Seller under the Collective Bargaining Agreement and applicable Law and Buyer's obligations set forth in Section 7.04(h) with respect to Union Personnel, the Seller shall remain liable to make any contributions to Seller's Plans related to, and/or to fund any retirement benefits accrued by, the Transferred Personnel prior to Closing. For purposes of this Agreement, the following claims shall be deemed to be incurred as follows: (i) life, accidental death and dismemberment, short-term disability, and workers' compensation insurance benefits, on the event giving rise to such benefits; (ii) medical, vision, dental, and prescription drug benefits, on the date the applicable services, materials or supplies were provided; and (iii) long-term disability benefits, on the eligibility date determined by the long-term disability insurance carrier for the plan in which the applicable Personnel participates.

(e) This Section 7.04 shall be binding upon and inure solely to the benefit of each of the Parties to this Agreement, and nothing in this Section 7.04, express or implied, shall confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 7.04. The Parties acknowledge and agree that the terms set forth in this Section 7.04 shall not create any right in any Transferred Personnel or any other Person to any continued employment with Buyer or any of its Affiliates or compensation or benefits of any nature or kind whatsoever, and shall not be deemed to restrict Buyer in the exercise of its independent business judgment in establishing or modifying any of the terms or conditions of the employment of the Transferred Personnel. Nothing contained in this Section 7.04 shall constitute an amendment of, or an undertaking to amend, any employee benefit plan, program or arrangement maintained by Buyer or its Affiliates or is intended to prevent Buyer or its Affiliates from amending or terminating any such employee benefit plan, program or arrangement in accordance with its terms.

(f) Subject to applicable Law and Buyer's obligations set forth in Section 7.04(h) with respect to Union Personnel, it is expressly understood that Buyer will not acquire any asset, or assume any liability or obligation in connection with the transactions contemplated by this Agreement relating to any of the Seller's Benefit Plans, Seller's Benefit Obligations or Contracts described in Section 4.18(a)(i) of this Agreement. Subject to Buyer's obligations set forth in Section 8.03(c), the Seller shall be solely responsible for any liability, funding obligation, claim or expense arising from the Seller's Plans, Seller's Benefit Obligations or Contracts described in Section 4.18(a)(i) of this Agreement, both prior to, and after, the Closing Date, except as provided in Section 7.04(c).

(g) No later than the Closing Date, the Seller shall transfer all records pertaining to the employment of the Transferred Personnel to Buyer including all personnel and human resources Files and Records.

(h) Prior to the Closing, Buyer shall bargain in good faith with the Union regarding amendments to the Collective Bargaining Agreement that are intended to allow Buyer and the Union to enter into an amended Collective Bargaining Agreement in a form that is consistent with Buyer's existing compensation and benefits strategy (the "Amended CBA"). Buyer shall offer to provide Union Personnel Substantially Comparable Compensation and Benefits. In the event that Buyer and the Union do not reach an agreement on the terms of an Amended CBA prior to the Closing Date, Buyer shall have the right to set the initial terms and conditions of

employment of the Union Personnel, and Buyer shall recognize and bargain with the Union in good faith to reach agreement on the terms of a successor agreement to the Collective Bargaining Agreement.

Section 7.05. Restrictions on Sale or Lease of System; Right of First Refusal.

(a) Buyer hereby acknowledges and agrees that for a period of twenty (20) years following the Closing Date (the "ROFR Period"), the Seller (or any Person to which the Seller assigns its rights under this Section 7.05) shall have a right of first refusal with respect to a Sale Transaction, as set forth in this Section 7.05.

(b) Buyer agrees that, during the ROFR Period, it shall not enter into any legally binding written agreement or consummate a Sale Transaction, except in compliance with the terms and conditions of this Section 7.05. Upon Buyer's or any Affiliate of Buyer's receipt of a bona fide Proposal from a Person that is not a direct or indirect Affiliate of Buyer (such Person, the "Independent Third Party") which Buyer desires to accept, Buyer shall, within five (5) Business Days of Buyer's determination of its desire to accept such Proposal, deliver to the Seller written notice of such Proposal (the "Proposal Notice"), which Proposal Notice shall include (i) a true and correct copy of the Proposal, including all schedules, exhibits and ancillary documents related thereto, if any, (ii) identify or describe any other assets of Buyer or its Affiliates, in addition to the System, to be included in such Sale Transaction, and (iii) the expected date of consummation of the Sale Transaction contemplated by such Proposal (such date, together with any other dates or deadlines reflected in the Proposal and the financial and other material terms and conditions of such Proposal, collectively the "Material Terms"). During the twenty (20) Business Day period following the Seller's receipt of the Proposal Notice (such twenty (20) Business Day period, the "Sale Proposal Review Period") (x) Buyer and Buyer's Affiliates shall, and shall direct their Representatives to, cease any and all discussions and communications with the Independent Third Party and its Representatives, and (y) the Seller shall have the exclusive right to determine whether to elect to pursue the Sale Transaction; *provided* that the Seller, in making such determination, shall act reasonably and in good faith and take into account the Seller's capability (financial or otherwise) to purchase the System and any other assets to be included in the Sale Transaction on terms substantially the same as (and in any event no less favorable to Buyer than) the Material Terms and within a time period reasonably proximate to the anticipated date of consummation set forth in the Proposal Notice; and *provided further*, that the Seller shall only be permitted to exercise its right of first refusal pursuant to this Section 7.05(b) with respect to all (and not less than all) of the assets of Buyer or its Affiliates identified or described in the Proposal Notice (including, for the avoidance of doubt, any assets of Buyer or its Affiliates in addition to the System identified or described in such Proposal Notice). During the Sale Proposal Review Period, Buyer shall, reasonably promptly following the Seller's reasonable written request and subject to the Seller's execution of a customary confidentiality agreement containing commercially reasonable terms, provide the Seller and its authorized Representatives access to, and, if requested, copies of, such documents and other written materials that were supplied by or on behalf of Buyer to the Independent Third Party and its Representatives, if any, prior to delivery of the Proposal Notice.

(c) If the Seller elects to exercise its right of first refusal hereunder pursuant to Section 7.05(b) with respect to the Proposal Notice and all assets described therein (including

any assets in addition to the System), the Seller shall deliver a written notice (the "Seller Proposal Notice") to Buyer of such election no later than 5:00 p.m. (Eastern time) on the last Business Day of the Sale Proposal Review Period. The Seller's failure to provide a Seller Proposal Notice prior to the expiration of the Sale Proposal Review Period shall be deemed to constitute a decision not to exercise its right of first refusal hereunder pursuant to Section 7.05(b) with respect to the Proposal Notice, and the Seller shall be deemed to have waived its rights with respect to the Sale Transaction contemplated by the Proposal, but not with respect to any future Proposal, subject to the other restrictions contained herein.

(d) If the Seller timely delivers a Seller Proposal Notice, then following such delivery and until expiration of the ROFR Sale Transaction Negotiation Period (as defined below), the Seller and Buyer shall, acting reasonably and in good faith, engage in exclusive discussions and negotiations regarding the term and conditions of a Sale Transaction between Buyer and the Seller (a "ROFR Sale Transaction") which terms and conditions (financial and otherwise) shall be substantially the same as (and in any event no less favorable to Buyer than) the Material Terms as set forth in the Proposal Notice, unless otherwise agreed by Buyer in its sole and absolute discretion and set forth in a definitive binding agreement duly executed by Buyer. The ROFR Sale Transaction shall be conditioned upon obtaining required approvals from the PaPUC. The "ROFR Sale Transaction Negotiation Period" means the period commencing on the date of delivery of the Seller Proposal Notice and ending on the date that is the earlier of (i) ninety (90) days following delivery of the Seller Proposal Notice, (ii) such date as the Seller notifies Buyer that the Seller is unwilling, unable or no longer interested in pursuing discussions and negotiations concerning a ROFR Sale Transaction, or (iii) such date as the Seller ceases to engage in good faith negotiations concerning a ROFR Sale Transaction, as determined by Buyer acting reasonably and in good faith.

(e) If Buyer and the Seller have not entered into a definitive agreement (containing terms and conditions (financial and otherwise) substantially the same as (and in any event no less favorable to Buyer than) the Material Terms as set forth in the Proposal Notice (unless otherwise agreed by Buyer in its sole and absolute discretion and set forth in a definitive binding agreement duly executed by Buyer) and such other terms as are reasonably acceptable to each of Buyer and the Seller in their respective reasonable, good faith discretion) with respect to the ROFR Sale Transaction prior to expiration of the ROFR Sale Transaction Negotiation Period, the Seller shall be deemed to have waived its rights with respect to the Sale Transaction contemplated by the Proposal, but not with respect to any future Proposal, subject to the other restrictions contained herein.

(f) For the avoidance of doubt, unless and until Buyer and the Seller duly execute and deliver a definitive agreement in respect of a ROFR Sale Transaction, Buyer shall (1) have the right, in its sole and absolute discretion, to terminate negotiations and discussions with the Seller concerning a ROFR Sale Transaction at any time and retain ownership of the System, and (2) not be obligated or required to enter into any definitive agreement with the Seller or consummate a ROFR Sale Transaction, *provided, that*, in the event that Buyer exercises its right to terminate negotiations and discussions with the Seller concerning a ROFR Sale Transaction by giving notice of such termination to the Seller prior to expiration of the ROFR Sale Transaction Negotiation Period, the Seller shall not be deemed to have waived its rights with respect to the Sale Transaction contemplated by the Proposal giving rise to such negotiations and discussions

concerning a ROFR Sale Transaction, nor with respect to any future Proposal, and subject to the other restrictions contained herein.

(g) With respect to each Proposal for which Buyer delivered a Proposal Notice and otherwise complied in all material respects with all of the applicable procedures and requirements of this Section 7.05 (the "Noticed Proposal"), in the event that (i) the Seller does not deliver a Seller Proposal Notice to Buyer prior to the expiration of the applicable Sale Proposal Review Period or (ii) Buyer and the Seller, acting reasonably and in good faith, have not executed and delivered a definitive agreement with respect to the ROFR Sale Transaction prior to the expiration of the ROFR Sale Transaction Negotiation Period, then, and only then, Buyer and Buyer's Affiliates, as applicable, shall be free, for a period of one hundred twenty (120) days following expiration of the Sale Proposal Review Period or the ROFR Sale Transaction Negotiation Period, as applicable (the "Noticed Proposal Period"), to enter into a definitive agreement with respect to the Sale Transaction contemplated by the Proposal Notice with respect to such Noticed Proposal with Independent Third Party on terms and conditions substantially similar to, and in any event not more favorable in any material respect to the Independent Third Party than, the terms and conditions described in the Proposal Notice; *provided, however*, that no such definitive agreement shall impose limitations or restrictions on the ability of Buyer or any of its Affiliates to comply with the terms of this Section 7.05 in the event of a Material Change with respect thereto.

(h) If, during a Sale Proposal Review Period or a Noticed Proposal Period, the Independent Third Party proposes in writing to any changes or amendments to the applicable Proposal or Noticed Proposal which (i) individually or in the aggregate are more favorable in any material respect to the Independent Third Party than the original Material Terms as set forth in the Proposal Notice, and (ii) Buyer desires to accept (such changes or amendments, collectively a "Material Change"), then such Proposal or Noticed Proposal, as changed or amended, shall constitute a new Proposal which shall be subject to the terms and conditions of this Section 7.05.

(i) Buyer acknowledges and agrees that irreparable damage would occur and Seller would not have an adequate remedy at law in the event that any of the provisions of this Section 7.05 were not performed by it in accordance with their specific terms or were otherwise breached, and that monetary damages would not be an adequate remedy therefor, and therefore fully intend for specific performance to be the principal remedy for breaches of this Section 7.05. It is accordingly agreed that the Seller shall be entitled to an injunction or injunctions to prevent breaches of this Section 7.05 and to enforce specifically the performance of terms and provisions of this Section 7.05 in any action instituted in any court having jurisdiction over the Parties and the matter, without proof of actual damages, in addition to any other remedy to which the Seller is entitled at law or in equity. Buyer further agrees not to assert that a remedy of specific performance is unenforceable, invalid, contrary to applicable Law or inequitable for any reason, nor to object to a remedy of specific performance on a basis that a remedy of monetary damages would provide an adequate remedy for any such breach.

(j) The Seller's rights and obligations under this Section 7.05 may be assigned (in whole, but not in part) by the Seller at any time prior to the earlier of the expiration of the ROFR Period or the consummation of a Sale Transaction with any Person other than the Seller (subject to Buyer's compliance with the terms of this Section 7.05); *provided* that the Seller shall deliver

to Buyer written notice of any such assignment prior to the effectiveness of such assignment. For the avoidance of doubt, each reference to “the Seller” in this Section 7.05 shall mean the Seller or any Person to which the Seller assigns its rights under this Section 7.05 in compliance with this Section 7.05(j).

Section 7.06. **Consent Decree.**

(a) **Consent Decree Obligations; Compliance Schedule.** Between the Effective Date and the Closing, (i) the Seller shall diligently perform and implement the CSO Controls, the Nine Minimum Control Plan, and the Long Term Control Plan in accordance with the requirements of the Consent Decree, and (ii) the Seller shall continue to implement activities relating to the Consent Decree and Long Term Control Plan projects in accordance with, and shall comply with, the schedule set forth in Schedule 7.06 (the “Compliance Schedule”), which Compliance Schedule sets out and requires the Seller to continue to perform certain activities during the period between the Effective Date and the Closing Date relating to the Seller's obligations under the Consent Decree and the Long Term Control Plan. The Seller shall confer with Buyer prior to proposing any revisions to the deadlines or projects contained in Appendix B of the Consent Decree proposed by the Seller, which require approval by parties to the Consent Decree; and the Seller shall not agree to the expansion or acceleration of any such project without the prior written approval of Buyer. Any change to the deadlines or projects contained in Appendix B of the Consent Decree following the Effective Date that has been agreed to by Buyer and has been separately approved by the parties to the Consent Decree before the Closing Date shall be included in the Amended Consent Decree.

(b) **Acknowledgment of Seller Notice to Buyer the Consent Decree.** Buyer acknowledges that it has received from the Seller a true, correct and complete copy of the Consent Decree and that Buyer understands and agrees to assume, as of the Closing Date, all obligations set forth in the Consent Decree, as amended in accordance with Section 7.06(d).

(c) **Notice to the United States, EPA and PaDEP.** Buyer and the Seller shall, on the Effective Date, cause notice of execution of this Agreement and Buyer's agreement to assume the Seller's obligations under the Consent Decree, which shall become effective as of the Closing Date, to be sent to the United States Department of Justice (“DOJ”), EPA and PaDEP as required under Section II and Section XVI of the Consent Decree.

(d) **Transition Plan and Amended Consent Decree.** Buyer, in consultation with the Seller, shall prepare a transition plan (“Transition Plan”) setting forth (i) Buyer's financial and technical ability to assume the Seller's obligations and liabilities under the Consent Decree, (ii) Buyer's plans for implementation of the obligations under the Consent Decree after Closing (including plans for organization and management of the CSO Controls and implementation of the Long Term Control Plan). The Seller and Buyer shall jointly seek the agreement of the DOJ, EPA and PaDEP to an amendment to the Consent Decree that contains the following elements: (1) any necessary updates to the factual recitals of the Consent Decree; (2) substitution of Buyer for the Seller as the “Defendant” under the Consent Decree; (3) release of the Seller in accordance with Article II, Section 5 of the Consent Decree; (4) recognition that the System will continue to be governed by the provisions of the Consent Decree, implementing the EPA CSO Policy; (5) modification of the Nine Minimum Controls Plan to reflect the manner and methods

by which Buyer, as a public utility, would implement the Nine Minimum Controls Plan, including identification of those activities (such as street sweeping and enforcement of ordinances) that would continue to be performed by the City; (6) incorporation of the element previously agreed to pursuant to the Notice of Non-Material Modification of Consent Decree dated December 18, 2015; (7) updates to the notice provisions in Sections 83-84 of the Consent Decree; and (8) such other amendments as agreed to by the Parties to the Consent Decree (the "Amended Consent Decree"). Assuming the accuracy of the Seller's representations set forth in Section 4.15 and the Seller's compliance with and performance of its obligations under Section 7.06(a), the Seller and Buyer, in seeking approval to the Amended Consent Decree, do not anticipate requesting any material modification to the substantive obligations set forth in the Consent Decree, including the schedule for implementation of the Long Term Control Plan; *provided, however*, that in the event that Buyer, reasonably and in good faith, determines that the Seller has breached any of its representations and warranties set forth in Section 4.15 or that the Seller has failed to comply with and perform its obligations under Section 7.06(a)Section 7.06(a), Buyer shall have the right to negotiate with the DOJ, EPA and PaDEP an adjustment to the schedules for the Long Term Control Plan and Nine Minimum Controls Plan so as to allow Buyer sufficient time to complete such work after the Closing Date without incurring fines or penalties. The Parties acknowledge and agree that the release of the Seller pursuant to the provisions of Article II, Section 5 of the Consent Decree shall require approval by the United States District Court for the Middle District of Pennsylvania of the substitution of Buyer as a Defendant and the Amended Consent Decree. For the avoidance of doubt, in no event shall any release of the Seller under or with respect to the Consent Decree constitute, or be deemed to constitute a release or waiver, or in any way affect the Seller's obligations under this Agreement with respect to the Consent Decree and the performance of the Seller's obligations with respect to the Consent Decree prior to the Closing.

(e) Cooperation. The Seller and Buyer shall cooperate and act in good faith in negotiating and securing agreements with the City, the Borough and municipalities served by intermunicipal agreements under which the City, the Borough, and such other municipalities commit to undertake and perform those actions required to implement obligations under the revised Nine Minimum Control Plan to be approved by EPA and PaDEP and the Industrial Pretreatment Program, including activities relating to street sweeping, and the adoption, maintenance and enforcement of ordinances relating to prohibited or regulated discharges to the System. The Seller and Buyer shall also cooperate and act in good faith in evaluating the feasibility of transferring and allowing the City and the Borough to utilize, in relation to operation of their MS4 System, nutrient and sediment reduction offsets or credits generated through operation of the existing wastewater treatment plant at loadings less than the sediment and nutrient cap loads established in the NPDES Permit in excess of those offsets or credits required by Buyer in relation to operation of the System ("Excess Offsets and Credits"), and if determined to be feasible, negotiating in good faith arrangements on reasonable terms for transferring to the City and the Borough such Excess Offsets and Credits to the extent required to meet the nutrient and sediment loading limitations applicable to the MS4 System.

Section 7.07. Current and Future Rates.

(a) The Parties acknowledge that following the Closing, (i) the initial customer charge and consumption charge applicable to wastewater customers in the Service Area shall be

the customer charge and consumption charge being paid by those customers for wastewater service being provided by the Seller immediately prior to the Closing Date and said charges shall continue in full force and effect until changed in accordance with this Agreement and applicable Law, (ii) Buyer may, subject to PaPUC approval and applicable Law, bill wastewater customers in the Service Area a monthly customer charge, provided that the aggregate amount of the customer charge does not change until changed in accordance with this Agreement and applicable Law, and (iii) the base rate and non-base rate increases (collectively, “Rate Increase(s)”) for Service Area wastewater customers, subject to PaPUC approval and applicable Law, will likely vary each year or more frequently and, in some years, there may be no Rate Increase. The Parties further acknowledge that tariffed rates, as set by the PaPUC, are subject to applicable Law and binding upon the Parties. The Parties agree, subject to PaPUC approval and applicable Law, that wastewater customers in the Service Area will immediately following the Closing be subject to Buyer’s prevailing wastewater tariff on file with and as approved by the PaPUC with respect to all rates other than the customer charge (known under Buyer’s current tariff as “monthly service charge”) and consumption charge, including but not limited to capacity reservation fees, tapping fees and the like, as well as non-rate related terms and conditions of service, including but not limited to billing frequency, termination procedures and the like.

(b) Notwithstanding anything to the contrary in Section 7.07(a), Buyer shall not implement a Rate Increase for the Service Area wastewater customers that would be effective prior to January 1, 2018. Buyer shall not propose or implement a distribution improvement system charge for the Service Area wastewater customers before January 1, 2019.

(c) In the first base rate case filed by Buyer after the Effective Date of this Agreement, subject to PaPUC approval and applicable Law, Buyer shall not propose or request any rate increase to the base rates or change in rate design to be applicable to wastewater customers in the Service Area. However, the Parties acknowledge that Buyer shall have the reasonable discretion to address and agree to base rate increases and changes in rate design for wastewater customers in the Service Area in the context of settlement of the base rate case, subject to PaPUC approval and applicable Law.

(d) Not later than ninety (90) days after the end of year ten (10) following the Closing Date, Buyer shall provide to Seller a written statement and calculation showing as accurately as possible the cumulative positive difference, if any, over that ten-year period between (i) the annual revenues associated with the provision of wastewater service to customers in the Service Area calculated at PaPUC rates in accordance with Schedule 7.07(d) and (ii) a 1.9% Compound Annual Growth Rate (“CAGR”) rate increase in annual revenues associated with the provision of wastewater service to customers in the Service Area over that ten-year period relative to the starting amount of annual revenues calculated in accordance with Schedule 7.07(d) (“Variance Adjustment”). Seller shall review and advise Buyer within 30 days of Seller’s receipt of such statement of any problems or suggested modifications to the calculation of the Variance Adjustment and written statement. The Parties shall timely and in good faith, resolve any problems or suggested modifications to the Variance Adjustment identified by Seller or Buyer. Any dispute regarding the calculation of the Variance Adjustment shall be timely submitted for resolution to the office of a mutually acceptable nationally recognized firm specializing in utility ratemaking, other than consultants of Buyer or Seller or their Affiliates who, acting as experts and not arbitrators, shall resolve the dispute. The dispute shall be resolved within thirty (30)

days and the costs of retaining the firm and resolving the dispute shall be shared equally by Buyer and Seller. Buyer shall make an adjustment, without interest or other penalty, to the Purchase Price in the amount of the Variance Adjustment, if any, in accordance with the procedures and timing set forth in Section 7.07(e).

(e) Within thirty (30) days of final resolution of the calculation of the Variance Adjustment, Seller shall notify Buyer whether the adjustment to the Purchase Price in the amount of the Variance Adjustment shall be paid directly to Seller or distributed to Buyer's then-current wastewater customers in the Service Area. If Seller elects direct payment to itself, Buyer shall make such payment within thirty (30) days without further obligation. If Seller elects distribution of the adjustment of the Purchase Price for the Variance Adjustment to Buyer's then-current wastewater customers in the Service Area, Buyer shall at its sole cost and expense, subject to PaPUC approval and applicable Law, timely implement procedures and protocols reasonably acceptable to Seller and then make a one-time equal, flat-rate distribution to all customers then being served by Buyer in the Service Area their proportionate share of the Variance Adjustment as mutually agreed-upon by Buyer and Seller. Buyer shall timely certify in writing to Seller when the distribution of the Variance Adjustment has commenced and been completed. In the event the PaPUC fails to allow Buyer to timely implement procedures and protocols and make distributions to customers in the Service Area as aforesaid, Buyer shall pay the Variance Adjustment as an adjustment to the Purchase Price directly to Seller within thirty (30) days of final resolution of the calculation of the Variance Adjustment. If Buyer fails to pay the Variance Adjustment as an adjustment to the Purchase Price within thirty (30) days of the final resolution of the calculation of the Variance Adjustment (whether where Seller initially requests direct payment or the PaPUC fails to allow distribution to customers), Buyer shall pay Seller an amount of \$2,500.00 per day for each day that all or any portion of the Variance Adjustment has been unpaid after 30 days following resolution of the calculation of the Variance Adjustment. The Parties intend that such damages constitute compensation, and not a penalty, and acknowledge and agree that the harm caused by the Buyer's breach of its obligations under this Section would be impossible or very difficult to accurately estimate, and that such damages are a reasonable estimate of the anticipated or actual harm that might arise from Buyer's breach of its obligations under this Section. In the event the PaPUC fails to allow distribution by Buyer to then-current Service area wastewater customers, Buyer shall also timely pay Seller the reasonable costs of (i) hiring a third party to administer and pay the Variance Adjustment to wastewater customers in the Service Area and (ii) establishing the processes and protocols to make such payment as described herein. Notwithstanding anything in this subparagraph to the contrary, Buyer shall have the right to reasonably approve the third party selected by Seller to administer and pay any Variance Adjustment to wastewater customers in the Service Area, but in no event shall such approval be unreasonably delayed, conditioned, withheld or denied.

(f) The Variance Adjustment shall be calculated in accordance with Schedule 7.07(d).

(g) If requested by the Seller (not more than once per year), no later than (60) days after such request, Buyer shall provide to the Seller a written statement showing (i) for the 12 month period ending on the most recently completed anniversary of the Closing Date, the projected Variance Adjustment calculated in accordance with Schedule 7.07(d) and (ii) the then-current Annual Variance (as defined in Schedule 7.07(d)). The written statement shall be

provided for informational purposes only and shall not trigger an affirmative duty of Buyer to take a specific action, or be deemed to be any agreement or acquiescence of Seller to any of the data and information contained therein. The written statement referenced herein shall be substantially in the form of the Hypothetical Example contained in Schedule 7.07(d), along with reasonable supporting workpapers.

(h) At the end of year ten (10) following the Closing Date, if the wastewater base rates for the Service Area are lower by customer class than the Average System Rates for wastewater service charged to Buyer's non-Service Area wastewater customers, Buyer may seek from the PaPUC base rate increases for Service Area wastewater customers that would be effective during years eleven (11) through thirteen (13) following the Closing that would equalize the base rates charged by Buyer to Service Area wastewater customers with Average System Rates effective for Buyer's non-Service Area wastewater customers throughout Pennsylvania. Buyer will attempt to implement the base rate increases over the three-year period in approximately one-third (1/3) increments each year, subject to PaPUC approval and applicable Law. However, the Parties acknowledge that Buyer shall have the reasonable discretion to address and agree to base rate increases for wastewater customers in the Service Area in the context of settlement of a base rate case, subject to PaPUC approval and applicable Law.

(i) If during years eleven (11) through thirteen (13) wastewater base rates in the Service Area are higher by customer class than the Average System Rates for wastewater service charged to Buyer's other wastewater customers, Buyer shall not seek a base rate increase for the Service Area wastewater customers during this period. However, the Parties acknowledge that Buyer shall have the reasonable discretion to address and agree to base rate increases for wastewater customers in the Service Area in the context of settlement of a base rate case, subject to PaPUC approval and applicable Law.

(j) If at the end of year ten (10) following the Closing Buyer's wastewater customers in the Service Area are not paying the same non-base rates (including the distribution system improvement charge) as Buyer's other customers being served under Average System Rates, Buyer will attempt to bring the non-base rates of customers in the Service Area into conformity with the non-base rates of the other customers being served under Average System Rates by the end of year thirteen (13) following the Closing, subject to PaPUC approval and applicable Law.

(k) After year thirteen (13) following the Closing, the Parties acknowledge that Buyer may, subject to PaPUC restrictions and applicable Law, propose rate adjustments reasonably necessary to make the total rates (inclusive of base rates and non-base rates such as the distribution system improvement charge) for wastewater customers of the Service Area consistent with the total rates (inclusive of base rates and non-base rates such as the distribution system improvement charge) of Buyer's customers who are subject to Average System Rates.

(l) Solely for the purposes of any calculation of the projected or actual Variance Adjustment and the provisions of written statements related thereto pursuant to this Section 7.07, the "Closing Date" shall be deemed to have occurred on the date that is the last day of the month in which the Closing actually occurs.

Section 7.08. **Operation and Maintenance of the MS4 System.**

(a) General operation and maintenance obligations. Subject to applicable Law, the Seller, the City and the Borough, as the case may be, shall at all times maintain ownership of the MS4 System, the Stormwater System Assets and the City's NPDES Permit.

(b) Community-based Public-Private Partnership Approach for Integration of the MS4 System and the System. Following the Closing, Buyer shall cooperate with the City and the Borough, and use commercially reasonable good faith efforts to evaluate the feasibility of and develop a mutually-acceptable plan for financing, management and operation of the MS4 System in a manner that is consistent with the community-based public-private partnership approach described in Section 6 of Buyer's response to the Request for Best and Final Offers for the Purchase of the Seller's Sewer System and Sewage Treatment Works dated as of October 5, 2015, and in compliance with applicable Law.

Section 7.09. **Additional Agreements.**

(a) From and after the Closing Date and for a period of no less than ten (10) years following the Closing (except, in the case of clause (xi) of this Section 7.09(a), for such shorter period set forth therein), Buyer shall comply with the following covenants and agreements, subject to applicable Law and subject in all cases to Section 7.09(b):

(i) Buyer will establish, in consultation with the Seller, within a reasonable period of time following the Closing, and maintain, a public outreach program, pursuant to which Buyer will, in good faith, use commercially reasonable efforts to explore and consider the formation of a citizens' advisory council comprising representatives from the communities served by the System and the adoption of other public outreach practices established in the Service Area;

(ii) Buyer shall, within a reasonable period of time following Closing, establish and maintain or caused to be maintained (either directly by Buyer, by Buyer's Affiliates or by a third party engaged by Buyer, in any case at Buyer's sole discretion) a local, publicly accessible facility that accepts bill payment from the System's customers;

(iii) Buyer shall, within a reasonable period of time following Closing, establish and maintain or caused to be maintained a 24-hour toll-free customer service telephone number for emergencies with respect to the System, and will use commercially reasonable efforts to dispatch service requests for the efficient provision of customer services;

(iv) Buyer shall, within a reasonable period of time following Closing, establish policies, procedures and systems designed to (1) ensure that billing, account and service questions with respect to the System will be answered by live customer service representatives between the hours of 7:00 am to 7:00 pm (ET) and (2) enable customers of the System to pay their bills by mail, direct debit, online or at a local payment station;

(v) Buyer shall, within a reasonable period of time following Closing, establish policies, procedures and systems designed to provide (1) that each customer of the System that receives both water and sewer services from Buyer will receive a single bill that incorporates such customer's charges for both water and sewer utilities and (2) a

single point of contact for customer service requests for both water and sewer utilities provided by Buyer within the Service Area;

(vi) Buyer will maintain a website or similar service for customers to access for information related to the System, provided that the content and scope of such information shall be determined by Buyer in its sole discretion;

(vii) Buyer and Buyer's Affiliates shall, after the Closing Date and no later than the end of the calendar year 2020, hire or offer to hire in the City or otherwise in connection with the System no less than one hundred (100) individuals (expressly excluding Transferred Personnel) for positions with Buyer or Buyer's Affiliates that do not exist on, and are created by Buyer and its Affiliates following, the Closing Date, and the compensation and benefits of such newly-created positions will be substantially comparable in the aggregate to the compensation and benefits of Buyer's water system employees in similar positions as of the date hereof, and Buyer and Buyer's Affiliates shall continue to offer to hire such individuals for such positions until the earlier of (x) such time as Buyer and Buyer's Affiliates hire one hundred (100) individuals for such positions or (y) the end of the calendar year 2020;

(viii) Buyer will ensure its Building Better Communities program, building trails, parks and playgrounds within the community, its H2O – Help to Others Program for low-income customers, fire fighter grant program and other charitable programs (or substantially similar equivalents) will be either continued within or expanded into, as applicable, the communities served by the System;

(ix) to the extent consistent with policies and initiatives of Buyer in effect as of the date hereof and otherwise permitted under applicable Law, Buyer will, within a reasonable period of time following the Closing, establish policies and procedures designed to provide minority business enterprises, women-owned business enterprises, veteran-owned business enterprises and locally-based businesses the opportunity to compete for work related to the System and contract with Buyer;

(x) in Buyer's first base rate proceeding with respect to the System following the Closing, Buyer shall include a request in such proceeding to combine partially, under Pennsylvania's System Improvement Charges Act 11 of 2012 ("Act 11"), Buyer's water and wastewater revenue requirements for ratemaking purposes to ensure the System's customers benefit from Act 11 in the same manner as its other customers throughout Pennsylvania and to the extent permitted by the PaPUC and applicable Law; *provided*, that Buyer shall nonetheless have the reasonable discretion to address and agree to base rate increases for wastewater customers in the Service Area in the context of settlement of a base rate case, and nothing contained in this clause (x) shall be deemed to restrict or limit Buyer in the context of any such settlement, subject to PaPUC approval and applicable Law; and

(xi) subject to applicable Law, during the one (1) year period following the Closing Date, Buyer's collection standards and practices with respect to customers of the System will be consistent in all material respects with the collection standards and

practices utilized by Buyer as of the date hereof with respect to customers of the Water System.

(b) Notwithstanding anything in this Section 7.09 to the contrary, neither Buyer nor any of Buyer's Affiliates shall be liable or responsible to the Seller or any other Person, nor be deemed to have defaulted under or breached this Section 7.09, for any failure or delay by Buyer or its Affiliates in fulfilling or performing any obligation under any provision of Section 7.09(a), when and to the extent such failure or delay is directly or reasonably proximately caused by, or a direct or reasonably proximate result of, any of the following events, states of facts, occurrences, non-occurrences, circumstances, developments or changes, in each case beyond the reasonable control of Buyer (but not including, for the avoidance of doubt, any such event, state of facts, occurrence, non-occurrence, circumstance, development or change which results from any intentional or willful act by Buyer or Buyer's Affiliates or their respective Representatives (in their capacities as such) designed or intended to result in Buyer being relieved of its obligations under Section 7.09(a)): (i) flood, earthquake, hurricane, tornado, fire, explosion, landslide, natural disaster or other "acts of God", (ii) war, invasion, hostilities (whether war is declared or not), sabotage, terrorist threats or acts, riot or other civil unrest, (iii) enactment of or changes in applicable Law or the interpretation or enforcement thereof, (iv) action by any Governmental Authority, (v) national or regional emergency, (vi) strikes, labor stoppages or slowdowns or other industrial disturbances, (vii) shortage of adequate power or transportation facilities, (viii) breakage or accidents to machinery, pipelines, dams or canals or partial or entire failure or contamination of water supply, and (ix) other similar events and circumstances beyond the reasonable control of Buyer. In the event of a failure or delay by Buyer in fulfilling or performing any term of this Section 7.09 due to any such event, state of facts, occurrence, non-occurrence, circumstance, development or change beyond Buyer's reasonable control, Buyer shall use commercially reasonable efforts to end the failure or delay and commence or resume the performance of its obligations as soon as reasonably practicable after the end of such event, state of facts, occurrence, non-occurrence, circumstance, development or change (including through the use of alternate sources, workaroud plans or other commercially reasonable means to permit Buyer to perform such obligations), and Buyer and its Affiliates shall use commercially reasonable efforts and act in good faith in the performance of their obligations under this Section 7.09; *provided* that (1) Buyer's commercially reasonable efforts under this Section 7.09(b) shall in no event require Buyer to incur any extraordinary costs or expend resources which are not reasonably proportional to the costs that would be incurred or resources that would be expended in Buyer's performance of the applicable obligation Section 7.09(a), and (2) in the event that Buyer's performance of any obligation under this this Section 7.09 is prevented, delayed or otherwise adversely impacted by the enactment of or change in applicable Law or the interpretation or enforcement thereof or an action by any Governmental Authority, in no event shall this Section 7.09(b) be deemed to require Buyer to violate any such Law or take any action with respect to a Governmental Authority (including requesting any unique or extraordinary concession or other Governmental Approval) which Buyer, acting reasonably and in good faith and based on the advice of counsel, determines would reasonably be expected to adversely affect Buyer's or its Affiliates' standing or relationship with such Governmental Authority.

(c) Buyer acknowledges that, upon conveyance of the Acquired Assets to Buyer, Buyer will be subject to, among other Taxes, real estate Taxes, which shall be paid by Buyer. During the two (2) year period following the Closing Date, in the event of any real property Tax

assessment of the Real Property owned in fee by Buyer that would result in Buyer being required to pay an aggregate amount of real estate Taxes equal to or less than \$400,000 for such year, Buyer shall not appeal any such assessment during such two (2) year period.

Section 7.10. **Exclusivity.** From and after the Effective Date and until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, except for the transactions contemplated by this Agreement, (a) without the prior written consent of Buyer, the Seller, the City and the Borough and their respective Affiliates will not, and will cause their respective Representatives and other advisors not to, directly or indirectly, (i) solicit, initiate or encourage submission of any inquiry, proposal or offer from any Person relating to any transaction involving any sale or transfer of any of the Acquired Assets or the System, (ii) enter into or participate in any discussions or negotiations regarding, or furnish any information to or cooperate with any Person with respect to, any transaction involving any of the Acquired Assets or the System, or (iii) enter into any negotiation, discussion, Contract, agreement, instrument, arrangement or understanding with any Person relating in any manner to any transaction involving any sale, transfer or other disposition of any of the Acquired Assets or the System; and (b) in the event that the Seller, the City, the Borough, their respective Affiliates or any of their respective Representatives or other advisors receives any proposal with respect to any of the matters described in the foregoing clause (a), the Seller shall promptly (but in no event later than two (2) Business Days after receipt thereof) communicate to Buyer the existence of any such proposal.

Section 7.11. **Outstanding Indebtedness.**

(a) As provided in Section 3.01(a), Buyer has the option, upon reasonable advance written notice to the Seller, in lieu of paying (on behalf of the Seller) in full the total amount of Outstanding Indebtedness at the Closing, to assume any of the Seller's and the City's obligations under the Outstanding Indebtedness which may be lawfully assigned to and assumed by Buyer pursuant to applicable Law and the terms of the Contracts governing the Outstanding Indebtedness (such portion of the Outstanding Indebtedness, the "Assignable Outstanding Indebtedness").

(b) Not less than forty five (45) days prior to the Closing Date, Buyer shall notify the Seller in writing which items of the Outstanding Indebtedness Buyer desires to assume as Assignable Outstanding Indebtedness. Recognizing that it may be necessary for Buyer and the Seller to obtain consents and approvals from third parties and take other actions in order for Buyer to assume Assignable Outstanding Indebtedness, the Seller and Buyer shall cooperate with respect to the giving of all notices and the making of all requests and the furnishing of all information and documents as Buyer shall reasonably determine to be necessary or appropriate in order to qualify any portions of Outstanding Indebtedness as Assignable Outstanding Indebtedness. Notwithstanding anything herein contained to the contrary, in connection with any Assignable Outstanding Indebtedness which Buyer elects to assume, in no event may such Assignable Outstanding Indebtedness be assumed by Buyer unless in connection with such assignment and assumption, the Seller and the City are released from any and all obligations under such Assignable Outstanding Indebtedness.

(c) With respect to all Outstanding Indebtedness other than Assignable Outstanding Indebtedness (if any), the Seller shall take all such action as shall be required under the terms of such Outstanding Indebtedness (including any indentures and loan agreements relating thereto) to call such Outstanding Indebtedness for prepayment or redemption on the Closing Date (if such Outstanding Indebtedness is then subject to prepayment or redemption) and to terminate and cancel all commitments to lend as of the Closing Date (in the case of lines of credit under which the Seller is the borrower) or to arrange for the legal defeasance of such Outstanding Indebtedness (if such Outstanding Indebtedness is not then subject to prepayment or redemption) as of the Closing Date, which arrangements may be required to include the creation of a defeasance escrow, the subscription for investment securities for the defeasance escrow, the obtaining of an accountant's verification report and the delivery of legal opinions. All such action of the Seller shall be subject to the reasonable review and approval of Buyer.

Section 7.12. **PaPUC Approval.** Commencing on the Effective Date, Buyer covenants and agrees to timely initiate and faithfully prosecute, along with Seller as co-applicant, the necessary proceedings to obtain from the PaPUC (i) the issuance of certificates of public convenience to Buyer to provide wastewater services in the Service Area and the acquisition of the System by Buyer, (ii) approval of this Agreement and any other contractual arrangements between Buyer and municipalities for the provision of wastewater services in the Service Area in accordance with Section 507 of the Public Utility Code, 66 Pa. C.S. § 507, (iii) approval to allow Buyer to implement procedures and protocols and then distribute the Variance Adjustment to wastewater customers being served by Buyer in the Service Area as provided in and limited by Section 7.07(e), (iv) approval of Buyer's initial pro forma tariff applicable to Service Area customers, and (v) approval of a tariff supplement incorporating Buyer's Industrial Pretreatment Program applicable to the System into Buyer's tariff to be filed by Buyer during the course of the PaPUC proceeding. The Seller shall assist and cooperate with Buyer in connection with Buyer's performance of its obligations under this Section 7.12(a) in accordance with the Seller's obligations pursuant to Section 9.02 and Section 9.04.

(b) The Parties acknowledge and agree that Buyer shall be primarily responsible for prosecuting the PaPUC proceedings referenced in Section 7.12(a), that Buyer may establish reasonable processes and procedures for prosecuting the PaPUC proceedings to which Seller and its representatives shall be required to comply, and that Seller shall act with due diligence and dispatch in addressing all matters pertinent to the prosecution of the PaPUC proceedings so as to not prejudice the Parties' participation in that proceeding or the potential outcome thereof. Notwithstanding the foregoing, the Parties shall in good faith timely cooperate with each other in developing and implementing procedures and protocols for addressing all aspects of the PaPUC proceedings referenced in Section 7.12(a) including developing case strategy, pre-filing meetings with regulators and stakeholders, preparing all pleadings, responding to discovery, developing testimony, conducting evidentiary hearings, preparing briefs and other pleadings, etc. In the event of a good faith dispute between the Parties regarding strategy, tactics or other aspects of the PaPUC proceeding that cannot in the exercise of good faith and due diligence be resolved timely, Buyer shall have the right in such circumstances to take such action as it reasonably deems necessary consistent with this Agreement.

(c) Nothing contained herein shall preclude, consistent with Section 7.12(b), the filing for reconsideration of or appealing a PaPUC Final Order if the order contains terms or conditions that are not reasonably satisfactory.

(d) Notwithstanding anything to the contrary in this Agreement, in the event the PaPUC issues an order approving the transaction as contemplated by this Section 7.12 and if all other conditions precedent to Closing have been fully satisfied in accordance with the terms of this Agreement, the Parties may elect in their discretion and by mutual agreement to close on the transaction (i) notwithstanding a pending appeal or request for reconsideration with respect to such order or (ii) during the otherwise applicable appeal/reconsideration periods if no party has been aggrieved by the PaPUC order and the Parties reasonably believe there is little likelihood of a successful legal or other challenge to said PaPUC order.

Section 7.13. **Insurance.** To the extent that the Seller (with respect to the System or any Acquired Assets), the System or any Acquired Assets were insured under any occurrence-based insurance policies of the City or the Borough (or with respect to any Acquired Assets, any occurrence-based insurance policies of the Seller) prior to the Closing Date, following the Closing, at Buyer's written request, the Seller shall, and shall cause the City or the Borough, as applicable, to, make claims under such policies with respect to occurrences, events, conditions, or circumstances to the extent relating to the System or any Acquired Asset that occurred or existed prior to the Closing. The Seller does not represent, warrant or covenant that (i) such insurance policies will provide coverage for any claims reported after the Closing that Buyer may elect to make, (ii) issuers of such policies will not wrongfully refuse to honor any such claims, or (iii) it, the City or the Borough will maintain any such insurance policies following the Closing Date. The Seller, the City or the Borough, as the case may be, shall provide reasonable assistance to Buyer (at Buyer's sole cost and expense) in connection with the tendering of such claims to the applicable insurers under such insurance policies, including providing Buyer with a copy of the applicable policy following the request of Buyer. The Seller, the City or the Borough, as the case may be, shall remit any recoveries with respect to any claims asserted by Buyer under any such insurance policies in excess of reasonable costs of recovery of the Seller, the City or the Borough, as the case may be, including deductibles and the amount of any increased premiums retroactively applied as a result of the payment by the applicable insurers of such claims, or any increases in premiums for the year following the year in which any such claims were paid by the applicable insurers, in either case to the extent the Seller, the City or the Borough, as the case may be, can demonstrate to Buyer that the amount of any such increased premiums was attributable to such claims. In the event of any dispute regarding the date of any loss or occurrence, the terms of the applicable policies shall govern.

ARTICLE VIII.

INDEMNIFICATION

Section 8.01. **Survival.** All representations and warranties contained in this Agreement shall survive until the Escrow Release Date, except that (a) the representations and warranties of the Seller set forth in Section 4.01 (Existence and Power), Section 4.02 (Authorization and Validity of Agreement), Section 4.14 (Environmental Compliance), Section 4.15 (Consent Decree Matters), Section 4.21 (Title to the Acquired Assets; Sufficiency) and Section 4.22

(Brokers' and Finders' Fees) (collectively, the "Seller Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by applicable Law, and (b) the representations and warranties of Buyer set forth in Section 5.01 (Existence and Power), Section 5.02 (Authorization and Validity of Agreement), and Section 5.05 (Brokers' and Finders' Fees) (collectively, the "Buyer Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by applicable Law. The covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the shorter period explicitly specified therein, except that for such covenants and agreements that survive for such shorter period, breaches thereof shall survive indefinitely or until the latest date permitted by applicable Law. Notwithstanding the preceding sentences, (x) any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time, and (y) nothing contained in this Section 8.01 shall limit in any way any rights a Party may have to bring claims grounded in fraud, intentional misrepresentation or willful misconduct, which rights shall survive the Closing indefinitely.

Section 8.02. **Indemnification by the Seller.** Subject to the terms and conditions of this Article VIII, the Seller shall indemnify, defend and hold harmless, Buyer and its successors and Affiliates and their respective employees, officers, directors, trustees and agents (the "Buyer Indemnified Persons"), from and against any and all Damages arising from or relating to: (a) any misrepresentation as to, or any inaccuracy in, any of the representations and warranties of the Seller contained in this Agreement, in any of the Related Agreements or in any exhibit, schedule, certificate or other instrument or document furnished by or on behalf of the Seller pursuant to this Agreement (*provided*, that for purposes of determining the existence of any inaccuracy in or breach of any representation or warranty and calculating the amount of any Damages with respect thereto under this Article VIII, any materiality, Material Adverse Effect or similar qualifications shall be disregarded and deemed deleted therefrom for such purposes (except with respect to (i) the representations and warranties contained in Section 4.06(a) and (ii) where such provision requires disclosure of lists of items of a material nature or above a specified threshold)); (b) any breach or nonfulfillment of any of the covenants or agreements of the Seller contained in this Agreement, in any of the Related Agreements or in any exhibit, schedule, certificate or other instrument or document furnished by or on behalf of the Seller pursuant to this Agreement; or (c) any Excluded Liability (regardless of whether or not the Seller disclosed any such Excluded Liability in any Schedule or otherwise, including any Excluded Liability imposed on Buyer as a result of transferee, successor or similar liability (including bulk sales, bulk transfer or similar Laws) or otherwise, and including any Taxes arising out of the ownership of the Acquired Assets and out of the operation of the System before the Closing and the Seller's portion of any Straddle Period Taxes, and including the matters set forth on Schedule 4.14) or any Excluded Asset.

Section 8.03. **Indemnification by Buyer.** Subject to the terms and conditions of this Article VIII, Buyer shall defend, indemnify and hold harmless the Seller and its successors and Affiliates and each of their respective employees, officers, directors and agents (the "Seller Indemnified Persons") from and against any and all Damages arising from or relating to: (a) any misrepresentation as to, or any inaccuracy in, any of the representations and warranties of Buyer

contained in this Agreement, in any of the Related Agreements or in any exhibit, schedule, certificate or other instrument or document furnished by or on behalf of Buyer pursuant to this Agreement (*provided*, that for purposes of determining the existence of any inaccuracy in or breach of any representation or warranty and calculating the amount of any Damages with respect thereto under this Article VIII, any materiality, material adverse effect or similar qualifications shall be disregarded and deemed deleted therefrom for such purposes (except where such provision requires disclosure of lists of items of a material nature or above a specified threshold)); (b) any breach or nonfulfillment of any of the covenants or agreements of Buyer contained in this Agreement, any of the Related Agreements or in any exhibit, schedule certificate or other instrument or document furnished by or on behalf of Buyer pursuant to this Agreement; (c) any unfair labor practice charges or other claims that Seller violated Article 16, *Transfer of Authority*, of the Collective Bargaining Agreement, or failed to condition the sale of the Acquired Assets on Buyer's assumption of the Collective Bargaining Agreement, including any and all awards of lost contractual wages or benefits against the Seller which Union Personnel would have received had the Buyer adopted all complete terms and conditions of the Collective Bargaining Agreement; provided, however that no Seller Indemnified Person have the right to assert a claim seeking indemnification pursuant to this Section 8.03(c) (and Buyer shall have no obligation to indemnify any Seller Indemnified Person pursuant to this Section 8.03(c)) unless and only in the event that Buyer, in bargaining with the Union, fails to offer to provide Substantially Comparable Compensation and Benefits in breach of Buyer's obligation pursuant to Section 7.04(h); (d) any Assumed Liability as and when payment and performance is due, including any liability related to any CSO Control Measures to the extent arising after the Closing and any claims by any Governmental Authority for any events, circumstances or liabilities arising after the Closing; (e) Buyer's violation of Environmental Requirements with respect to the System after the Closing Date; (f) Buyer's management of Hazardous Materials in connection with the System after the Closing Date; (g) any Environmental Claims resulting from Buyer's operation of the System after the Closing Date; or (h) the ownership, operation or control of the Acquired Assets or the System after the Closing Date.

Section 8.04. **Indemnification Procedure.**

(a) **Third Party Claims.** If any Indemnified Party receives notice of the assertion or commencement of any action, suit, claim or other legal proceeding made or brought by any Person who is not a party to this Agreement (or a successor to a Party to this Agreement) (a "Third Party Claim") against such Indemnified Party with respect to which the Indemnifying Party may be obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Damage that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party (and subject to the other requirements contained herein) to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel (which counsel shall be reasonably acceptable to the Indemnified Party), so long as (i) the Indemnifying Party notifies the Indemnified Party, within ten (10) Business Days after the

Indemnified Party has given notice of the Third Party Claim to the Indemnifying Party (or by such earlier date as may be necessary under applicable procedural rules in order to file a timely appearance and response) that the Indemnifying Party is assuming the defense of such Third Party Claim, *provided*, that if the Indemnifying Party assumes control of such defense it must first agree and acknowledge in such notice that the Indemnifying Party is fully responsible (with no reservation of any rights other than the right to be subrogated to the rights of the Indemnified Party) for all Damages relating to such Third Party Claim, (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently and at its own cost and expense, and (iii) the Third Party Claim (A) does not involve injunctive relief, specific performance or other similar equitable relief, any claim in respect of Taxes, any Governmental Authority, any criminal allegations or any potential damage to the goodwill or reputation of Buyer, (B) is not one in which the Indemnifying Party is also a party and joint representation would be inappropriate or there may be legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (C) does not involve a claim which, upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend, and *provided further*, that notwithstanding anything to the contrary contained herein, if the Seller is the Indemnifying Party with respect to a Third Party Claim and (i) Buyer or any insurer under the R&W Insurance Policy is required to assume such defense pursuant to the terms thereof or (ii) the Seller's assumption of the defense could cause a Buyer Indemnified Person to lose coverage under the R&W Insurance Policy, the Seller shall not be permitted to assume the defense of such Third Party Claim. The Indemnified Party shall reasonably cooperate in good faith in such defense. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.04(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 8.04(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Damages based upon, arising from or relating to such Third Party Claim. The Seller and Buyer shall reasonably and in good faith cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into or agree to settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed), except as provided in this Section 8.04(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim, and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying

Party shall give prompt written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within fifteen (15) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, provided that the Indemnifying Party continues to diligently contest or defend such Third Party Claim in good faith and otherwise complies with its obligations hereunder, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense of a Third Party Claim pursuant to Section 8.04(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any claim by an Indemnified Party with respect to any Damages which do not arise or result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Damage that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. During such thirty (30) day period, the Indemnified Party shall reasonably cooperate and assist the Indemnifying Party and its Representatives with respect to Indemnifying Party's investigation of such Direct Claim including determining the validity and amount of such Direct Claim. If the Indemnifying Party does not so respond within such thirty (30) day period by delivery of written notice disputing the basis or amount of the Direct Claim, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement. If the Indemnifying Party has timely disputed its indemnity obligation for any Damages with respect to such Direct Claim, the Parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by litigation in an appropriate court of jurisdiction determined pursuant to this Agreement.

Section 8.05. Limitations on Indemnification Obligations.

(a) Subject to the other limitations contained in this Section 8.05, neither Buyer nor any other Buyer Indemnified Persons shall be entitled to indemnification pursuant to Section 8.02(a) unless the aggregate amount of Damages incurred by Buyer and any other Buyer Indemnified Persons that would otherwise be subject to indemnification pursuant to Section 8.02(a) exceeds One Million Two Hundred Fifty Dollars (\$1,250,000) in the aggregate (the "Threshold Amount"), in which case the Seller shall then be liable for Damages in respect thereof in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification based on (x) a breach of any of the Seller Fundamental Representations or (y) fraud, intentional misrepresentation or willful misconduct.

(b) Subject to the other limitations contained in this Section 8.05, neither Seller nor the Seller Indemnified Persons shall be entitled to indemnification pursuant to Section 8.03(a) unless the aggregate amount of Damages incurred by the Seller and any other Seller Indemnified Persons that would otherwise be subject to indemnification pursuant to Section 8.03(a) exceeds the Threshold Amount, in which case Buyer shall then be liable for Damages in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this Section 8.05(b) shall not apply to any claims for indemnification based on (x) a breach of any of the Buyer Fundamental Representations or (y) fraud, intentional misrepresentation or willful misconduct.

(c) Except in the case of fraud, intentional misrepresentation or willful misconduct (for which all applicable legal and equitable remedies will be available to Buyer), the Buyer Indemnified Persons shall only be entitled to assert (i) claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations, which shall not be limited by this Section 8.05(c)(i) but shall be limited by Section 8.05(c)(ii) against the Escrow Funds up to the aggregate amount of the Escrow Amount (the "Liability Cap"), which shall represent the sole and exclusive remedy of Buyer and the other Buyer Indemnified Persons for any such claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations or in the case of fraud, intentional misrepresentation or willful misconduct which shall not be subject to the Liability Cap, and subject to recourse to the R&W Insurance Policy), and (ii) claims under Section 8.02(a) with respect to breaches of any of the Seller Fundamental Representations and claims under Sections 8.02(b) or 8.02(c) up to the aggregate amount equal to the Purchase Price (the "Maximum Liability Cap"), which shall represent the maximum aggregate liability of the Seller for all claims under Section 8.02 (other than claims in the case of fraud, intentional misrepresentation or willful misconduct, which shall not be subject to the Maximum Liability Cap). Following the release of the Escrow Funds, the R&W Insurance Policy shall be the sole recourse for any Damages to which a Buyer Indemnified Person is entitled pursuant to Section 8.02(a), other than claims with respect to breaches of any of the Seller Fundamental Representations or in the case of fraud, intentional misrepresentation or willful misconduct; *provided*, that Buyer shall first seek recovery from the R&W Insurance Policy, if coverage is available, with respect to any Damages in respect of breaches of the Seller Fundamental Representations, prior to seeking recovery from the Seller in respect of such Damages. In the case of Damages to which a Buyer Indemnified Person is entitled (x) pursuant to Section 8.02(a) with respect to breaches of any Seller Fundamental Representations (provided that Buyer has first sought recovery from the R&W Insurance Policy to the extent available in accordance with the proviso of the immediately preceding sentence, or to the extent of any Damages for which recovery is not available under the R&W Insurance Policy for any reason in respect of any such breaches of any Seller Fundamental Representations), (y) pursuant to any clause of Section 8.02(b) or Section 8.02(c), or (z) in the event of fraud, intentional misrepresentation or willful misconduct, Buyer may seek recourse for such Damages from the Escrow Funds or from the Seller directly pursuant to this Article VIII, at Buyer's sole and absolute discretion.

(d) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Damage shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds actually received and any indemnity, contribution or other similar payment actually received by the Indemnified Party in respect of

any such claim (other than the R&W Insurance Policy) (in any case, net of expenses incurred in collecting such amount, including any deductible amount paid by such Indemnified Party or increased cost of insurance in connection with such insurance recovery).

(e) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Damages shall be reduced by an amount equal to any net Tax benefit actually realized by the Indemnified Party in the year such Damages were incurred to the extent attributable to such Damages.

(f) Except with respect to claims (i) relating to the adjustments to the Purchase Price pursuant to Section 3.02, (ii) for equitable relief or specific performance pursuant to Section 7.05 or Section 15.15, and (iii) grounded in fraud, intentional misrepresentation or willful misconduct, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement and the Related Agreements, shall be pursuant to the indemnification provisions set forth in this Article VIII. For the avoidance of doubt, nothing in this Section 8.05(f) shall limit any Person's right to seek and obtain any equitable relief or specific performance to which any Person shall be entitled pursuant to this Agreement.

(g) Each Indemnified Party shall use, and cause its Affiliates to use, commercially reasonable efforts to mitigate any Damages which form the basis of an indemnification claim hereunder.

(h) Notwithstanding anything to the contrary in this Agreement, including anything this Article VIII, with respect to any claims for indemnity by Buyer for or with respect to any Real Property, Buyer shall, to the extent available, first proceed to recover under the Title Policy of the Title Company for any Damages prior to seeking indemnification under this Article VIII. Buyer acknowledges and agrees that it shall not have a claim under the warranty of title of any deed, assignment or other instrument of transfer or conveyance, which is separate and apart from the provisions and limitations of this Article VIII.

Section 8.06. **Insurance Policy.** The Seller acknowledges that Buyer will, effective as of the Closing, enter into the R&W Insurance Policy and that, in connection therewith, a Buyer Indemnified Person may, subject to the provisions of this Article VIII, make claims for the same Damages or series of related Damages under both this Article VIII and the R&W Insurance Policy. The Seller further acknowledges and agrees that the denial of any claim by any Buyer Indemnified Person under the R&W Insurance Policy shall not be construed as, or used as evidence that, such Buyer Indemnified Person is not entitled to indemnification under this Article VIII.

ARTICLE IX.

PRE-CLOSING COVENANTS OF THE SELLER

Section 9.01. Operation of the System Prior to Closing.

(a) Except as otherwise expressly contemplated by this Agreement, as required by applicable Law or with the prior written consent of Buyer (which consent shall not be unreasonably withheld, delayed or conditioned), from the Effective Date until the Closing, the Seller shall (i) operate and manage the System only in the ordinary course of business in accordance with past practices and procedures, (ii) comply in all material respects with all applicable Laws and all Licenses and Permits, (iii) comply in all respects on a timely basis with the Seller's obligations under the Consent Decree and the Compliance Schedule, (iv) in the event of any loss, damage, impairment, confiscation or condemnation of any Acquired Assets, including any of the Real Property (and regardless of whether any such any loss, damage, impairment, confiscation or condemnation is of the type or magnitude contemplated by Section 15.04), apply the proceeds of any insurance policy, judgment or award with respect thereto to repair, replace or restore such Acquired Assets as soon as possible to their prior condition, and (v) use commercially reasonable efforts to maintain and preserve intact the business and assets of the System and to preserve the rights, franchises, goodwill and relationships of the Seller and the System and their customers, lenders, suppliers, regulators and others having business relationships with the Seller and the System.

(b) Without limiting anything contained in Section 9.01(a), except as expressly permitted by the terms of this Agreement or a Related Agreement, from the Effective Date and until the Closing, the Seller shall not, without the prior written consent of Buyer:

(i) amend its charter, bylaws or other similar organizational documents;

(ii) sell, rent, lease or otherwise dispose of any of the Acquired Assets, other than in the ordinary course of business consistent with past practice with respect to assets which are not, individually or in the aggregate, material to the business or operations of the Seller;

(iii) incur, create or assume any Lien with respect to the System or any Acquired Asset, other than Permitted Liens, or give or agree to give or become a party to or bound by any guarantee, surety or indemnity in respect of indebtedness or other obligations or liabilities of any other Person;

(iv) hire any new employees (including as a result of the retirement, resignation, or other termination of any Personnel employed by the Seller prior to or as of the Effective Date), or increase the number of System employees or the base compensation of any employee of the System or grant any bonuses, benefits or other forms of direct or indirect compensation to any employee, officer, director or consultant of the System, except (x) as required by the Collective Bargaining Agreement, (y) as required under the terms of any Seller's Plan in existence as of the date hereof, or (z) as required by applicable Law; *provided* that in the event of a vacancy following the date

hereof in a non-administrative position of employment with the Seller which is critical to the operation and maintenance of the System, the Seller shall be permitted to hire individuals on a temporary basis to perform such critical functions;

(v) enter into, amend or modify any employment or severance agreement, plan or arrangement or increase, terminate, amend or otherwise modify in any material respect any plan or arrangement for the benefit of employees of the System, except as required by the Collective Bargaining Agreement;

(vi) amend, waive, terminate, otherwise modify the Collective Bargaining Agreement or any term or condition thereof, or enter into any agreement, arrangement or understanding, whether oral or in writing, formal or informal, or otherwise, with the Union or any other Person with respect to the foregoing, except as to settle any forthcoming grievances in accordance with the Seller's obligations under the Collective Bargaining Agreement;

(vii) incur any or increase any of the Assumed Liabilities, or the other liabilities or obligations of the System other than (1) as expressly required to comply with the Compliance Schedule, (2) obligations or liabilities in respect of capital expenditures expressly contemplated by the capital expenditure budget provided to Buyer prior to the date hereof and attached to Schedule 9.01(b)(vii) or (3) undrawn amounts under Outstanding Indebtedness;

(viii) make any changes to its method of accounting, except as required by GASB or applicable Law;

(ix) pay, settle or offer to settle or dismiss any litigation or other claim involving or against the Seller or the System, except such claims related to grievances and arbitrations under the Collective Bargaining Agreement and any such claims (or series of related claims) seeking solely monetary damages; *provided*, that in no event shall the Seller, the City, the Borough or any of their respective Affiliates make any agreement in connection with the foregoing which would, or would reasonably be expected to, limit the conduct of Buyer's or its Affiliates' business on or after the Closing Date;

(x) amend, modify or waive performance in any material respect or terminate any Material Contract (other than the expiration of such Material Contract in accordance with its terms) or enter into any Contract that, had such Contract been entered into prior to the date hereof, would have been a Material Contract;

(xi) make any material change in the manner of billing of any customers of the System;

(xii) cancel or fail to renew any insurance policy or fail to give all notices and present all claims (if any) under all such policies in a timely fashion;

(xiii) cause or permit any material change in cash management practices of the System and the Seller's and the System's policies, practices and procedures with respect

to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits (including any such changes intended to or having the effect of, accelerating the collection of accounts receivable or postponing payments of accounts payable);

(xiv) enter into any commitment or transaction that would constitute a breach of the representations, warranties or agreements contained in this Agreement, or take any action or fail to take any action or, to the extent within the Seller's control, permit to occur any event that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect; or

(xv) agree, resolve or commit to do any of the foregoing.

Section 9.02. **Cooperation.** The Seller shall reasonably cooperate with Buyer and its employees, attorneys, accountants and other agents and, generally, act in reasonably good faith to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated by this Agreement.

Section 9.03. **Updates to Seller's Schedules.** Following the date hereof and prior to the Closing, the Seller shall promptly deliver written notice (any such notice, a "Seller Schedule Supplement") to Buyer (i) if any of the representations and warranties contained in Article IV of this Agreement was inaccurate or untrue when made, or (ii) of any event, condition or circumstance first occurring after the date of this Agreement that would cause or constitute a breach of any of the representations and warranties of the Seller contained in Article IV if any such representation or warranty had been made at the time of such event, condition or circumstance (any such event, condition or circumstance referenced in this clause (ii), a "Seller Post-Signing Event"). Without limiting the foregoing, at least three (3) Business Days prior to the Closing Date, the Seller shall advise Buyer of any facts which would constitute a breach of a representation or warranty as of the date made or a default under any covenant contained herein. Any disclosure in any Seller Schedule Supplement shall be for informational purposes only and shall not be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement, including for purposes of the indemnification or termination rights contained in this Agreement or for purposes of determining whether or not the conditions set forth in Article XII have been satisfied; *provided, however*, that in the event that the Seller delivers a Seller Schedule Supplement with respect to a Seller Post-Signing Event and such Seller Post-Signing Event would give Buyer the right to terminate this Agreement pursuant to Section 14.01(b), and Buyer does not deliver notice of termination of this Agreement pursuant to Section 14.01(b) (i) within five (5) Business Days of the later of (x) Buyer's receipt of such Seller Schedule Supplement and (y) the expiration of any applicable cure period a provided in Section 14.01(b) or (ii) prior to Closing if such Seller Schedule Supplement is delivered less than five (5) Business Days prior to the Closing Date, then Buyer shall be deemed to have irrevocably waived any right to terminate this Agreement with respect to such Seller Post-Signing Event and, further, Buyer shall have irrevocably waived its right to indemnification under Section 8.02(a) with respect to such Seller Post-Signing Event.

Section 9.04. **Governmental Approvals.** Promptly after the execution of this Agreement, upon the terms and subject to the conditions set forth in this Agreement, the Seller shall file all applications and reports that are required to be filed by the Seller with any Governmental Authority, and shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable Law to consummate the transactions contemplated hereby and by the Related Agreement, including (a) preparing and filing as promptly as practicable with any Governmental Authority all documentation to effect all necessary, proper or advisable filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (b) obtaining and maintaining as promptly as practicable all consents, approvals, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Authority or other Person that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement or the other Related Agreements. In furtherance and not in limitation of the foregoing, the Seller shall (x) provide or cause to be provided to any Governmental Authority information and documents requested by any such Governmental Authority or necessary, proper or advisable to permit consummation of the transactions contemplated by this Agreement or the other Related Agreement as promptly as possible after the execution of this Agreement, including by supplying as promptly as practicable any additional information and documentary material that may be requested by the DOJ, the EPA, the PaDEP or any other Governmental Authorities, and (y) assist, consult with and cooperate with Buyer in doing all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including by (1) furnishing to Buyer all information required or reasonably necessary for any filing to be made with any Governmental Authority (including Buyer's filing with PaPUC), (2) promptly informing Buyer of any communication with any such Governmental Authority regarding any such filings, (3) cooperating with Buyer in the filing and prosecution of any applications required for any Governmental Approvals, and (4) at the request of Buyer, executing such application forms and other documents as necessary to apply for the transfer and/or reissuance of any necessary Governmental Approvals.

ARTICLE X.

PRE-CLOSING COVENANTS OF BUYER

Section 10.01. **R&W Insurance Policy.** Buyer shall use commercially reasonable efforts to procure and cause to be bound as promptly as practicable following the date hereof, a representations and warranties insurance policy containing customary terms consistent with transactions of the size and type contemplated by this Agreement, with a base liability limit of no more than \$12,500,000 and an initial retention equal to the Escrow Amount (subject to reduction to a retention amount equal to the Threshold Amount at the Escrow Release Date, and containing such other customary terms, conditions and exclusions as are reasonably acceptable to Buyer (the "**R&W Insurance Policy**"). The R&W Insurance Policy shall provide that the insurer shall waive and not pursue any subrogation rights against the Seller. The Seller and its Representatives shall reasonably cooperate with Buyer in connection with Buyer's procurement of the R&W Insurance Policy and, subject to the provision of such cooperation, Buyer shall in good faith seek to minimize the number and scope of any exclusions from coverage under the R&W Insurance Policy. Buyer shall not intentionally take any actions to cause the R&W Insurance Policy to not

be effective as of the Closing. The aggregate cost of the premium for the R&W Insurance Policy (including, for the avoidance of doubt, any underwriting fees and any portion of the premium cost for the R&W Insurance Policy paid by Buyer prior to the Closing, to the extent such fees or payments are credited against the aggregate premium cost pursuant to the terms of the R&W Insurance Policy) (the “R&W Premium”) shall be borne by the Seller, and the R&W Premium shall be included in the Transaction Expense Amount (with the effect that the net payment to the Seller at Closing shall be reduced by the R&W Premium (and any other amounts included in the Transaction Expense Amount), as provided in Section 3.01(d)). Notwithstanding the foregoing, the R&W Premium required to be paid by Seller hereunder shall not exceed \$550,000.

Section 10.02. **Governmental Approvals.** Promptly after the execution of this Agreement, upon the terms and subject to the conditions set forth in this Agreement (including the PaPUC approvals in Article VII), Buyer shall file all applications and reports that are required to be filed by Buyer with any Governmental Authority, and shall use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable Law to consummate the transactions contemplated hereby and by the Related Agreement, including (a) preparing and filing as promptly as practicable with any Governmental Authority all documentation to effect all necessary, proper or advisable filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (b) obtaining and maintaining as promptly as practicable all consents, approvals, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Authority or other Person that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement or the other Related Agreements. In furtherance and not in limitation of the foregoing, Buyer shall (x) provide or cause to be provided to any Governmental Authority information and documents requested by any such Governmental Authority or necessary, proper or advisable to permit consummation of the transactions contemplated by this Agreement or the other Related Agreement as promptly as possible after the execution of this Agreement, including by supplying as promptly as practicable any additional information and documentary material that may be requested by the DOJ, the EPA, the PaDEP or any other Governmental Authorities, and (y) assist, consult with and cooperate with the Seller in doing all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including by (1) furnishing to the Seller all information required or reasonably necessary for any filing to be made with any Governmental Authority (including the filing with PaPUC), (2) promptly informing the Seller of any communication with any such Governmental Authority regarding any such filings, (3) cooperating with the Seller in the filing and prosecution of any applications required for any Governmental Approvals, and (4) at the reasonable request of the Seller and subject to Buyer’s reasonable approval thereof, executing such application forms and other documents as necessary to apply for the transfer or reissuance of any Governmental Approvals to Buyer which are necessary for Buyer’s ownership or operation of the System from and after the Closing.

Section 10.03. **Cooperation.** Buyer shall reasonably cooperate with the Seller and its employees, attorneys, accountants and other agents and, generally, do such other acts and things in good faith as may be reasonable to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated in accordance with the provisions of this Agreement.

Section 10.04. **Updates to Buyer's Schedules.** Following the date hereof and prior to the Closing, Buyer shall promptly deliver written notice (any such notice, a "**Buyer Schedule Supplement**") to the Seller (i) if any of the representations and warranties contained in Article V of this Agreement was inaccurate or untrue when made, or (ii) of any event, condition or circumstance first occurring after the date of this Agreement that would cause or constitute a breach of any of the representations and warranties of the Seller contained in Article V if any such representation or warranty had been made at the time of such event, condition or circumstance (any such event, condition or circumstance referenced in this clause (ii), a "**Buyer Post-Signing Event**"). Without limiting the foregoing, at least three (3) Business Days prior to the Closing Date, Buyer shall advise the Seller of any facts which would constitute a breach of a representation or warranty as of the date made or a default under any covenant contained herein. Any disclosure in any Buyer Schedule Supplement shall be for informational purposes only and shall not be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement, including for purposes of the indemnification or termination rights contained in this Agreement or for purposes of determining whether or not the conditions set forth in Article XI have been satisfied; *provided, however*, that in the event that Buyer delivers a Buyer Schedule Supplement with respect to a Buyer Post-Signing Event and such Buyer Post-Signing Event would give the Seller the right to terminate this Agreement pursuant to Section 14.01(a), and the Seller does not deliver notice of termination of this Agreement pursuant to Section 14.01(a) (i) within five (5) Business Days of the later of (x) the Seller's receipt of such Buyer Schedule Supplement and (y) the expiration of any applicable cure period as provided in Section 14.01(a) or (ii) prior to Closing if such Buyer Schedule Supplement is delivered less than five (5) Business Days prior to the Closing Date, then the Seller shall be deemed to have irrevocably waived any right to terminate this Agreement with respect to such Buyer Post-Signing Event and, further, the Seller shall have irrevocably waived its right to indemnification under Section 8.03(a) with respect to such Buyer Post-Signing Event.

ARTICLE XI.

CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLER

The obligation of the Seller to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by the Seller in its sole discretion:

Section 11.01. **Consents and Approvals.**

(a) The PaPUC shall have issued a Final Order approving the transactions contemplated hereby without a material modification to the rate-related provisions of Section 7.07.

(b) The DOJ, EPA and PaDEP shall have agreed to the lodging of the Amended Consent Decree, and the United States District Court for the Middle District of Pennsylvania shall have issued a Final Order approving the Amended Consent Decree, to be effective as of the Closing; *provided* that subject to the issuance of each such Final Order, this condition shall be satisfied so long as the Amended Consent Decree contains the complete release of the Seller and

sole substitution of Buyer in Seller's place as described in clause (3) of the definition of Amended Consent Decree set forth in Section 7.06(d).

Section 11.02. **Representations and Warranties of Buyer.** The representations and warranties made by Buyer in Article V which are (a) not qualified by materiality shall be true and correct in all material respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all material respects as of such specified date) and (b) qualified by materiality shall be true and correct in all respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all respects as of such specified date), and the Seller shall have received a certificate to the effect of the foregoing from a duly authorized officer of Buyer dated as of the Closing Date.

Section 11.03. **No Injunctions.** Neither the Seller nor Buyer shall be subject to any injunction, writ, temporary or preliminary restraining order or other similar decree of a court of competent jurisdiction restraining or prohibiting the consummation of the transactions contemplated by this Agreement, and no action or proceeding (or any investigation or other inquiry that would reasonably be expected to result in such action or proceeding) shall have been instituted or shall be pending which seeks to restrain or prohibit, the transactions contemplated by this Agreement.

Section 11.04. **Performance of the Obligations of Buyer.** Buyer shall have complied with and performed in all material respects all covenants and obligations required under this Agreement to be complied with and performed by Buyer on or before the Closing Date, and the Seller shall have received a certificate from Buyer dated as of the Closing Date certifying that the conditions set forth in this Section 11.04 have been satisfied.

Section 11.05. **Deliveries by Buyer.** Buyer shall have made delivery to the Seller of the documents and items specified in Section 13.03 herein.

ARTICLE XII.

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligation of Buyer to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by Buyer in its sole discretion:

Section 12.01. **Consents and Approvals.**

(a) Buyer shall have received all of the third party consents and other approvals set forth in Schedule 12.01(a), each of which shall (i) be in form and substance and contain terms and conditions reasonably satisfactory to Buyer, (ii) not be subject to the satisfaction of any condition that has not been satisfied or waived, and (iii) be in full force and effect.

(b) The PaPUC shall have issued a Final Order approving the transactions contemplated hereby on terms and conditions reasonably satisfactory to Buyer.

(c) The PaPUC shall have issued a Final Order approving a tariff supplement incorporating Buyer's Industrial Pretreatment Program applicable to the System into Buyer's tariff, and Buyer's Industrial Pretreatment Program shall have been approved, to the extent required, by PaDEP and EPA.

(d) The DOJ, EPA and PaDEP shall have agreed to the lodging of the Amended Consent Decree and the United States District Court for the Middle District of Pennsylvania shall have issued a Final Order approving the Amended Consent Decree, to be effective as of the Closing, on terms and conditions reasonably satisfactory to Buyer.

(e) All Governmental Approvals and other actions of, filings with and notices to any Governmental Authority (other than the Governmental Approvals set forth in Section 12.01(b), Section 12.01(c) and Section 12.01(d)) necessary to permit Buyer and the Seller to perform their respective obligations under this Agreement and the Related Agreements and to consummate the transactions contemplated hereby and thereby (including with respect to the transfer of any Licenses and Permits by the Seller to Buyer) (i) shall have been duly obtained, made or given, (ii) shall be in substance reasonably satisfactory to Buyer, (iii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived, (iv) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental Authority necessary for the consummation of the transactions shall have occurred, and (v) to the extent permitted by applicable Laws and Environmental Laws, all Licenses and Permits, including Environmental Requirements, shall have been transferred or issued to Buyer, as applicable, effective from and after the Closing Date, in form and substance and containing terms and conditions reasonably satisfactory to Buyer.

(f) The Authority Board shall have approved: (i)(A) defeasance and redemption of any outstanding bonds issued by the Seller on the System included in the Outstanding Indebtedness and (B) discharge of any other outstanding debt issued to the Seller and payable to any current lender and (ii) the transfer to Buyer or for its benefit of related funds held in any construction fund or account under any indenture(s) being held by the Seller or any lender to the Seller on any outstanding debt (it being understood that any debt service funds or debt service reserve funds will be applied to the defeasance, redemption and discharge of outstanding debt).

Section 12.02. **Representations and Warranties of Seller.** The representations and warranties made by Seller in Article IV which are (a) not qualified by materiality shall be true and correct in all material respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all material respects as of such specified date) and (b) qualified by materiality shall be true and correct in all respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all respects as of such specified date), and Buyer shall have received a certificate to the effect of the foregoing from a duly authorized officer of the Seller dated as of the Closing Date.

Section 12.03. **No Injunctions.** Neither the Seller nor Buyer shall be subject to any injunction, writ, temporary or preliminary restraining order or other similar decree of a court of competent jurisdiction restraining or prohibiting the consummation of the transactions

contemplated by this Agreement, and no action or proceeding (or any investigation or other inquiry that would reasonably be expected to result in such action or proceeding) shall have been instituted or shall be pending which seeks to restrain or prohibit, the transactions contemplated by this Agreement.

Section 12.04. **No Material Adverse Effect.** There shall not have occurred any event, development or condition which has had, or would reasonably be expected to have, a Material Adverse Effect, the effect of which has not been cured by the Seller.

Section 12.05. **Deliveries by Seller.** The Seller shall have made delivery to Buyer of the documents and items specified in Section 13.02 herein.

Section 12.06. **Performance of the Obligations of Seller.** The Seller shall have complied with and performed in all material respects all covenants and obligations required under this Agreement to be complied with and performed by the Seller on or before the Closing Date, other than the covenants and obligations contained in Article VI and Section 9.01(a)(iii), with respect to which the Seller shall have complied with and performed in all respects on or prior to the Closing Date, and Buyer shall have received a certificate from the Seller dated as of the Closing Date certifying that the conditions set forth in this Section 12.06 have been satisfied.

Section 12.07. **R&W Insurance Policy.** The R&W Insurance Policy shall be in full force and effect; *provided*, that this condition shall be deemed satisfied if Buyer shall have breached its obligations in Section 10.01 and such breach shall have proximately caused the R&W Insurance Policy to not have been bound prior to, and issued effective as of, the Closing.

Section 12.08. **Assignment of Easements.** As to Easements: (i) All Essential Easements shall be Eligible Easements and (ii) there are to be no more than ten (10) other Easements (whether Held Easements or Missing Easements) that are appurtenant to any Combined Sewer System Asset or necessary for access to any Combined Sewer System Asset or for the operation of any Combined Sewer System Asset (including Easements for utilities and power to any Combined Sewer System Asset) or otherwise which are necessary for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Combined Sewer System Assets (including access thereto) which are not Eligible Easements.

ARTICLE XIII.

CLOSING

Section 13.01. **Closing Date.** The Closing shall take place at the offices of Reed Smith LLP, 1717 Arch Street, Suite 3100, Philadelphia, PA 19103, at 10:00 a.m. Eastern time on the earliest agreed upon date or within five (5) Business Days after the date upon which all the conditions precedent to Closing described in this Agreement have been fulfilled or waived, or at such other place and time, by such other method, or on such other date, as may be mutually agreed to by the Parties (the "Closing Date"). The Closing shall be effective at 12:01 a.m., Eastern time, on the Closing Date (the "Closing Effective Time").

Section 13.02. **Deliveries by the Seller.** At or prior to the Closing, the Seller shall have delivered or cause to be delivered to Buyer executed copies of the following:

(a) a duly executed Bill of Sale transferring all of the Acquired Assets comprising tangible personal property, in substantially the form attached hereto as Exhibit A;

(b) a duly executed counterpart to an Assignment and Assumption Agreement with respect to the Assumed Liabilities and the Acquired Assets (other the Acquired Assets comprising tangible personal property to be conveyed pursuant to the Bill of Sale) (the "Assignment and Assumption Agreement"), in substantially the form attached hereto as Exhibit B;

(c) a duly executed counterpart to the Escrow Agreement;

(d) the consents to transfer all of the Assigned Contracts, Intellectual Property Assets and all Licenses and Permits held by the Seller (including environmental Licenses and Permits) which are set forth on Schedule 12.01(a), each of which shall (i) be in form and substance and contain terms and conditions reasonably satisfactory to Buyer, (ii) not be subject to the satisfaction of any condition that has not been satisfied or waived, and (iii) be in full force and effect;

(e) title certificates to any motor vehicles included in the Acquired Assets, duly executed by the Seller (together with any transfer forms necessary to transfer title to such vehicles);

(f) all such special warranty deeds, bills of sale, realty transfer tax statements of value, assignments and other instruments of transfer or conveyance in order to sell, transfer, assign, convey and deliver title to the Real Property and the other Acquired Assets duly executed by Seller pursuant to the terms and provisions of Section 2.03;

(g) to the extent requested by Buyer prior to the Closing to be delivered by the Seller to Buyer at or prior to the Closing, copies or originals of all Files and Records, materials, documents and records in possession of the Seller relating to the System, the Acquired Assets or the Assumed Liabilities, including the Real Property and the Assigned Contracts;

(h) any documents duly executed by the Seller required by the Title Company to issue final owner's title policies in accordance with the procedures set forth in Article VI;

(i) such documents, instruments and information, in each case in form and substance reasonably acceptable to Buyer, evidencing the Seller's compliance with its obligations pursuant to Section 7.11(c) and the Seller's performance of its other obligations under this Agreement with respect to the prepayment, redemption, cancellation, termination or legal defeasance, as applicable, of all Outstanding Indebtedness at the Closing (other than any such Outstanding Indebtedness being lawfully assumed by Buyer as provided in this Agreement), including any and all such documents, instruments or information (i) necessary to enable Buyer to effect the payment in full (in the case of Outstanding Indebtedness then subject to prepayment or redemption) or make provision for the payment in full so as to effect a legal defeasance (in the case of Outstanding Indebtedness not then subject to prepayment or redemption), on behalf of the Seller, of such Outstanding Indebtedness at the Closing, pursuant to Section 3.01(a), (ii) evidencing the full and unconditional release, satisfaction and discharge of any Liens in

connection therewith, or (iii) that are otherwise reasonably requested by Buyer in connection with any of the foregoing; and

(j) all such other instruments of conveyance or other documents as shall, in the reasonable opinion of Buyer and its counsel, be necessary to transfer to Buyer the Acquired Assets in accordance with this Agreement or to carry out the terms of this Agreement, duly executed and acknowledged by the Seller, if necessary, and in a recordable form.

Section 13.03. **Deliveries by Buyer.** At the Closing, Buyer shall have delivered or caused to be delivered to the Seller the following:

(a) payment in full of the Purchase Price pursuant to Section 3.01 (including delivery to the Escrow Agent and the other payees thereof);

(b) a duly executed counterpart to the Assignment and Assumption Agreement;

(c) the Escrow Agreement, duly executed by each of Buyer and the Escrow Agent;
and

(d) such other instruments of assumption as shall, in the reasonable opinion of Seller and its counsel, be necessary for Buyer to assume the Assumed Liabilities in accordance with this Agreement.

ARTICLE XIV.

TERMINATION

Section 14.01. **Events of Termination.** This Agreement may be terminated at any time prior to the Closing:

(a) subject to Section 10.04, by the Seller (if the Seller is not then in material breach of any of its representations, warranties, covenants or agreements under this Agreement so as to cause any of the conditions set forth in Article XII not to be satisfied), upon written notice to Buyer, if there has been a material violation, breach or inaccuracy of any representation, warranty, covenant or agreement of Buyer contained in this Agreement, which violation, breach or inaccuracy would cause any of the conditions set forth in Article XI not to be satisfied, and such violation, breach or inaccuracy has not been waived by the Seller or cured by Buyer, as applicable, within thirty (30) days after receipt by Buyer of written notice thereof from the Seller or is not reasonably capable of being cured prior to the Outside Date;

(b) subject to Section 9.03, by Buyer (if Buyer is not then in material breach of any of its representations, warranties, covenants or agreements under this Agreement so as to cause any of the conditions set forth in Article XI not to be satisfied), upon written notice to the Seller, if there has been a material violation, breach or inaccuracy of any representation, warranty, covenant or agreement of the Seller contained in this Agreement, which violation, breach or inaccuracy would cause any of the conditions set forth in Article XII not to be satisfied, and such violation, breach or inaccuracy has not been waived by Buyer or cured by the Seller, as

applicable, within thirty (30) days after receipt by the Seller of written notice thereof from Buyer or is not reasonably capable of being cured prior to the Outside Date;

(c) by Buyer if, in the reasonable judgment of Buyer, a Material Adverse Effect has occurred since the Effective Date, and (x) such Material Adverse Effect is not reasonably capable of being cured prior to the Outside Date or (y) the effect of such Material Adverse Effect, if capable of being cured, has not been cured by the Seller within thirty (30) days after receipt by the Seller of notice specifying with particularity such Material Adverse Effect;

(d) by Buyer, as provided in Section 15.04(a) or Section 15.04(b), as applicable;

(e) by Buyer, as provided in Article VI;

(f) by the Seller or Buyer at any time after the Outside Date, if the Closing has not occurred and the Party seeking to terminate this Agreement is not in breach or default of any provisions of this Agreement; *provided* that the right to terminate this Agreement pursuant to this Section 14.01(f) shall not be available to any Party whose breach of any provision of this Agreement results in the failure of the Closing to be consummated by such time; and *provided further*, that if (i) on October 15, 2016, any of the conditions set forth in Article XI or Article XII have not been satisfied or waived (other than those conditions which, by their terms, are to be satisfied or waived at the Closing), then either Party shall have the right (which right pursuant to this clause (i) may only be exercised on one (1) occasion by Buyer and on one (1) occasion by the Seller) to extend the Outside Date to a date that is not later than December 31, 2016, and which right shall be exercised by written notice to the other Party on or before October 15, 2016 (and which written notice shall specify the new Outside Date as extended pursuant to this Section 14.01(f)(i)), and (ii) the Outside Date has been extended by either Party pursuant to Section 14.01(f)(i), and on such new Outside Date, any of the conditions set forth in Section 11.01(a), Section 11.01(b), Section 12.01(b), Section 12.01(c) or Section 12.01(d) have not been satisfied, and all of the other conditions to Closing set forth in Article XI or Article XII (other than those conditions which, by their terms, are to be satisfied or waived at the Closing), then either Party shall have the right (which right pursuant to this clause (ii) may only be exercised on one (1) occasion by Buyer and on one (1) occasion by the Seller) to extend the Outside Date to a date that is not later than March 31, 2017, and which right shall be exercised by written notice to the other Party on or before the then-current Outside Date (and which written notice shall specify the new Outside Date as extended pursuant to this Section 14.01(f)(ii));

(g) by the Seller or Buyer if (i) any Governmental Authority, the consent from or approval by which is a condition to the obligations of the Parties to consummate the transactions contemplated hereby shall have determined not to grant its consent or approval (or conditioned its consent or approval in such manner that is not reasonably acceptable to the Parties or constitutes a material deviation from the consent or approval contemplated hereunder) as applicable and all appeals of or other legal challenges to such determination have been taken and have been unsuccessful; or (ii) any court of competent jurisdiction shall have issued an order, judgment or decree (other than a temporary restraining order) restraining, enjoining or otherwise prohibiting the transactions contemplated hereby and such order, judgment or decree shall have become final and non-appealable; or

(h) by mutual agreement of the Seller and Buyer.

For the avoidance of doubt, this Agreement may not be terminated after completion of the Closing.

Section 14.02. **Effect of Termination.** In the event of termination of this Agreement as expressly permitted under Section 14.01, this Agreement shall forthwith become void and of no further force and effect and there shall be no liability on the part of any Party hereto (or any of its Affiliates) except that:

(a) the provisions of this Article XIV and Section 15.01 (Confidentiality), Section 15.02 (Public Announcements), Section 15.03 (Expenses; Brokers) Section 15.13 (Successors and Assigns), Section 15.14 (Governing Law), Section 15.15 (Specific Performance) and Section 15.16 (Limitations of Liability) shall continue in full force and effect; and

(b) notwithstanding anything to the contrary herein, no Party shall be relieved from liability for (i) fraud or (ii) any intentional or willful breach of any of its representations, warranties covenants or agreement set forth in this Agreement prior to such termination, all of which claims will survive and remain actionable, and such Party shall be fully liable for any and all Damages incurred or suffered by the other Party as a result of such fraud or intentional or willful breach.

ARTICLE XV.

MISCELLANEOUS

Section 15.01. **Confidentiality.** Except as and to the extent required by applicable Law (including the Pennsylvania Right-To-Know Act at 65 Pa § 67.101) or pursuant to an order of a court of competent jurisdiction and as required hereunder to obtain any and all required Governmental Approvals, neither Party hereto shall, directly or indirectly, disclose or use (and no party shall permit its Representatives to disclose or use) any Confidential Information (as defined below) with respect to the other Party furnished by such other Party hereto or its shareholders, directors, officers, agents, or other Representatives to the other Party hereto or its employees, directors, officers, agents or other Representatives in connection herewith at any time or in any manner other than in connection with the completion of the transactions contemplated by this Agreement and the Related Agreements. For purposes of this paragraph, the term "Confidential Information" means all information of a confidential or proprietary nature (whether or not specifically labeled or identified as "confidential"), in any form or medium, that relates to Buyer or its Affiliates or their respective business, products, services or research or development, or to the Seller or the System; *provided, however*, that Confidential Information of a Party does not include information which the receiving Party can demonstrate (a) is generally available to or known by the public other than as a result of improper disclosure by the receiving Party, (b) is obtained by the receiving Party from a source other than the disclosing Party, provided that such source was not bound by a duty of confidentiality to the disclosing Party with respect to such information, or (c) is legally in the public domain. After the execution of this Agreement, the Parties shall timely and in good faith execute a common interest agreement applicable to the

transactions contemplated by this Agreement, in form and substance and containing terms and conditions reasonably acceptable to each Party in its reasonable and good faith discretion.

Section 15.02. **Public Announcements.** Subject to applicable Law or listing rules of an exchange on which Buyer Parent's stock is listed, the initial public announcement relating to the transactions contemplated herein shall be mutually agreed upon and jointly made by the Parties; *provided*, that for the avoidance of doubt, the foregoing shall not be deemed to restrict or prohibit Buyer or its Affiliates from issuing or causing publication of any press release or public announcement regarding this Agreement to the extent that Buyer or its Affiliates reasonably determine that such disclosure is required by applicable Law (including securities Laws) or listing rules of an exchange on which Buyer Parent's stock is listed, in which case Buyer will, if practicable in the circumstances, use commercially reasonable efforts to allow the Seller reasonable time to comment on such release or announcement in advance of its issuance. The Seller shall cause the City and the Borough to provide to Buyer and the Seller contact information for a designated individual who will receive prior notice of any subsequent public announcement relating to the transactions contemplated herein. Subject to applicable Law or listing rules of an exchange on which Buyer Parent's stock is listed, following the initial public announcement relating to the transactions contemplated hereby as provided in the first sentence of this Section 15.02, and until the Closing, neither Buyer nor the Seller, nor any of their respective Affiliates or Representatives (or any Representative of the City or the Borough), shall make or issue any press release regarding this Agreement, the contents hereof, or the transactions contemplated hereby, without the prior written consent of Buyer (in the case of announcements by the Seller, the City, the Borough or their respective Affiliates or Representatives) or the Seller (in the case of announcements by Buyer or its Affiliates or their respective Representatives), which consent shall not be unreasonably withheld, conditioned or delayed.

Section 15.03. **Expenses; Brokers.**

(a) Except as otherwise provided in this Section 15.03, Buyer and the Seller shall be responsible for and bear all of their respective costs and expenses incurred in connection with this Agreement, including any legal, accounting or other representative or advisor costs and expenses.

(b) Each Party will be responsible for and shall defend and indemnify the other Party against any claims relating to, any fees or expenses of any financial advisor, broker or finder retained by such Party payable upon consummation of the transactions contemplated by this Agreement.

(c) Except as otherwise expressly provided herein, the Parties agree that the prevailing party in any action brought with respect to or to enforce any right or remedy under this Agreement shall be entitled to recover from the other Party all reasonable costs and expenses of any nature whatsoever incurred by the prevailing party in connection with such action, including attorneys' fees and expert fees.

Section 15.04. Casualty and Condemnation.

(a) Condemnation. If, prior to the Closing Date, there occurs any condemnation with respect to any material portion of the Real Property, or any Real Property that is material to the operation of the System, the Seller shall give Buyer prompt written notice thereof, and Buyer shall have the right, exercisable by delivering written notice to Seller within ten (10) Business Days after the later of the final determination of the scope of such taking or Buyer's receipt of written notice from the Seller of such condemnation, to either (i) terminate this Agreement in accordance with Section 14.01(d), in which case neither Party shall have any further rights or obligations hereunder except as otherwise provided in Section 14.02, or (ii) accept that portion of the Real Property which has not been taken by, or is not subject to taking by, a condemnation action in their then-existing condition and proceed with the Closing, subject to the final sentence of this Section 15.04(a). Buyer's failure to deliver such notice within the ten (10) Business Day period specified above shall be deemed to constitute a waiver of Buyer's right to terminate this Agreement as provided in this Section 15.04(a) with respect to such condemnation (but not any subsequent condemnation). In the event that Buyer elects to proceed with the Closing as provided in clause (ii) of the foregoing sentence, or in the event of any condemnation of any of the Real Property not covered by the first sentence of this Section 15.04(a), the Seller shall assign to Buyer any and all rights of the Seller to any condemnation award received as a result of such event, and to the extent the Seller receives such condemnation award (x) prior to the Closing, then the amount of such condemnation award, less the aggregate amount thereof expended by the Seller prior to the Closing in compliance with its obligations under Section 9.01(a)(iv), shall not be included as part of the calculation of the Closing Cash Balance, or (y) following the Closing, the Seller shall (but in no event later than ten (10) days after receipt thereof) deliver such amount to Buyer.

(b) Casualty. If, prior to the Closing Date, there occurs any destruction of, or damage or loss to any of the Acquired Assets from any cause whatsoever and the cost to repair or replace such destruction, damage or loss exceeds by at least One Million Dollars (\$1,000,000.00) the insurance coverage covering such destruction, damage or loss, then, except as hereinafter provided, Buyer shall have the right, exercisable by delivering written notice to the Seller within ten (10) Business Days after the final determination of the scope of such casualty event and completion of an appraisal and insurance coverage determination of such casualty event by the Seller's insurance provider and delivery of written copies of such final appraisal and insurance coverage determination to Buyer, to terminate this Agreement in accordance with Section 14.01(d), in which case neither Party shall have any further rights or obligations hereunder except as otherwise provided in Section 14.02; *provided, however,* that Buyer shall have the option, but not the obligation, to consummate the Closing of the transactions contemplated in this Agreement and acquire the Acquired Assets in their then-existing condition, with an equitable adjustment of the Purchase Price to compensate Buyer for such destruction, damage or loss, as agreed to by the Parties acting reasonably and in good faith, and in which case the Seller shall assign to Buyer any and all rights of the Seller to any insurance proceeds received as a result of such casualty event, and to the extent the Seller receives such insurance proceeds (x) prior to the Closing, then the amount of such insurance proceeds, less the aggregate amount thereof expended by the Seller prior to the Closing in compliance with its obligations under Section 9.01(a)(iv), shall not be included as part of the calculation of the Closing Cash Balance, or (y) following the Closing, the Seller shall (but in no event later than ten (10) days after receipt

thereof) deliver such amount to Buyer. Buyer's failure to deliver such notice within such ten (10) Business Day period following Buyer's receipt of written copies of such final appraisal and insurance coverage determination with respect to such casualty event shall be deemed to constitute a waiver of Buyer's right to terminate this Agreement as provided in this Section 15.04(b) with respect to such casualty event (but not any subsequent casualty event).

Section 15.05. **Reasonable Efforts; Cooperation.** Subject to the terms and conditions of this Agreement, each Party will use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to consummate the transactions contemplated by this Agreement and the Related Agreements. The Parties each agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement and the Related Agreements, and from time to time, upon the request of the other Parties to this Agreement and without further consideration, to execute, acknowledge and deliver in proper form any further instruments, and take such other action as the other Parties may reasonably require, in order to effectively carry out the intent of this Agreement and the Related Agreements.

Section 15.06. **Notices.** All notices, requests, demands and other communications that are required or may be given pursuant to the terms of this Agreement or any of the Related Agreements shall be in writing, and delivery shall be deemed effective in all respects and to have been duly given as follows: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section):

If to Buyer, to:

Pennsylvania-American Water Company
800 West Hershey Park Drive
Hershey, PA 17033
Attention: General Counsel
facsimile: 717-531-3399

With a copy to:

American Water Works Company, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043
Attention: Senior Vice President, Strategy and Business Development
Facsimile: 856-346-5827

and

Reed Smith LLP
1717 Arch Street, Suite 3100
Philadelphia, PA 19103
Attention: Brian C. Miner
Facsimile: (215) 851-1420

If to the Seller, to:

The Sewer Authority of the City of Scranton
312 Adams Ave
Scranton, PA 18503
Attn: Executive Director
Facsimile No.: (570) 348-5317

With a copy to:

Jeff Belardi, Esq.
Co-Solicitor
The Sewer Authority of the City of Scranton
The Jones Building
410 Spruce Street, 4th Floor
Scranton, PA 18503
Facsimile No.: (570) 961-3985

Paul J. Walker, Esq.
Co-Solicitor
The Sewer Authority of the City of Scranton
205-207 N. Washington Avenue, Suite C
Scranton, PA 18503
Facsimile No.: (570) 344-1061

Buchanan Ingersoll & Rooney PC
Two Liberty Place
50 S. 16th Street, Suite 3200
Philadelphia, PA 19102-2555
Attn: Steven W. Smith, Esquire
Facsimile No.: (215) 665-8760

Any Party may change its address and preferred recipient or other contact information for notice by giving notice to each other Party in accordance with the terms of this Section 15.06. In no event will delivery to a copied Person alone constitute delivery to the Party represented by such copied Person.

Section 15.07. **Headings.** The article, section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 15.08. **Construction.**

(a) The Parties have participated jointly in the negotiation and drafting of this Agreement, and, in the event of an ambiguity or a question of intent or a need for interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

(b) Words of any gender used in this Agreement shall be held and construed to include any other gender; words in the singular shall be held to include the plural; and words in the plural shall be held to include the singular; unless and only to the extent the context indicates otherwise.

(c) Reference to any Law means such Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Law means that provision of such Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision.

(d) Wherever the word “include,” “includes,” or “including” is used in this Agreement, it shall be deemed to be followed by the words “without limitation”.

(e) References in this Agreement to documents, instruments or agreements shall be deemed to refer as well to all addenda, appendices, exhibits, schedules or amendments thereto.

(f) The words “hereof,” “herein,” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(g) References in this Agreement to a specific Section, Subsection, recital, Schedule or Exhibit shall refer, respectively, to Sections, Subsections, recitals, Schedules or Exhibits of this Agreement.

(h) As used in this Agreement, the term “or” has the inclusive meaning represented by the phrase “and/or”.

(i) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day.

Section 15.09. **Severability.** If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or the PaPUC to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 15.10. **Entire Agreement.** This Agreement and the Related Agreements represent the entire agreement among the Parties with respect to the subject matter hereof thereof

and supersede all prior or contemporaneous written or oral agreements or understandings of any kind among the Parties hereto and thereto with respect to the subject matter hereof and thereof, including the MOU, the RFP, the BAFO and the Clarifying Correspondence. All Exhibits and Schedules hereto are expressly made a part of this Agreement as fully as though completely set forth herein.

Section 15.11. **Amendments; Waivers.** Except as hereinafter provided or allowed by statute, this Agreement may be amended or modified, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the Parties hereto, or in the case of a waiver, by the Party waiving compliance. Any waiver by any Party of any condition, or of the breach of any provision, term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall not be deemed to be or construed as a further or continuing waiver of any condition or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

Section 15.12. **Parties in Interest; Third Party Beneficiary.** Except as hereinafter provided, this Agreement is not intended to and shall not be construed to create upon any Person other than the Parties any rights or remedies hereunder. Notwithstanding the prior sentence, the City and the Borough are intended third party beneficiaries, with rights, among others, to enforce the covenants and agreements of Buyer contained in Article VII of this Agreement and to provide any notices on behalf of Seller, subject to Section 15.13(c).

Section 15.13. **Successors and Assigns.**

(a) Except as otherwise set forth herein and subject to Sections 15.13(b) and (c), neither Party hereto shall assign or delegate this Agreement or any rights or obligations hereunder without the prior written consent of the other Parties hereto, and any attempted assignment or delegation without prior written consent shall be void and of no force or effect. Subject to Section 15.13(b), this Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the Parties hereto.

(b) With respect to any assignment or delegation permitted pursuant to Section 15.13(a) or in connection with any proposed sale, lease, liquidation or transfer of all or substantially all of the System or the Acquired Assets by Buyer, Buyer shall cause such assignee or successor to acknowledge and agree in writing for the benefit of Buyer and the Seller, to fully perform and be liable for all of Buyer's obligations set forth in Article VII, which obligations shall continue to be subject to the Seller's rights and remedies hereunder. In the event of any assignment or delegation by Buyer of its rights and obligations under this Agreement to any Person, Buyer shall be fully liable to the Seller to the extent that such Person fails to pay or assist Seller in distributing to customers the Variance Adjustment as provided under this Agreement, and such assignment or delegation by Buyer to such Person shall in no event relieve Buyer of its obligations pursuant to this Section 15.13(b) in the event of any failure by such Person to pay or assist Seller in distributing to customers the Variance Adjustment in breach of this Agreement.

(c) The Parties hereto acknowledge and agree that the limitation on assignment or delegation contained in Section 15.13(a) in no way limits the rights or obligations of the City and the Borough, as the municipalities creating the Seller, under the Municipality Authorities Act. In

the event of the termination of the Seller in accordance with the Municipality Authorities Act and other applicable Law following the Closing:

(i) the City and the Borough shall (x) obtain all property of the Seller and succeed to all of the Seller's rights under this Agreement, and (y) assume and be jointly and severally liable for all of the Seller's obligations under this Agreement (including with respect to the System), in each case as if the City and the Borough were originally direct parties hereto;

(ii) the City, or such other Person as may be designated by mutual written agreement of the City and the Borough (the City or such other Person, the "Seller Successor"), is hereby appointed to act as agent for and on behalf of the City and the Borough in connection with, and to facilitate, any and all transactions arising from, in connection with and incident to this Agreement;

(iii) a decision, act, consent or instruction of the Seller Successor shall constitute a decision of the Seller and shall be final, binding and conclusive upon each of the City and the Borough, and Buyer and the Escrow Agent may rely upon any decision, act, consent or instruction of the Seller Successor as being the decision, act, consent or instruction of the Seller, the City and the Borough;

(iv) Buyer and the Escrow Agent are hereby irrevocably relieved from any liability to any Person for any acts done by them in accordance with such decision, act, consent or instruction of the Seller Successor; and

(v) the Seller or the Seller Successor, as the case may be, shall constitute the sole point of contact for purposes of any notices to be given, consents to be obtained or other communications, by Buyer or Buyer's Affiliates pursuant to or in connection with this Agreement or any matters arising out of or relating hereto, and in no event shall Buyer be required or obligated in any way to give notice to, obtain the consent of or otherwise communicate with any Person other than the Seller or the Seller Successor.

Section 15.14. **Governing Law; Jurisdiction.** This Agreement shall be construed and enforced in accordance with, and governed by, the Laws of the Commonwealth of Pennsylvania (without giving effect to the principles of conflicts of laws thereof). The Parties hereto irrevocably agree and consent to the jurisdiction of the United States District Court for the Middle District of Pennsylvania, the Court of Common Pleas of Lackawanna County, Pennsylvania, and the PaPUC for the adjudication of any matters arising under or in connection with this Agreement. Any action initiated shall be filed and litigated (including all discovery proceedings) exclusively in the United States District Court for the Middle District of Pennsylvania, the Court of Common Pleas of Lackawanna County, Pennsylvania and the PaPUC, and each Party irrevocably submits to the jurisdiction of such courts and the PaPUC in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such Party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE

COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. Notwithstanding the foregoing, this Section 15.14 shall not apply to the dispute resolution procedures set forth in (i) Section 3.02, which shall be the exclusive manner to resolve any dispute surrounding the determination of the Post-Closing Adjustment, *provided*, that, any dispute arising out of a breach of any of the provisions of Section 3.02 or a Party's failure to pay an amount determined to be due under Section 3.02 (and not out of a disagreement relating to the determination of such amounts) shall be resolved pursuant to this Section 15.14 or (ii) Section 7.07(d), which shall be the exclusive manner to resolve any dispute regarding the calculation of the Variance Adjustment as set forth in Section 7.07(d), *provided*, that, any dispute arising out of a breach of any of the provisions of Section 7.07(d) (other than a disagreement relating to the calculation of the Variance Adjustment) shall be resolved pursuant to this Section 15.14.

Section 15.15. **Specific Performance.** The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by them in accordance with the terms hereof or were otherwise breached and that each Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions hereof and to specific performance of the terms hereof, in addition to any other remedy at law or in equity.

Section 15.16. **Limitations of Liability.**

(a) No present or future officer, director, manager, employee, advisor, agent or attorney of or in the Seller or Buyer shall have any personal liability, directly or indirectly, under or in connection with this Agreement or the Related Agreements, or any amendments thereto, and the Parties and their successors and assigns and all other Persons shall look solely to the Parties for the payment of any claim or for any performance, and the Parties hereby waive any and all such personal liability.

(b) No officer, director, employee, agent or other Representative of the Seller or Buyer shall have any personal liability or obligation whatsoever with respect to any of the matters set forth in this Agreement, the Related Agreements and any other documents, agreements, or instruments related thereto or any of the representations made by the Seller or Buyer being or becoming untrue, inaccurate or incomplete in any respect.

(c) The limitations on liability contained in this Section 15.16 are in addition to, and not in limitation of, any limitation on liability applicable to Seller or Buyer provided in any other provisions of this Agreement or by Law or by any other contract.

Section 15.17. **Attorney-Client Privilege.** Buyer understands and agrees that the Seller will be entitled to retain the services of Buchanan Ingersoll & Rooney PC as its attorney even in the event of any dispute of Buyer with the Seller concerning this Agreement or any of the Related Agreements or any of the transactions contemplated hereby and thereby notwithstanding any result of prior representation of Seller. Notwithstanding the sale of the Acquired Assets to Buyer, Buyer agrees that Buyer shall not have the right to assert the attorney/client privilege as to pre-Closing and post-Closing communications between Seller, on one hand, and its counsel, Buchanan Ingersoll & Rooney PC, on the other hand, to the extent that the privileged communications relate to this Agreement or any of the Related Agreements or to the transactions contemplated hereby and thereby. The Parties agree that only the Seller shall be entitled to assert such attorney/client privilege in connection with such communications following the Closing. The files generated and maintained by Buchanan Ingersoll & Rooney PC as a result of their representation of the Seller in connection with this Agreement or any of the Related Agreements or any of the transactions contemplated hereby are and will remain the exclusive property of the Seller.

Section 15.18. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall together constitute the same instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[THIS SPACE INTENTIONALLY LEFT BLANK;

SIGNATURES NEXT PAGE]

[Signature Page- Asset Purchase Agreement]

IN WITNESS WHEREOF, the Parties hereto have executed, or caused to be executed by their duly authorized representatives, this Agreement as of the Effective Date.

"SELLER"

"BUYER"

THE SEWER AUTHORITY OF THE
CITY OF SCRANTON

PENNSYLVANIA-AMERICAN WATER
COMPANY

By: Michael F. McHale

By: _____

Printed: MICHAEL F. McHALE

Printed: _____

Its: CHAIRMAN

Its: _____

IN WITNESS WHEREOF, the Parties hereto have executed, or caused to be executed by their duly authorized representatives, this Agreement as of the Effective Date.

"SELLER"

THE SEWER AUTHORITY OF THE
CITY OF SCRANTON

By: _____

Printed: _____

Its: _____

"BUYER"

PENNSYLVANIA-AMERICAN WATER
COMPANY

By:  _____

Printed: Kathy L. Pape

Its: President

EXHIBIT A

BILL OF SALE

This BILL OF SALE (this "Bill of Sale"), dated this [●] day of [●], [●], is made by The Sewer Authority of the City of Scranton ("Transferor") for the benefit of Pennsylvania-American Water Company ("Transferee").

RECITALS:

A. Pursuant to that certain Asset Purchase Agreement, dated as of March 29, 2016, by and between Transferor and Transferee (the "Purchase Agreement"), Transferor agreed to sell, transfer, assign, convey and deliver to Transferee at the Closing, and Transferee agreed to purchase from Transferor at the Closing, all of Transferor's right, title and interest in and to the Acquired Assets.

B. Pursuant to the Purchase Agreement, Transferor is executing and delivering this Bill of Sale, effective as of the Closing, as evidence of such sale, transfer, assignment, conveyance and delivery to Transferee all of Transferor's right, title and interest in and to the Acquired Assets comprising tangible personal property.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Transferor hereby agrees as follows:

1. Defined Terms. Capitalized terms which are used but not otherwise defined in this Bill of Sale shall have the meaning ascribed to such terms in the Purchase Agreement.

2. Transfer. For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Transferor does hereby sell, transfer, assign, convey and deliver to Transferee all of Transferor's right, title and interest in and to all of the Acquired Assets comprising tangible personal property, on the terms and subject to the conditions set forth in the Purchase Agreement.

3. Binding Effect. This Bill of Sale and all of the provisions hereof will be binding upon and inure to the benefit of each of Transferor and Transferee and their respective successors and permitted assigns.

4. Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the Laws of the Commonwealth of Pennsylvania (without giving effect to the principles of conflicts of law thereof).

5. Construction. This Bill of Sale is delivered pursuant to, and is subject to the terms of, the Purchase Agreement. Nothing contained in this Bill of Sale shall amend, enlarge, restrict or otherwise modify the terms of the Purchase Agreement or any Related Agreement. In the event of any ambiguity or conflict between the terms hereof and the Purchase Agreement, the terms of the Purchase Agreement shall govern and be controlling.

6. Execution and Electronic Delivery. A signed copy of this Bill of Sale delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Bill of Sale.

[Signature page follows.]

IN WITNESS WHEREOF, this Bill of Sale has been duly executed and delivered by Transferor as of the date first above written.

**THE SEWER AUTHORITY OF THE CITY
OF SCRANTON:**

By: _____

Name:

Title:

EXHIBIT B

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSUMPTION AND ASSIGNMENT AGREEMENT (this "Agreement"), dated this [●] day of [●], [●], by and between The Sewer Authority of the City of Scranton ("Assignor"), and Pennsylvania-American Water Company ("Assignee").

RECITALS:

A. Pursuant to that certain Asset Purchase Agreement, dated as of March 29, 2016, by and between Assignor and Assignee (the "Purchase Agreement"), Assignor agreed to sell, transfer, assign, convey and deliver to Assignee all of Assignor's right, title and interest in and to the Acquired Assets, and Assignee agreed assume and to pay, perform and discharge when due the Assumed Liabilities, in each case effective as of the Closing.

B. Pursuant to the Purchase Agreement, Assignor and Assignee are executing and delivering this Agreement to be effective as of the Closing as evidence of the sale, transfer, assignment, conveyance and delivery by Assignor to Assignee of all of the Acquired Assets, and the assumption by Assignee of all of the Assumed Liabilities.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. **Defined Terms.** Capitalized terms which are used but not otherwise defined in this Agreement shall have the meaning ascribed to such terms in the Purchase Agreement.
2. **Transfer and Assignment.** Assignor hereby sells, transfers, assigns, conveys and delivers to Assignee all of Assignor's right, title and interest in and to all of the Acquired Assets, on the terms and subject to the conditions set forth in the Purchase Agreement.
3. **Acceptance and Assumption.** Assignee hereby assumes and agrees to pay, perform and discharge when due the Assumed Liabilities (and no other liabilities or obligations of Assignor), on the terms and subject to the conditions set forth in the Purchase Agreement.
4. **Binding Effect.** This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of each of Assignor and Assignee and their respective successors and permitted assigns.
5. **No Third Party Beneficiary.** This Agreement is not intended to and shall not be construed to create upon any Person other than Assignor and Assignee any rights or remedies hereunder.
6. **Governing Law.** This Agreement shall be construed and enforced in accordance with, and governed by, the Laws of the Commonwealth of Pennsylvania (without giving effect to the principles of conflicts of law thereof).

7. **Construction.** This Agreement is delivered pursuant to, and is subject to the terms of, the Purchase Agreement. Nothing contained in this Agreement shall amend, enlarge, restrict or otherwise modify the terms of the Purchase Agreement or any other Related Agreement or constitute a waiver or release by Assignor or Assignee of any liabilities, duties or obligations imposed upon either of them by the terms of the Purchase Agreement. In the event that any provision of this Agreement is construed to conflict with any provision of the Purchase Agreement, the provisions of the Purchase Agreement shall be deemed controlling.

8. **Assignment.** This Agreement may only be assigned pursuant to the provisions of Section 15.13 of the Purchase Agreement.

9. **Counterparts.** This Agreement may be executed in one or more counterparts (including facsimile or other electronically transmitted counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the parties hereto as of the date first above written.

ASSIGNOR:

**THE SEWER AUTHORITY OF THE CITY
OF SCRANTON**

By: _____
Name:
Title:

ASSIGNEE:

**PENNSYLVANIA-AMERICAN WATER
COMPANY**

By: _____
Name:
Title:

EXHIBIT C

FORM OF ESCROW AGREEMENT

This Escrow Agreement (this "Escrow Agreement"), dated as of the effective date (the "Effective Date") set forth on Schedule 1 attached hereto ("Schedule 1") is entered into by and among Pennsylvania-American Water Company (together with any successors and permitted assigns, the "Buyer"), The Sewer Authority of the City of Scranton (together with any successors and permitted assigns, the "Seller") and Delaware Trust Company, as escrow agent hereunder (together with any successors and permitted assigns, the "Escrow Agent").

WHEREAS, reference is hereby made to that certain Asset Purchase Agreement dated as of March 29, 2016, by and between the Buyer and the Seller (the "Purchase Agreement");

WHEREAS, pursuant to the Purchase Agreement, the Buyer and the Seller have agreed to establish one or more escrow arrangements for the purposes set forth therein;

WHEREAS, at the Closing (as defined in the Purchase Agreement) and simultaneous with the execution and delivery of this Escrow Agreement, the Buyer is delivering to the Escrow Agent the Indemnity Escrow Deposit (as defined in Section 2(a) hereof), by wire transfer of immediately available funds to a segregated account designated by the Escrow Agent (the "Indemnity Escrow Account") to be held by the Escrow Agent as security for the indemnification obligations of the Seller set forth in Article VIII of the Purchase Agreement; and

[**WHEREAS**, at the Closing and simultaneous with the execution and delivery of this Escrow Agreement, the Buyer is delivering to the Escrow Agent the Withdrawal Liability Escrow Deposit (as defined in Section 2(b) hereof), by wire transfer of immediately available funds to a segregated account (separate from the Indemnity Escrow Account) designated by the Escrow Agent (the "Withdrawal Liability Escrow Account") to be held by the Escrow Agent for the purpose set forth in Section 2.07 of the Purchase Agreement]¹; and

WHEREAS, the Escrow Agent agrees to hold and distribute the Indemnity Escrow Fund [and the Withdrawal Liability Escrow Fund] subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Appointment. The Buyer and the Seller hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein.

2. Escrow Funds.

(a) Indemnity Escrow Fund. Simultaneous with the execution and delivery of this Escrow Agreement, the Seller is depositing with the Escrow Agent the sum indicated as the

¹ Note to Draft: Withdrawal Liability Escrow language/concept to be included if applicable, subject to Section 2.07 of the Purchase Agreement.

“Indemnity Escrow Deposit” on Schedule 1 (the “Indemnity Escrow Deposit”). The Escrow Agent shall hold the Indemnity Escrow Deposit in the Indemnity Escrow Account, and, subject to the terms and conditions hereof, shall invest and reinvest the Indemnity Escrow Deposit and the proceeds thereof (the aggregate amount of funds in the Indemnity Escrow Account from time to time, the “Indemnity Escrow Fund”) as directed in Section 3 hereof.

(b) [Withdrawal Liability Escrow Fund. Simultaneous with the execution and delivery of this Escrow Agreement, the Seller is depositing with the Escrow Agent the sum indicated as the Withdrawal Liability Escrow Deposit on Schedule 1 (the “Withdrawal Liability Escrow Deposit”). The Escrow Agent shall hold the Withdrawal Liability Escrow Deposit in the Withdrawal Liability Escrow Account pursuant to the terms hereof and, subject to the terms and conditions hereof, shall invest and reinvest the Withdrawal Liability Escrow Deposit and the proceeds thereof (the aggregate amount of funds in the Withdrawal Liability Escrow Account from time to time, the “Withdrawal Liability Escrow Fund”) as directed in Section 3 hereof.]

3. Investment of Escrow Fund. During the term of this Escrow Agreement, the Indemnity Escrow Fund [and the Withdrawal Liability Escrow Fund] shall be invested and reinvested by the Escrow Agent in the investment indicated on Schedule 1 or such other investments as shall be directed in writing by the Buyer and the Seller and as shall be acceptable to the Escrow Agent. All investment orders involving U.S. Treasury obligations, commercial paper and other direct investments may be executed through broker-dealers selected by the Escrow Agent. Periodic statements will be provided to the Buyer and the Seller reflecting transactions executed on behalf of the Indemnity Escrow Fund [and the Withdrawal Liability Escrow Fund], which statements shall be provided no less frequently than on a monthly basis and, except as provided below, shall be provided in hard copy via regular mail. The Buyer and the Seller, upon written request, will receive a statement of transaction details upon completion of any securities transaction in the Indemnity Escrow Fund [and the Withdrawal Liability Escrow Fund] without any additional cost. Should any party hereto opt to receive monthly statements electronically through the Escrow Agent’s online service, such party hereby agrees that it shall have no further right under this Escrow Agreement to receive hard copy statements via regular mail. The Escrow Agent shall have the right to liquidate any investments held in order to provide funds necessary to make required payments under this Escrow Agreement. The Escrow Agent shall have no liability for any loss sustained as a result of any investment in an investment indicated on Schedule 1 or any investment made pursuant to the instructions of the parties hereto or as a result of any liquidation of any investment prior to its maturity or for the failure of the parties to give the Escrow Agent instructions to invest or reinvest the Indemnity Escrow Fund [or the Withdrawal Liability Escrow Fund]. The Escrow Agent may earn compensation in the form of short-term interest (“float”) on items like uncashed distribution checks (from the date issued until the date cashed), funds that the Escrow Agent is directed not to invest, deposits awaiting investment direction or received too late to be invested overnight in previously directed investments.

4. Disposition and Termination.

(a) The Buyer and the Seller may at any time deliver to the Escrow Agent a joint written notice executed by each of the Buyer and the Seller as evidenced by the signatures of one of the persons listed on Schedule 2 as the authorized representative of each of the Buyer and the

Seller, as applicable, instructing the Escrow Agent to distribute all or a portion of the Indemnity Escrow Fund [or the Withdrawal Liability Escrow Fund] (a “Joint Release Instruction”). Within three (3) Business Days (as defined in Section 10) after the date on which the Escrow Agent receives a properly executed Joint Release Instruction, the Escrow Agent shall disburse the portion of the Indemnity Escrow Fund [or the Withdrawal Liability Escrow Fund, as applicable,] as set forth in the Joint Release Instruction, to the accounts of such persons designated on such Joint Release Instruction.

(b) If the Buyer makes one or more claims against the Seller for indemnification pursuant to Article VIII of the Purchase Agreement (each, an “Indemnification Claim”) and the Buyer elects to exercise its rights with respect to such Indemnification Claim pursuant to this Escrow Agreement, the Buyer shall deliver simultaneously to the Escrow Agent and the Seller written notice of such Indemnification Claim (an “Indemnification Claim Notice”), which Indemnification Claim Notice shall be delivered using one of the means of delivery set forth in Section 10 of this Escrow Agreement and shall set forth in reasonable detail (x) the nature of the Indemnification Claim, and (y) the amount of the Indemnification Claim (the “Indemnification Claim Amount”). The Escrow Agent shall provide notice of its receipt of an Indemnification Claim Notice from the Buyer to the Seller within five (5) days of its receipt thereof.

(c) If the Seller elects to contest an Indemnification Claim, the Seller shall give the Buyer and the Escrow Agent written notice of such election setting forth in reasonable detail the nature and basis for such contest (including the relevant portion or portions of the Indemnification Claim Notice being contested) and the portion of the Indemnification Claim Amount being contested (the “Contest Notice”), which Contest Notice shall be delivered using one of the means of delivery set forth in Section 10 of this Escrow Agreement, on or before the thirtieth (30th) day after delivery by the Buyer of an Indemnification Claim Notice to the Seller and the Escrow Agent (the “Contest Response Period”). The Escrow Agent shall conclusively deem that any Indemnification Claim Notice it receives was simultaneously delivered to the Seller and any Contest Notice it receives was simultaneously delivered to the Buyer.

(d) If the Buyer makes an Indemnification Claim, the Escrow Agent shall disburse the Indemnity Escrow Fund as to such Indemnification Claim as follows:

(i) if the Escrow Agent has not received a Contest Notice with respect to an Indemnification Claim within the Contest Response Period in accordance with Section 4(c) of this Escrow Agreement, within three (3) Business Days following the expiration of the Contest Response Period, the Escrow Agent shall disburse from the Indemnity Escrow Account to an account designated in writing by the Buyer an amount equal to the lesser of (A) the Indemnification Claim Amount or (B) the Indemnity Escrow Fund; and

(ii) if the Escrow Agent has received a Contest Notice with respect to an Indemnification Claim within the Contest Response Period in accordance with Section 4(c) of this Escrow Agreement, the Escrow Agent shall not disburse from the Indemnity Escrow Account to the Buyer the Indemnification Claim Amount with respect to such Indemnification Claim except: (A) in accordance with a Joint Release Instruction; or (B) in accordance with a final, non-appealable order of a court of competent jurisdiction (a “Court Order”), together with a certificate of the presenting party to the effect that such judgment is final and from a court of

competent jurisdiction, upon which certificate the Escrow Agent shall be entitled to conclusively rely without further investigation. The Escrow Agent shall take the action specified in a Joint Release Instruction or a Court Order prior to the third (3rd) Business Day from the date on which the Escrow Agent received such Joint Release Instruction or Court Order.

(e) On the date that is the eighteen (18) month anniversary of the Effective Date, or, if such date is not a Business Day, on the next succeeding Business Day (the "Indemnity Escrow Release Date"), the Escrow Agent shall disburse from the Indemnity Escrow Account to an account designated in writing by the Seller (A) the balance of the Indemnity Escrow Fund (including, for the avoidance of doubt, all interest accrued thereon) not previously disbursed pursuant to this Escrow Agreement less (B) the aggregate amount of Indemnification Claim Amounts with respect to the Indemnification Claim Notices that remain outstanding and unresolved as of the Indemnity Escrow Release Date. Any amount retained in the Indemnity Escrow Account after the Indemnity Escrow Release Date shall be disbursed pursuant to Section 4(d)(ii) hereof.

(f) [For the avoidance of doubt, the Withdrawal Liability Escrow Fund shall only be released pursuant to a Joint Release Instruction, delivered by the Buyer and the Seller pursuant to Section 2.07 of the Purchase Agreement.]

(g) Upon payment in full of the entire Indemnity Escrow Fund [and the Withdrawal Liability Escrow Fund] by the Escrow Agent in accordance with the terms of this Escrow Agreement, this Escrow Agreement shall terminate, subject to the provisions of Section 7.

5. Escrow Agent. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and no duties shall be implied. The Escrow Agent shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Escrow Agreement. The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document. The Escrow Agent shall have no duty to solicit any payments which may be due it or the Indemnity Escrow Fund [or the Withdrawal Liability Escrow Fund]. The Escrow Agent shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of any loss to the Buyer or the Seller. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through agents or attorneys (and shall be liable only for the careful selection of any such agent or attorney) and may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons. In the event that the Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any party hereto which, in its opinion, conflict with any of the provisions of this Escrow Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in writing by all of the other parties hereto or by a final order or judgment of a court of competent jurisdiction.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent further acknowledges and agrees that the Indemnity Escrow Fund [and the Withdrawal Liability Escrow Fund] shall be held for the exclusive account and benefit of Buyer and the Seller pursuant to the applicable provisions of the Purchase Agreement and that Escrow Agent shall not be entitled to assert any lien on, right of setoff or other claim against, or security interest in the Indemnity Escrow Fund [or the Withdrawal Liability Escrow Fund] for any obligations due and owing to Escrow Agent by a party as a result of such party's deposit, credit or other independent relationship with Escrow Agent pursuant to separate agreements with such parties, provided, that, the foregoing shall not limit Escrow Agent's rights under Sections 6, 7 and 8 hereof. The Escrow Agent shall never be required to use or advance its own funds in its performance of its duties or the exercise of any of its rights and powers hereunder.

6. Succession. The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving thirty (30) days' advance notice in writing of such resignation to the other parties hereto specifying a date when such resignation shall take effect. In the event of such resignation, the Seller and the Buyer agree that they will jointly appoint a banking corporation, trust company, or other appropriate financial institution as successor escrow agent within thirty (30) days of notice of such resignation. The Escrow Agent shall refrain from taking any action until it shall receive joint written instructions from the Seller and the Buyer designating the successor escrow agent. The Escrow Agent shall deliver all of the then remaining balance of the Indemnity Escrow Fund [and the Withdrawal Liability Escrow Fund, as applicable] to such successor escrow agent in accordance with such instructions and, upon receipt of the Indemnity Escrow Fund [and the Withdrawal Liability Escrow Fund, as applicable] and the execution by such successor escrow agent of a joinder to this Agreement, the successor escrow agent shall be bound by all of the provisions of this Agreement. The Escrow Agent shall have the right to withhold an amount equal to any amount due and owing to the Escrow Agent, plus any costs and expenses the Escrow Agent shall reasonably believe may be incurred by the Escrow Agent in connection with the termination of this Escrow Agreement. Any corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated shall be the Escrow Agent under this Escrow Agreement without further act.

7. Fees. The Buyer and the Seller agree jointly and severally to pay the Escrow Agent upon execution of this Escrow Agreement and from time to time thereafter reasonable compensation for the services to be rendered hereunder, which unless otherwise agreed in writing shall be as described in Schedule 1 attached hereto. The Buyer and the Seller shall each pay and be responsible for payment of fifty percent (50%) of the fees payable to the Escrow Agent pursuant to this Escrow Agreement from time to time as set forth on Schedule 1 attached hereto.

8. Indemnity. The Buyer and the Seller shall jointly and severally indemnify, defend and save harmless the Escrow Agent and its directors, officers, agents and employees (the "indemnitees") from all loss, liability or expense (including the fees and expenses of in house or outside counsel) arising out of or in connection with (i) the Escrow Agent's execution and performance of this Escrow Agreement, except in the case of any indemnitee to the extent that such loss, liability or expense is due to the gross negligence or willful misconduct of the Escrow

Agent, or (ii) its following any instructions or other directions from the Buyer or the Seller, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof. The parties hereto acknowledge that the foregoing indemnities shall survive the resignation or removal of the Escrow Agent or the termination of this Escrow Agreement. Subject to the last sentence of Section 5, the parties hereby grant the Escrow Agent a lien on, right of set-off against and security interest in the Indemnity Escrow Fund [or the Withdrawal Liability Escrow Fund] for the payment of any claim for indemnification, compensation, expenses and amounts due hereunder. Notwithstanding anything to the contrary set forth herein, in no event shall the Escrow Agent charge against or withdraw from the Indemnity Escrow Fund [or the Withdrawal Liability Escrow Fund, as applicable] any amounts due and owing to Escrow Agent by the Buyer or the Seller under Section 7 hereof, the payment of which shall be the sole responsibility of the Buyer or the Seller as the case may be, as set forth therein, and subject to the terms thereof.

9. TINs. The Buyer and the Seller each represent that its correct Taxpayer Identification Number (“TIN”) assigned by the Internal Revenue Service or any other taxing authority is set forth in Schedule 1. All interest or other income earned under this Escrow Agreement shall be allocated to the Seller and reported, to the extent required by law, by the Escrow Agent to the IRS or any other taxing authority, as applicable, on IRS form 1099-INT, 1099-DIV or 1042S (or other appropriate form) as income earned from the Indemnity Escrow Fund [or the Withdrawal Liability Escrow Fund] by the Seller whether or not said income has been distributed during the year. Unless otherwise indicated in writing by the parties hereto, no taxes or other withholdings are required to be made under applicable law or otherwise with respect to any payment to be made by the Escrow Agent. All documentation necessary to support a claim of exemption or reduction in such taxes or other withholdings has been timely collected by the Seller and copies will be provided to the Escrow Agent promptly upon a request therefor. Unless otherwise agreed to in writing by the Escrow Agent, all tax returns required to be filed with the IRS and any other taxing authority as required by law with respect to payments made hereunder shall be timely filed and prepared by the Seller including but not limited to any applicable reporting or withholding pursuant to the Foreign Account Tax Reporting Act (“FATCA”). The parties hereto acknowledge and agree that the Escrow Agent shall have no responsibility for the preparation and/or filing of any tax return or any applicable FATCA reporting with respect to the Indemnity Escrow Fund [or the Withdrawal Liability Escrow Fund]. The Escrow Agent shall withhold any taxes it deems appropriate, including but not limited to required withholding in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities as it determines may be required by any law or regulation in effect at the time of the distribution.

10. Notices. All communications hereunder shall be in writing and shall be deemed to be duly given and received: (i) upon delivery if delivered personally, or upon confirmed transmittal if by facsimile; (ii) on the next Business Day (as hereinafter defined) if sent by overnight courier; or (iii) four (4) Business Days after mailing if mailed by prepaid registered mail, return receipt requested, to the appropriate notice address set forth on Schedule 1 or at such other address as any party hereto may have furnished to the other parties in writing by registered mail, return receipt requested.

Notwithstanding the above, in the case of communications delivered to the Escrow Agent pursuant to the foregoing clauses (ii) and (iii) of this Section 10, such communications shall be

deemed to have been given on the date received by the Escrow Agent. In the event that the Escrow Agent, in its sole discretion, shall determine that an emergency exists, the Escrow Agent may use such other means of communication as the Escrow Agent deems appropriate. "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth on Schedule 1 is authorized or required by law or executive order to remain closed.

11. Security Procedures. In the event funds transfer instructions are given (other than in writing at the time of execution of this Escrow Agreement), whether in writing, by telecopier or otherwise, the Escrow Agent is authorized to seek confirmation of such instructions by telephone call-back to the person or persons designated Schedule 2, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Escrow Agent. The Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the Buyer or the Seller to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of the escrowed funds for any payment order it executes using any such identifying number, even where its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The parties to this Escrow Agreement acknowledge that these security procedures are commercially reasonable.

12. Miscellaneous. The provisions of this Escrow Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all of the parties hereto. Neither this Escrow Agreement nor any right or interest hereunder may be assigned in whole or in part by any party, except as provided in Section 6 hereof, without the prior consent of the other parties. This Escrow Agreement shall be governed by and construed under the laws of the State of Delaware. Each party hereto irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the courts located in the State of Delaware. The parties further hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising or relating to this Escrow Agreement. No party to this Escrow Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Escrow Agreement because of, acts of God, fire, floods, strikes, equipment or transmission failure, or other causes reasonably beyond its control. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13. Patriot Act Compliance. In order to comply with laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering and the Customer Identification Program ("CIP") requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which the Escrow Agent must obtain, verify and record information that allows the Escrow Agent to identify customers ("Applicable Law"), the Escrow Agent is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Escrow Agent. Accordingly, each of the

parties hereto agrees to provide to the Escrow Agent upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Escrow Agent to comply with Applicable Law, including, but not limited to, information as to name, physical address, tax identification number and other information that will help the Escrow Agent to identify and verify such party such as organizational documents, certificates of good standing (where applicable), licenses to do business or other pertinent identifying information. Each party understands and agrees that the Escrow Agent cannot open the Indemnity Escrow Account [or the Withdrawal Liability Escrow Account] unless and until the Escrow Agent verifies the identities of the parties in accordance with its CIP.

14. If the Seller is dissolved and its legal existence terminated following the Effective Date, prior to such dissolution, the Seller shall deliver or cause to be delivered a written notice (signed by one of the persons listed on Schedule 2 as the authorized representative of the Seller) to each of the Buyer and the Escrow Agent, which notice shall identify (i) the City or such other Person that has been designated as the Seller Successor pursuant to Section 15.13 of the Purchase Agreement, and (ii) an updated Schedule 2 to this Agreement identifying the new persons (and their respective telephone numbers) as the authorized representative of the Seller Successor, and following receipt of such written notice by the Buyer and the Escrow Agent, the Seller Successor shall be deemed “the Seller” for all purposes under this Agreement. Any such Seller Successor hereby agrees to deliver any such additional information as reasonably requested by Escrow Agent.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement as of the Effective Date.

ESCROW AGENT:

DELAWARE TRUST COMPANY

By: _____
Name:
Title:

BUYER:

**PENNSYLVANIA-AMERICAN WATER
COMPANY**

By: _____
Name:
Title:

SELLER:

**THE SEWER AUTHORITY OF THE
CITY OF SCRANTON**

By: _____
Name:
Title:

Schedule 1

Effective Date: [●]

Seller: **The Sewer Authority of the City of Scranton.**
Seller Notice Address: The Sewer Authority of the City of Scranton
312 Adams Ave.
Scranton, PA 18503
Attention: Executive Director
Facsimile: [●]

With a copy to: Jeff Belardi, Esq.
Co-Solicitor
The Sewer Authority of the City of Scranton
[●]
Facsimile: [●]

and Paul J. Walker, Esq.
Co-Solicitor
The Sewer Authority of the City of Scranton
[●]
Facsimile: [●]

and Buchanan Ingersoll & Rooney PC
Two Liberty Place
50 S. 16th Street, Suite 3200
Philadelphia, PA 19102-2555
Attention: Steven W. Smith, Esquire.
Facsimile: 215.665.8760

Seller TIN: [●]

Buyer: **Pennsylvania-American Water Company**
Buyer Notice Address: Pennsylvania-American Water Company
800 West Hershey Park Drive
Hershey, PA 1703
Attention: General Counsel
Facsimile: [●]

With a copy to : American Water Works Company, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

Attention: Senior Vice President, Strategy and
Business Development
Facsimile: [●]

and

Reed Smith LLP
Three Logan Square
1717 Arch Street, Suite 3100
Philadelphia, PA 19103
Attention: Brian C. Miner
Facsimile: (215) 851-1420

Buyer TIN: [●]

Escrow Agent: **Delaware Trust Company**
Escrow Agent Notice Address: 2711 Centerville Road, Suite 400
Wilmington, DE 19808
Attn: Escrow Administration
Telephone: (866) 291-6119
Facsimile: (302) 636-8666

Escrow Agent Fees:

\$1,000.00 - set up fee payable in advance of the closing of the transaction

\$2,500.00 – Indemnity Escrow Account - escrow agent fee payable in advance of the closing of the transaction and upon each subsequent annual anniversary date.

[\$2,000.00 – Withdrawal Liability Escrow Account [if needed] – escrow agent fee payable in advance of the closing of the transaction and upon each subsequent annual anniversary date.]

TRANSACTION FEES:

Wire transfer of fund: \$35.00/domestic wire initiated; \$75.00/international payment

Checks Cut: \$10.00/check cut

1099 Preparation: \$12.00/1099 prepared

1042-S Preparation: \$50.00/per 1042-S

Returned Check: \$30.00/returned item

An additional annual fee of 15 basis points on the escrow account balance payable in advance may be charged for investments other than institutional money market funds with which the Escrow Agent has established servicing arrangements. Out-of-pocket expenses, fees and disbursements and services of an unanticipated or unexpected nature are not included in the above schedule and will be billed at cost.

(a) Indemnity Escrow Deposit: \$5,000,000

(b) [Withdrawal Liability Escrow Deposit: \$[●]]

Investment (Indemnity Escrow Deposit): [select one]

- BlackRock Temp Fund Cash Management Class (the "Share Class"), an institutional money market mutual fund for which the Escrow Agent serves as shareholder servicing agent and/or custodian or subcustodian. The parties hereto: (i) acknowledge the Escrow Agent's disclosure of the services the Escrow Agent is providing to and the fees it receives from BlackRock; (ii) consent to the Escrow Agent's receipt of these fees in return for providing shareholder services for the Share Class; and (iii) acknowledge that the Escrow Agent has provided on or before the date hereof a BlackRock Temp Fund Cash Management Class prospectus which discloses, among other things, the various expenses of the Share Class and the fees to be received by the Escrow Agent.
- Such other investments as the Buyer, the Seller and the Escrow Agent may from time to time mutually agree upon in a writing executed and delivered by the Buyer and the Seller and accepted by the Escrow Agent.
- The Indemnity Escrow Deposit shall be held in a non-interest bearing account.

Investment (Withdrawal Liability Escrow Deposit): [select one]

- BlackRock Temp Fund Cash Management Class (the "Share Class"), an institutional money market mutual fund for which the Escrow Agent serves as shareholder servicing agent and/or custodian or subcustodian. The parties hereto: (i) acknowledge the Escrow Agent's disclosure of the services the Escrow Agent is providing to and the fees it receives from BlackRock; (ii) consent to the Escrow Agent's receipt of these fees in return for providing shareholder services for the Share Class; and (iii) acknowledge that the Escrow Agent has provided on or before the date hereof a BlackRock Temp Fund Cash Management Class prospectus which discloses, among other things, the various expenses of the Share Class and the fees to be received by the Escrow Agent.
- Such other investments as the Buyer, the Seller and the Escrow Agent may from time to time mutually agree upon in a writing executed and delivered by the Buyer and the Seller and accepted by the Escrow Agent.
- The Withdrawal Liability Escrow Deposit shall be held in a non-interest bearing account.]

Schedule 2²

Telephone Number(s) for Call-Backs and

Person(s) Designated to Confirm Funds Transfer Instructions

If to the Buyer:

	<u>Name</u>	<u>Telephone Number</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____

If to the Seller:

	<u>Name</u>	<u>Telephone Number</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____

Telephone call-backs may be made to both the Buyer and the Seller if joint instructions are required pursuant to this Escrow Agreement.

² Note to Draft: To be provided.

RESOLUTION
OF THE BOARD OF
THE SEWER AUTHORITY OF THE CITY OF SCRANTON,
PENNSYLVANIA
MARCH 28, 2016

**SELLING THE ASSETS, AND SELLING ALL RIGHT,
TITLE AND INTEREST IN THE ASSETS, THAT CONSTITUTE
AND COMPRISE THE WASTEWATER COLLECTION SYSTEM
AND WASTEWATER TREATMENT PLANT OF THE SEWER
AUTHORITY OF THE CITY OF SCRANTON AND CONVEYING
THEREWITH ALL PERMITS, REVENUES, REAL ESTATE,
OBLIGATIONS AND LIABILITIES OF THE SEWER
AUTHORITY OF THE CITY OF SCRANTON**

A RESOLUTION AUTHORIZING THE SALE OF THE SEWER AUTHORITY OF THE CITY OF SCRANTON'S WASTEWATER COLLECTION SYSTEM AND WASTEWATER TREATMENT PLANT; AUTHORIZING THE ENTERING INTO OF AN ASSET PURCHASE AGREEMENT AS THE SOLE AND SINGULAR MEANS OF CONVEYANCE OF SAID COLLECTION SYSTEM AND TREATMENT PLANT; AND AUTHORIZING THE OFFICERS OF THE BOARD OF DIRECTORS OF THE SEWER AUTHORITY OF THE CITY OF SCRANTON TO SIGN AN ASSET PURCHASE AGREEMENT AND ANY AND ALL DOCUMENTS NECESSARY TO EFFECTUATE THE TRANSACTION CONTEMPLATED IN SAID ASSET PURCHASE AGREEMENT.

WHEREAS, The Sewer Authority of the City of Scranton, Pennsylvania (the "Authority"), a public body, body corporate, body politic, and extension of the Commonwealth, created and existing under the Municipality Authorities Act of 1945, as amended and supplemented; and

WHEREAS, the Authority, which primarily services the residents and ratepayers of the City of Scranton and the Borough of Dunmore, acting by and through a Board of Directors, owns and operates a wastewater collection system and wastewater treatment plant (the "System"); and

WHEREAS, the collection system is a 100 year-old, gravity fed, combined sewer and stormwater, conveyance system with a 60 MGD capacity, wastewater treatment plant built in 1969-1970; and

WHEREAS, as a result of litigation brought by the United States Department of Justice (“USDOJ”) on behalf of the United States Environmental Protection Agency (“USEPA”), (United States of America v. The Sewer Authority of the City of Scranton, Civil Action No. 3:CV-09-1873) for combined sewer overflow events in wet and dry weather scenarios alike, the Authority entered into a Consent Decree with DOJ, dated November 15, 2012 and signed by DOJ on December 13, 2012, and, thereunder, the Authority has committed to a 25 year, Long Term Control Plan, infrastructure improvement obligation to minimize, and to a certain extent in a majority of the system eliminate, combined sewer overflows at estimated construction costs of 140 million, said improvements requiring a series of rate increases; and

WHEREAS, the Authority, after thorough investigation and significant deliberation, has determined that the synergies, economies of scale, multiple abilities to raise capital, and expertise of a nationwide water and sewer public utility are the best way to accomplish the environmental goals contemplated by the Consent Decree and are in the best interests of the ratepayers of the City of Scranton and the Borough of Dunmore; and

WHEREAS, the Authority issued on March 3, 2015, a Request for Proposals (“RFP”) regarding the management and/or sale of the System, as it explored ways to achieve operating efficiencies, to improve wastewater service, to keep future customer rates as low as possible and to raise the capital necessary to fund and implement the important, necessary, and federally mandated infrastructure improvements; and

WHEREAS, Pennsylvania American Water Company (“PAWC”), among other potential buyers, responded to the RFP and, subsequently, to the Authority’s request for Best and Final Offers (“BAFO”), and engaged in extensive discussions with the Authority which resulted in the Authority and PAWC entering into a Memorandum of Understanding (“MOU”), dated December 15, 2015, which was modified on March 14, 2016, for the sale and transfer of the System; and

WHEREAS, the Authority, on January 14, 2016, hired the law firm of Buchanan Ingersoll & Rooney to aid in the transaction contemplated herein, to draft a definitive agreement that encapsulates the terms of the MOU and the subsequent agreements between the parties, and to file a joint application to the Pennsylvania Public Utility Commission (“PAPUC”) with PAWC; and

WHEREAS, the Authority and PAWC, since executing the MOU, have engaged in extensive due diligence, discussions and negotiations and have agreed upon terms for an Asset Purchase Agreement (“APA”) in substantially the same form presented to the Authority and its Board of Directors herewith; and

WHEREAS, in reliance upon the representations, warranties and covenants of the Authority set forth in the APA, the Authority shall (i) sell, transfer, assign and deliver to the PA WC all the

assets of the Sewer System (other than excluded assets) and in connection therewith and II transfer certain ongoing obligations and liabilities to PAWC (which they agree to assume) that relate to the operation of the system, all on the terms and subject to the condition set forth in the APA; and

WHEREAS, pursuant to the terms of the APA, the customers of the System will experience in the first ten years after the transaction a significant reduction in the Authority's currently planned sewer rates, meaning that, as per the terms of the APA, the sewer rates will not increase to the extent that the Authority, acting on its own, would require; and

WHEREAS, the APA sets forth that during the first ten years of ownership PAWC may not raise the sewer rates more than an average of 1.9% compound annual growth rate ("CAGR") per year; and

WHEREAS, the APA will shift to PAWC the obligations of Consent Decree compliance and Long Term Control Plan implementation currently estimated to be at or near \$140,000,000; and

WHEREAS, the purchase price for the sale, transfer, assignment, conveyance and delivery of the assets shall be One Hundred Ninety-Five Million Dollars (\$195,000,000.00) subject to the adjustments contemplated in the APA; and

WHEREAS, in the opinion of the Board of Directors of the Authority, it is in the best interests of the Authority, the ratepayers, the stakeholders, the City of Scranton and the Borough of Dunmore, to sell the Authority's assets pursuant to the terms of the APA;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of The Sewer Authority of the City of Scranton, Pennsylvania hereby authorizes to the Authority enter into execute and deliver the APA and other related documents and take all necessary actions necessary to close the transaction herein contemplated and be it;

1. TRANSACTIONS

FURTHER RESOLVED, In reliance upon the representations, warranties, and covenants of the Authority set forth in the Asset Purchasing Agreement, the authority shall sell, transfer, assign, and deliver to PAWC all the assets of the Sewer System (other than excluded assets) and in connection therewith, to PAWC. The Authority shall transfer certain ongoing obligations and liabilities to PAWC (which the agree to assume) that relate to the operation of the System, all on the terms and subject to the conditions set forth in the Asset Purchasing Agreement; and be it

2. SALE PRICE

FURTHER RESOLVED, The Authority of the City of Scranton shall enter into an Asset Purchase Agreement with the PAWC in the gross total price of 195,000,000. Said price shall be reduced by the amount necessary to bring closing Cash Balance to 38,340,626.00 Further, at closing there will be a cost of full defeasances of the total amount of the outstanding

indebtedness as of the closing effective time; and be it

3. REDUCTIONS IN SALE PRICE:ESCROW

FUTHER RESOLVED, Authority agrees that an Escrow in the amount of Five Million (\$5,000,000) Dollars shall be held for a period of eighteen months to ensure the representations and warranties made by the Authority. Further, Authority shall be responsible to secure a policy of insurance for other representations and warranties to secure any and all amounts above the five million dollar escrow not to exceed 12.5 million dollars; and be it

4.TRANSFER TAXES

FURTHER RESOLVED, the Authority agrees to pay Twenty-Five (25%) percent of said transfer tax, not to exceed \$100, 562.28 of the estimated transfer tax. (estimated to be \$403,000.00) ; and be it

5. ASSETS TO BE TRANFERRED

FURTHER RESOLVED, the Authority shall transfer all assets, properties, business, goodwill and rights of the Authority of every kind and description, whether tangible or intangible, real, personal, leased or owned, which are used for the operation of the system shall be transferred unless specifically excluded.

FURTHER RESOLVED, that the Authority shall transfers its cash and cash equivalents, including certain accounts receivable, assigned contracts, supplies, equipment, machinery, system pipes, plants and plant equipment security deposits, files and records, license and permits, combined sewer system assets and goodwill, and any other assets as defined by the APA; and be it

6. EXCLUDED ASSETS

FURTHER RESOLVED, that the Authority shall exclude from the sale all storm water system assets; all insurance policies and rights to applicable claims thereunder- certain equipment and machinery necessary to operate the storm water system, excluded accounts receivable and liens held by the Authority which are not assignable as a matter of law, as provide in the APA; and be it

7.ASSUMED LIABILITIES

FURHTER RESOLVED, that the Authority by way of the APA and as a fundamental condition to this Resolution and the execution of the APA shall be discharged from and PAWC shall assume all liabilities and obligations under what is commonly referred to as the "Consent Decree." PAWC shall assume responsibilities for any obligations regarding implementation of the CSO Control Measures to be performed after closing; and be it

8. WASTE WATER RATES

FURTHER RESOLVED that the Authority is authorizing the transaction with the express understanding that (i) PAWC will not implement any rate increase for the Service Area wastewater customers that would effective prior to January 1, 2018, (ii) PAWC will not implement a rate increase for the Service Area wastewater customers greater than the average 1.9% CAGR over the initial ten (10) year period, and (iii) the APA sets forth additional restrictions for rate increases for years eleven(11) through thirteen (13); and be it

9. EMPLOYMENT MATTERS

FURTHER RESOLVED that the Authority is entering this transaction with the understanding that PAWC will offer employment to Union and Non-Union personnel with overall benefits and at a rate of compensation that is substantially comparable to the compensation offered by the Authority, as of April 1, 2016; and be it

10. COOPERATION

FURTHER RESOLVED that the Authority shall cooperate with PAWC to effectuate the transaction herein contemplated, including but not limited to; (i) filing with any Court and the Pennsylvania Public Utility Commission, and(ii) filing a joint motion with the United States Department of Justice in the United States District Court for the Middle District of Pennsylvania; and be it


11. AUTHORIZATION

FURTHER RESOLVED, that the Authority hereby authorizes and directs any of its officers to execute, and to deliver the Asset Purchase Agreement in substantially the form provided to the Board of Directors with such changes as approved by the Authority Solicitors. and such other documents and to do such other things as may be necessary to carry out the purposes of the Asset Purchase Agreement.

Adopted this 25TH day of March 2016.

ATTEST:

THE SEWER AUTHORITY OF THE CITY OF SCRANTON, PENNSYLVANIA



SECRETARY



CHAIRMAN

(AUTHORITY SEAL)

PENNSYLVANIA AMERICAN WATER

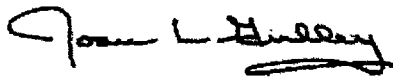
Unanimous Consent of Directors

The undersigned, being all of the Directors of Pennsylvania American Water, a Pennsylvania corporation (the "Company"), do hereby approve, adopt and consent to the following resolutions and agree that said resolutions shall have the same force and effect as though duly adopted at a meeting of the Board of Directors duly called and held:

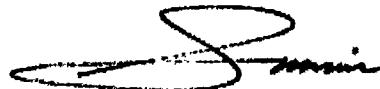
RESOLVED, that the proper officers of the Company be, and hereby are, authorized and directed to execute and deliver to the Scranton Sewer Authority an agreement to purchase assets of the Scranton Sewer Authority's wastewater system; and

RESOLVED, that the proper officers including but not limited to the President or a Vice President of the Company be, and hereby are, authorized and directed to execute and deliver any and all documents, make all filings and do any other thing which they may deem necessary, proper or desirable to effectuate the purposes of the foregoing resolution, and to carry out the closing of the purchase of the Scranton Sewer Authority's wastewater system.

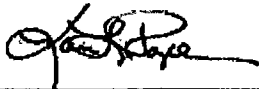
All signatures need not appear on the same copy of this consent.



J.L. Gulley
03.15.2016 1:30 PM



R.W. Simms
03.14.2016 3:34 PM



K.L. Pape
03.21.2016 9:14 AM



W.M. Varley
03.18.2016 10:31 AM



R.M. Ross
03.14.2016 3:56 PM

EXHIBIT F
FORM OF ABTRACTOR SEARCH RESULT CHART

OWNERNAME	LOCATION	ADDRESS	CITYSTATE	ZIPCODE	PRMAP	DEEDBOOKNO	DEEDPAGENO	DBKnbr	DBKpg
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DISCLOSURE SCHEDULES (THE "SCHEDULES")

TO THE

ASSET PURCHASE AGREEMENT

(THE "AGREEMENT")

DATED MARCH 29, 2016

BY AND BETWEEN

THE SEWER AUTHORITY OF THE CITY OF SCRANTON, and

PENNSYLVANIA-AMERICAN WATER COMPANY

UNLESS THE CONTEXT OTHERWISE REQUIRES, CAPITALIZED TERMS USED HEREIN WHICH ARE NOT OTHERWISE DEFINED SHALL HAVE THE RESPECTIVE MEANINGS ASCRIBED TO SUCH TERMS IN THE AGREEMENT.

SECTION NUMBERS IN THESE SCHEDULES CORRESPOND TO THE SECTION NUMBERS IN THE AGREEMENT; PROVIDED, HOWEVER, THAT WITH RESPECT TO SCHEDULES CORRESPONDING TO ARTICLE IV AND ARTICLE V OF THE AGREEMENT, ANY DISCLOSURE IN A PARTICULAR SECTION OR SUBSECTION OF THESE SCHEDULES SHALL BE DEEMED TO BE AN EXCEPTION TO (OR, AS APPLICABLE, A DISCLOSURE FOR PURPOSES OF) THE PARTICULAR REPRESENTATION OR WARRANTY THAT IS CONTAINED IN THE CORRESPONDING SECTION OR SUBSECTION OF THE AGREEMENT AND ANY OTHER REPRESENTATION OR WARRANTY MADE IN THE AGREEMENT (OTHER THAN SECTION 4.15 OF THE AGREEMENT) IF THE RELEVANCE OF THAT REFERENCE AS AN EXCEPTION TO (OR, AS APPLICABLE, A DISCLOSURE FOR PURPOSES OF) SUCH REPRESENTATION OR WARRANTY IS REASONABLY APPARENT ON THE FACE OF SUCH DISCLOSURE, NOTWITHSTANDING THE OMISSION OF A SPECIFIC CROSS-REFERENCE.

ANY ATTACHMENTS TO ANY SECTION OF THESE SCHEDULES FORM AN INTEGRAL PART OF THESE SCHEDULES AND ARE INCORPORATED BY REFERENCE FOR ALL PURPOSES AS IF SET FORTH FULLY HEREIN. REFERENCES TO ALL AGREEMENTS AND DOCUMENTS IN THESE SCHEDULES ARE ONLY SUMMARIES AND ARE NOT INTENDED TO BE FULL DESCRIPTIONS OF SUCH AGREEMENTS AND DOCUMENTS. IN NO EVENT SHALL ANY DISCLOSURE HEREUNDER BE DEEMED TO CONSTITUTE AN ACKNOWLEDGMENT THAT SUCH DISCLOSURE IS MATERIAL TO THE BUSINESS OR FINANCIAL CONDITION OF THE SELLER OR THE SYSTEM.

THE SCHEDULES HEREIN CORRESPONDING TO ARTICLE IV AND ARTICLE V OF THE AGREEMENT AND THE INFORMATION AND DISCLOSURES CONTAINED IN SUCH SCHEDULES, ARE INTENDED ONLY TO QUALIFY AND LIMIT THE REPRESENTATIONS AND WARRANTIES OF THE SELLER CONTAINED IN ARTICLE IV OF THE AGREEMENT AND OF THE BUYER CONTAINED IN ARTICLE V OF THE AGREEMENT, AS APPLICABLE, AND SHALL NOT BE DEEMED TO EXPAND IN ANY WAY THE SCOPE OR EFFECT OF ANY OF SUCH REPRESENTATIONS OR WARRANTIES.

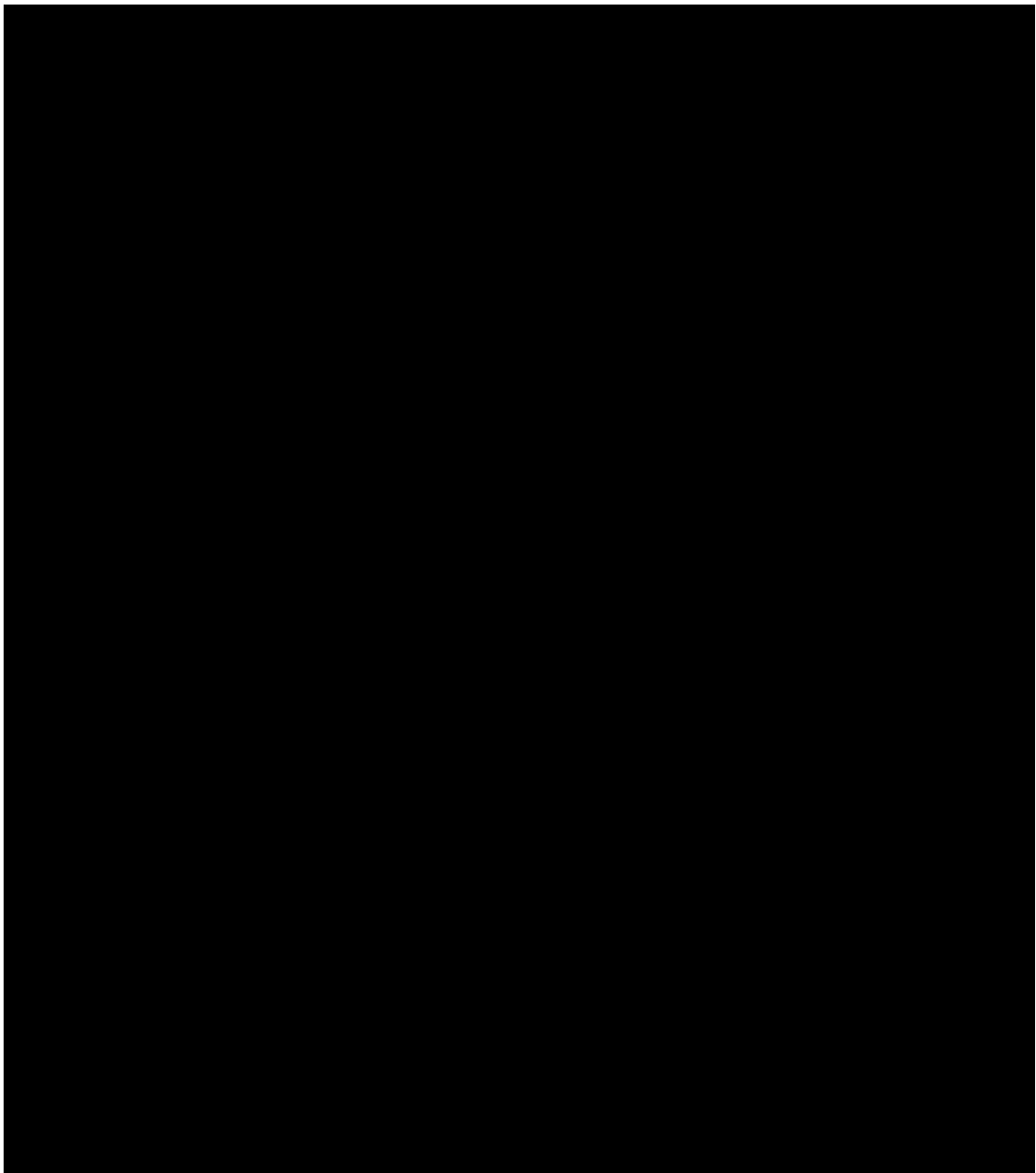
THE REPRESENTATIONS, WARRANTIES, COVENANTS AND OTHER OBLIGATIONS AND AGREEMENTS OF THE SELLER IN THE AGREEMENT ARE MADE, GIVEN AND UNDERTAKEN SUBJECT TO THE DISCLOSURES IN THESE SCHEDULES AND AS PROVIDED IN THE AGREEMENT.

SCHEDULE 1.01
CERTAIN PERMITTED LIENS

None

SCHEDULE 2.01(c)
ASSIGNED CONTRACTS

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.



SCHEDULE 2.01(h)
INTANGIBLE ASSETS

None

SCHEDULE 2.02(d)

EXCLUDED INTELLECTUAL PROPERTY

None

SCHEDULE 2.02(h)
ADDITIONAL EXCLUDED ASSETS

None

SCHEDULE 2.02(i)

RETAINED EQUIPMENT AND MACHINERY

1. 2011 INTERNATIONAL GAPVAX MC SERIES VACTOR
1HTMMAAL3BJ387003, VIN# 1HTMMAAL3BJ387003
2. 2015 FORD F250 TRUCK, VIN# 1FTBF2B68FEB55265
3. 2015 MACK GU713 DUMP TRUCK, VIN# 1M2AX04C1FM025121
4. 2014 SCHWARZE , VIN# 3ALACXDTXEDFN5049
5. 2003 MACK CLAM TRUCK DIESEL, VIN# 1M2P263CX3M034392
6. 1989 INGERSOL RAND COMPRESSOR 41, VIN# 237964UHD328
7. 1999 JOHN DEERE 310E BACKHOE, VIN# T0310EX873031
8. 2007 QUICKVIEW E-5100-9002 CAMERA, VIN#0807QV02

SCHEDULE 2.02(o)

MS4 SYSTEM REAL PROPERTY

None

SCHEDULE 4.03

EXCEPTIONS TO NO CONFLICT OR VIOLATION

1. All consents required pursuant to Schedule 4.04.

SCHEDULE 4.04

CONSENTS AND APPROVALS

1.

[REDACTED]

2.

[REDACTED]

[REDACTED]

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[REDACTED]

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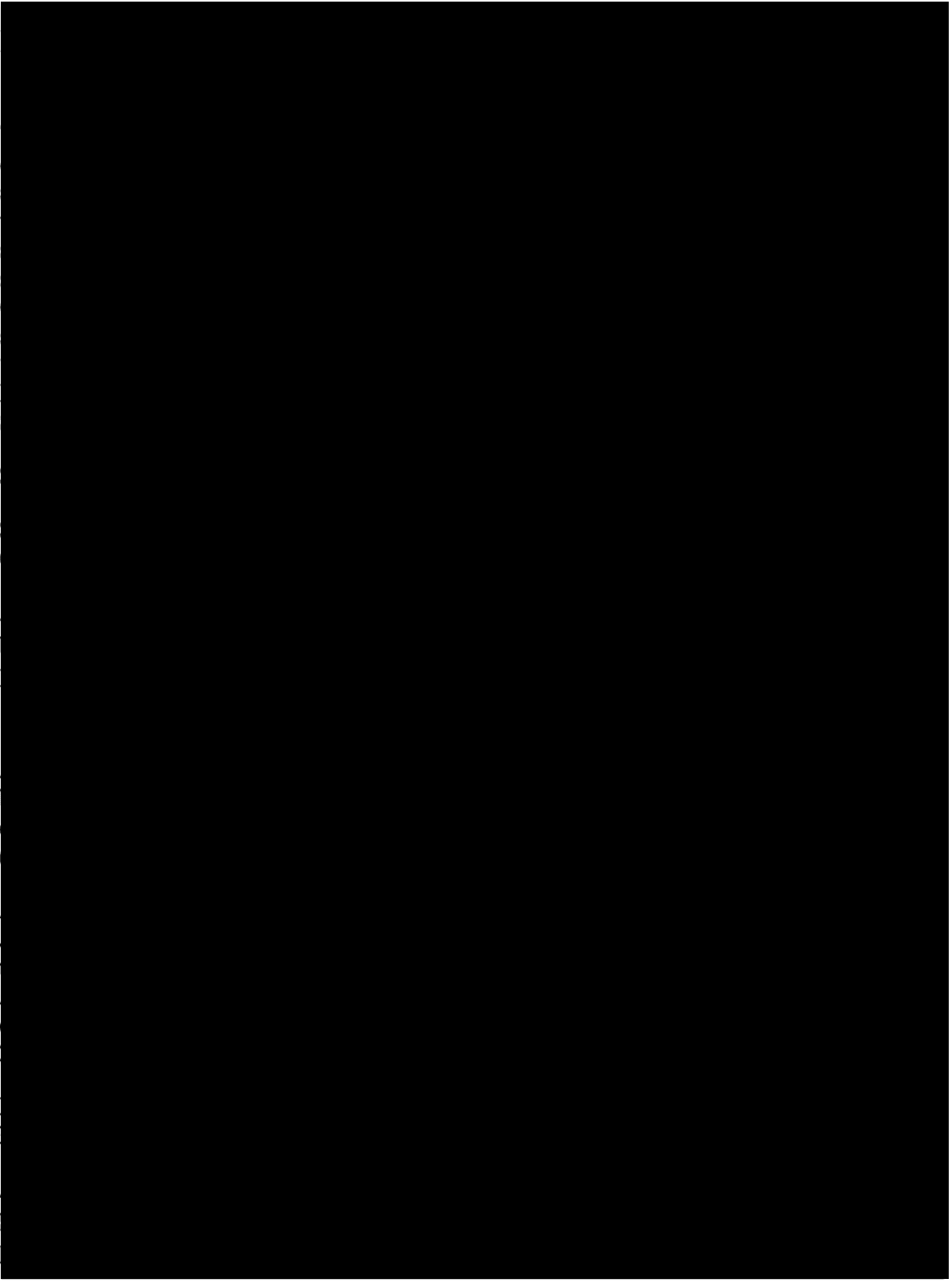
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SCHEDULE 4.05

FINANCIAL STATEMENTS

1. As reflected in the notes to The Sewer Authority of the City of Scranton, A Component Unit of the City of Scranton Independent Auditor's Report dated March 31, 2015, the Seller omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial in an appropriate operational, economic or historical context.

See Financial Statements attached.

**THE SEWER AUTHORITY OF THE CITY OF SCRANTON
A COMPONENT UNIT OF THE CITY OF SCRANTON
INDEPENDENT AUDITORS' REPORT
MARCH 31, 2015**

THE SCRANTON SEWER AUTHORITY OF THE CITY OF SCRANTON
 INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES
 AND SINGLE AUDIT ATTACHMENTS
 YEAR ENDED MARCH 31, 2015

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THE SCRANTON SEWER AUTHORITY OF THE CITY OF SCRANTON
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YEAR ENDED MARCH 31, 2015

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CERTIFIED PUBLIC ACCOUNTANTS

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RALPH R. MORRIS, III, C.P.A.

September 22, 2015

Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

We have performed the Single Audit of The Sewer Authority of the City of Scranton for the fiscal year ended March 31, 2015, and have enclosed the Single Audit report package.

The Single Audit was done to fulfill the requirements of OMB Circular A - 133. It entailed: 1. An audit of the basic financial statements and Supplementary Schedule of Expenditures of Federal Awards and our opinion thereon; 2. A review of Compliance and Internal Controls over Financial Reporting Based on an audit of Financial Statements performed in accordance with Governmental Auditing Standards and 3. A review of compliance with requirements applicable to each major program and internal controls over compliance in accordance with OMB Circular A - 133.

A management letter was not issued and therefore is not included as part of our report.

Robert Rossi & Co

REPORT DISTRIBUTION LIST

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Jeffersonville, Indiana 47132
Attn: Single Audit Clearing House

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INDEPENDENT AUDITORS' REPORT

September 22, 2015

To the Board of Directors
The Sewer Authority of the City of Scranton

Report on the Financial Statements

We have audited the accompanying financial statements of The Sewer Authority of Scranton, a component unit of the City of Scranton, as of and for the year ended March 31, 2015, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The Sewer Authority of the City of Scranton, a component unit of the City of Scranton, as of March 31, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

In connection with our audit, nothing came to our attention that caused us to believe that the Authority was not in compliance with the provisions of the Trust Indenture between The Sewer Authority of the City of Scranton, Pennsylvania and Fidelity Deposit and Discount Bank insofar as they relate to accounting and auditing matters. It should be noted, however, that our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Sewer Authority of the City of Scranton's basic financial statements. The supplementary information on Pages 31 and 32, as listed in the table of contents, are presented for purposes of additional analysis and are not required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information on pages 31 and 32, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 31 and 32, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2015, on our consideration of The Sewer Authority of the City of Scranton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Sewer Authority of the City of Scranton's internal control over financial reporting and compliance.

Robert Rossi & Co.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF NET POSITION
MARCH 31, 2015

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 11,281,286
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$2,800,000	6,420,244
Other Current Assets	<u>950,293</u>

TOTAL CURRENT ASSETS \$ 18,651,823

NONCURRENT ASSETS

Restricted Assets - See Schedule I	
Cash and Cash Equivalents	\$ 404,125
Investments	26,006,275
Accrued Interest Receivable	<u>593</u>

Total Restricted Assets \$ 26,410,993

Accounts Receivable - Assessments 382,963

Capital Assets

Property, Plant and Equipment, Net	<u>74,660,819</u>
------------------------------------	-------------------

TOTAL NONCURRENT ASSETS 101,454,775

TOTAL ASSETS \$ 120,106,598

DEFERRED OUTFLOWS OF RESOURCES

Deferred Bond Insurance Costs	\$ 526,811
Deferred Loss on Extinguishment of Debt	<u>353,975</u>

TOTAL DEFERRED OUTFLOWS OF
RESOURCES \$ 880,786

"See accompanying notes and independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF NET POSITION
MARCH 31, 2015

LIABILITIES

CURRENT LIABILITIES (Payable from Current Assets)	
Lines of Credit	\$ 0
Current Portion of Long-Term Debt	1,499,261
Accounts Payable	715,074
Accrued Interest Payable	33,166
Accrued Payroll and Payroll Taxes	211,632
Current Portion of Compensated Absences	450,866
	\$ 2,909,999
TOTAL CURRENT LIABILITIES (Payable from Current Assets)	
CURRENT LIABILITIES (Payable from Restricted Assets)	
Revenue Bonds Payable	\$ 850,000
Accrued Revenue Bond Interest Payable	677,918
Accrued Expenses	1,302,859
	2,830,777
TOTAL CURRENT LIABILITIES (Payable from Restricted Assets)	
NONCURRENT LIABILITIES	
Long-Term Debt, Net of Current Portion	\$ 59,583,288
Compensated Absences, Net of Current Portion	302,724
	59,886,012
TOTAL NONCURRENT LIABILITIES	
TOTAL LIABILITIES	
	\$ 65,626,788
DEFERRED INFLOWS OF RESOURCES	
Deferred Bond Premium	\$ 85,261
	85,261
TOTAL DEFERRED INFLOWS OF RESOURCES	
	\$ 85,261
NET POSITION	
Invested in Capital Assets, Net of Related Debt	\$ 14,373,795
Restricted for Debt Service and Capital Expenditure	23,580,216
Unrestricted	17,321,324
	\$ 55,275,335
TOTAL NET POSITION	

"See accompanying notes and independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2015

OPERATING REVENUES

Sewer Rental Charges, including penalties and interest, net of credit adjustments	<u>\$ 22,694,320</u>
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TOTAL OPERATING REVENUES	\$ 22,694,320
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OPERATING EXPENSES

Sewer Plant and Sewer System - Schedule II	\$ 9,023,339
Administrative and General - Schedule II	3,175,042
Depreciation Expense	<u>2,934,041</u>

TOTAL OPERATING EXPENSES	<u>15,132,422</u>
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OPERATING INCOME	\$ 7,561,898
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NON OPERATING REVENUES (EXPENSES)

Investment Revenues	\$ 69,933
Interest Expense	(1,495,454)
Amortization of Bond Insurance Cost	(122,868)
Bond Issuance Costs	(201,918)
Amortization of Bond Premium	6,378
Other Revenue	<u>288,866</u>

TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(1,455,063)</u>
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CHANGE IN NET POSITION	\$ 6,106,835
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NET POSITION, BEGINNING OF YEAR	<u>49,168,500</u>
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NET POSITION, END OF YEAR	<u><u>\$ 55,275,335</u></u>
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"See accompanying notes and independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 21,962,246
Cash Payments to Suppliers for Goods and Services	(4,948,175)
Cash Payments to Employees for Services	<u>(7,022,340)</u>
Net Cash Flows Provided by Operating Activities	\$ 9,991,731
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Other Revenue Received	<u>\$ 288,866</u>
Net Cash Flows Provided by Noncapital Financing Activities	288,866
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payment of Debt	\$ (2,272,565)
Payment of Interest	(2,514,849)
Proceeds from Loans Payable	6,460,304
Revenue Bond Payable, Net of Discount Issued for Refunding Debt	9,791,045
Payment of Bond Issuance Costs	(201,918)
Payment of Bond Insurance Costs	(48,511)
Payment to Escrow for Refunding Debt - Principal	(9,285,000)
Payment to Escrow for Refunding Debt - Interest	(451,963)
Capital Grant	125,000
Purchase and Construction of Capital Assets	<u>(6,806,292)</u>
Net Cash Flows Used for Capital and Related Financing Activities	(5,204,749)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from Maturity of Investments	\$ 2,303,962
Purchase of Investments	(8,483,903)
Receipt of Interest	<u>73,994</u>
Net Cash Flows Used in Investing Activities	<u>(6,105,947)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (1,030,099)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,715,510</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,685,411</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 7,561,898
Depreciation	2,934,041
(Increase) in Accounts Receivable	(120,612)
(Increase) in Other Current Assets	(430,371)
Decrease in Accounts Receivable - Assessments	3,166
Increase in Accounts Payable	76,962
(Decrease) in Other Liabilities	(1,523)
(Decrease) in Compensated Absences	<u>(31,830)</u>
	<u>\$ 9,991,731</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:	
Non-Cash Financing - Bond Premium Amortization	\$ 6,378
Non-Cash Financing - Bond Insurance Cost Amortization	\$ (122,868)
Non-Cash Financing - Bond Original Issue Discount Accretion	\$ 2,551
Non-Cash Financing - Loss on Debt Extinguishment Amortization	\$ 6,764

"See accompanying notes and independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Organization: The Sewer Authority of the City of Scranton (the Authority) is a body corporate and politic organized under the Pennsylvania Municipalities Act of 1945, P.C. 382, as amended and supplemented. By a Certificate of Joinder dated August 17, 1966, the Borough of Dunmore became an Authority member.

On July 14, 1971, the City of Scranton appointed the Authority to be its agent in the operation of the sewer system. The terms of this service agreement continue for a one-year period and will automatically extend itself on a year-to-year basis until one of the parties thereto gives notice of its intent to cancel 30 days prior to the termination of any yearly period.

The Sewer Authority of the City of Scranton, Pennsylvania, has determined that it is a component unit of the City of Scranton since the City has guaranteed the Authority's loans with the Pennsylvania Infrastructure Investment Authority (PENNVEST); therefore, the Authority is included in the reporting entity of the City of Scranton.

Reporting Entity: The reporting entity has been defined in accordance with the criteria established in GASB Statement No. 39, "Determining Whether Organizations are Component Units. The specific criteria used is as follows: a) financial interdependency; b) selection of governing authority; c) designation of management; d) ability to significantly influence operations; e) accountability for fiscal matters; f) scope of public service; and g) special financing relationships. As defined, there are no other related organizations, which should be included in the financial statements.

Basis of Accounting: The Sewer Authority of the City of Scranton, Pennsylvania uses the accrual basis of accounting. The Authority's revenues are recognized when earned and expenses are recognized when the obligation is incurred. The Authority applies the financial reporting guidance of GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which has incorporated all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basis of Presentation: The fund category used by the Authority is the proprietary fund. Proprietary category funds are used to account for and report those governmental activities that are designed to be self-supporting from fees charged to consumers of the funds, goods and services or where the governing board has decided that the periodic determination of revenues, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The accounting and financial reporting practices of proprietary funds are similar to those used for business enterprises and focus on capital maintenance and the flow of economic resources.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary fund statements provide both long-term and short-term financial information which is similar to the information reported by a business-type entity. Net position is segregated into invested in capital assets, net of related debt; restricted for debt service and capital expenditures; and unrestricted components. Net position is increased by revenues and decreased by expenses.

Two fund types are included in the proprietary fund category: enterprise and internal service funds. The Authority uses the enterprise fund type.

Enterprise funds account for operations that provide goods or services to the general public on a continuing basis. Such operations are financed and operated in a manner similar to private businesses and are intended to be self-supporting through charges to users.

Measurement Focus: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of each fund are included on the Statement of Net Position. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sewer system services. Operating expenses for enterprise funds include the costs of sewer system services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts: The Authority's policy for providing for uncollectible accounts is to charge current year earnings for accounts receivable considered currently uncollectible based on the historical collection experience of the Authority and collection percentages applicable to public utilities.

A major portion of the allowance for doubtful accounts is felt to be collectible in the future because of the Authority's power to convert past due accounts into municipal claims. This procedure is an operation of law and the claims have the status of a legal lien or judgment. There are currently in force municipal claims of approximately \$4,833,000.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments: All of the Authority's investments are classified as held-to-maturity.

Property, Plant and Equipment: Property, plant and equipment are stated at cost. Normal maintenance and repairs are charged to expense as incurred; major renewals and extraordinary repairs, which extend the useful life of an asset, are capitalized. Depreciation is provided using the straight-line method based on the following estimated useful lives:

	<u>Useful Life</u>
Land	Not Applicable
Sewer Treatment Plant	40 years
Land Improvements	10 years
Operating Equipment	10 years
Vehicles	3-6 years
Extraordinary Repairs:	
Sewer System	20 years
Equipment	5 years

Impairment of Long-Lived Assets: Management reviews long-lived assets held and used by the Authority for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

Accrued Compensated Absences: It is the Authority's policy to permit employees to accumulate vacation and sick days which will be paid to employees upon separation from the Authority's service. These amounts have been recorded in the statement of net position split between current and noncurrent liabilities as noted in the statement.

Statements of Cash Flows: For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Cash and cash equivalents, at March 31, 2015 were as follows:

Unrestricted	\$11,281,286
Restricted	<u>404,125</u>
Total Cash and Cash Equivalents	<u>\$11,685,411</u>

Interest paid by the Authority for the year ended March 31, 2015, amount to \$2,514,849. Of this amount, \$1,001,445 was capitalized as construction-in-progress.

Accounting for Authority Bond Issues: The Authority financed the construction of the sewer system through the issuance of two series of bonds designated as Sewer Assessment Bonds in the aggregate principal of \$2,600,000 and Sewer Revenue Bonds in the aggregate principal amount of \$33,000,000. The bond issue is subject to the provision of a Trust Indenture dated April 1, 1968 between the Authority and JP Morgan (formerly Chase Manhattan Bank) as Trustee. The bond issue was defeased July, 2000.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

In September 2007, the Authority issued bonds in the amount of \$16,810,000, with a final maturity of December 2036, with interest costs varying from 3.70% to 5.00%. Proceeds from the bonds were turned over to the Trustee for initial distribution to various funds in accordance with the terms of the Trust Indenture of the Authority. The Trustee maintains all funds enumerated in Note 2 and shall continue to function for the life of this bond issue in the collection of rentals, the payment of operating expenses and semi-annual interest payments, and the repurchase and retirement of bonds until the ultimate retirement of all outstanding bonds.

In June 2011, the Authority issued sewer revenue bonds in the amount of \$29,475,000, with a final maturity of December 2035, with interest costs varying from 1.28% to 6.3%. The bond issue is subject to the provision of a Trust Indenture dated as of September 1, 2007, as supplemented by a First Supplemental Indenture dated June 1, 2011 between the Authority and Fidelity Deposit and Discount Bank as successor trustee, and are secured under the indenture by the assignment and pledge to the Trustee of Receipts and Revenue from the Sewer System.

In November 2014, the Authority issued \$10,000,000 of Sewer Revenue Bonds, Series 2014 with a final maturity of December 1, 2036, with interest costs varying from 3.25% to 3.75%. Proceeds from the issuance provided funds for the partial advanced refunding of the Authority's Sewer Revenue Bonds, Series 2007 in the amount of \$9,285,000; which debt was defeased at such date. The Series 2014 Bond issue is subject to the provisions of a Trust Indenture dated as of September 1, 2007, as supplemented by a First Supplemental Indenture dated June 1, 2011, and as supplemented by Second Supplemental Indenture dated November 1, 2014 between the Authority and the Fidelity Deposit Discount Bank as successor trustee, and are secured under the Indenture by the assignment and pledge to the Trustee of Receipts and Revenues from the Sewer System.

In accordance with GASB Statement No. 23, *"Accounting and Reporting for Refunding of Debt by Proprietary Activities"*, the excess of the reacquisition price over the net carrying amount of debt refunded with proceeds from the Series 2014 Bonds has been recorded as a deferred loss on extinguishment of debt. The resulting \$360,739 is being amortized using a method that approximates the effective interest method over the originally scheduled life of the defeased issue which extends to 2036. The unamortized balance of \$353,975 is reflected as a deferred outflow of resources in the statement of net position.

Income Taxes: As a municipal authority the Authority is not subject to income.

Bond Insurance costs are being amortized over the terms of the respective bonds using the straight-line method. Bond premiums are being amortized over the terms of the respective bonds using a method that approximates the effective interest method.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Position: Net position represents the difference between assets and deferred outflow of resources and deferred inflows of resources, and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* have been adopted by the Authority. These statements incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The Statement of Net Position now reports the following components: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, when applicable.

Note 2 - Restricted Assets

Assessment Fund: To provide a portion of the cost of sewer line extensions, the Authority issued Sewer Assessment Bonds in the amount of \$2,600,000. Assessments were billed to property owners with an option of current or deferred payment. All bonds outstanding were redeemed as a result of a transfer of funds from the existing construction fund. Additional Sewer extensions, including some deferred under the original construction plan, are being assessed to property owners under the terms of the Indenture and the Authority's assessment resolution.

As of March 31, 2015, the majority of the sewer assessment accounts receivable are delinquent. To insure collection, municipal liens have been filed against those properties with delinquent sewer assessments.

Sewer Revenue Bonds: The aforementioned Trust Indenture, among other things, provides for the creation of the following funds which are restricted by terms of the indenture:

- (A) Clearing Fund: The Trust Indenture requires the Trustee to establish a Clearing Fund into which any monies held by the Authority in the Operating Account at the end of any fiscal year, commencing with the fiscal year ending March 31, 2008, not required to pay accrued expenses for such fiscal year and not required to be retained as a reserve in such amount as the Authority may deem prudent, but not in excess of the estimated amount of the Operating Expenses and Administrative Expenses contained in the Annual Engineer's Report for the following fiscal year, shall be transferred.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 2 - Restricted Assets (Continued)

- (B) Debt Service Fund: Terms of the Indenture require the Trustee to transfer from the Clearing Fund interest falling due on June 1 and December 1, respectively, plus on December 1 and April 1, the aggregate principal amount of the Bonds maturing or subject to mandatory redemption on such December 1.
- (C) Debt Service Reserve Fund: The Indenture established Debt Service Reserve Fund of \$4,333,811 to be used to make up any deficiency in the Debt Service Funds. At March 31, 2015, Debt Service Reserve Funds held by the Trustee, amounted to \$4,545,399, which include accumulated earnings and additions made to the reserve accounts by the Authority.
- (D) Bond Redemption and Improvement Fund: The surplus from time to time in the Clearing Fund, after payments and deposits mentioned above are satisfied, is to be deposited in the Bond Redemption and Improvement Fund and applied to make good any deficiencies in the Debt Service Fund, Bond Sinking Fund or the Debt Service Reserve Fund. If there is no deficiency in any of such Funds, monies may be applied as follows and as more fully provided in the Indenture:
 - (1) to make capital additions
 - (2) to make up any deficiency in the Construction Fund
 - (3) to purchase or redeem Bonds issued under the Indenture
 - (4) for any other lawful purpose of the Authority
- (E) Construction Fund: The Construction Fund shall consist of funds deposited therein pursuant to provisions of the Indenture for purposes of paying Costs, Costs of Acquisition or Costs of Construction relating to the Sewer System, including Capital additions and acquisition or construction of property in the nature of Capital Additions.
- (F) Settlement Fund: The Settlement Fund was established for the issuance of the 2015 Sewer Revenue Bonds to pay costs associated with the issuance of the Bonds.

Note 3 - Deposits and Investments

Custodial Credit Risk - Deposits: At March 31, 2015, the bank balance of the Authority's cash deposits with financial institutions was \$11,676,688, compared to a carrying amount of \$11,685,411. The total bank balance that was secured by Federal Depository Insurance was \$654,125; and \$11,022,563 of the remaining bank balance was covered by securities pledged by the financial institution for such funds, but not in the Authority's name. The Authority does not have a deposit policy for custodial credit risk.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 3 - Deposits and Investments (Continued)

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In accordance with the Trust Indenture, any restricted assets held by the Trustee can be invested as detailed in the Indenture. Unrestricted funds are invested at management's discretion.

Investments: The Authority's investments are carried at fair market value and consisted of the following at March 31, 2015:

	Amortized Cost	Carrying Value	Average Credit Quality Rating	Weighted Average Months To Maturity
Mutual Money Market Funds:				
Federated Treasury Obligations Fund (CAP)	\$25,112,876	\$25,112,876	AAAm/AAAmf	0.23
Certificate of Deposit	148,451	148,451	N/A	0.68
Total	<u>\$25,261,327</u>	<u>\$25,261,327</u>		
US Government Obligations:				
Federal Home Loan Bank (FHLB)	<u>\$744,963</u>	<u>\$744,948</u>	A-1+/P-1	1.72

- (1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.
- (2) Interest Rate Risk is estimated weighted average months to maturity.
- (3) Concentration of credit risk by amount and by issuer investments in any one issuer that represent 5% or more of total investments separately disclosed.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: The Authority's investments are managed under a trust indenture agreement with an area financial institution. Investment choices are limited under this agreement to specified investments with stipulated credit ratings as permitted by legislation under the Pennsylvania Municipal Authorities Act. This agreement does not place a limit on the amount the Authority may invest in any one issuer. As of March 31, 2015, the Authority's investment in Federated Treasury Obligations Fund (CAP) was rated AAAm by Standard & Poor's and represented 96% of the Authority's investments. Certificates of deposit represent 1% of the Authority's investments, and are invested at various financial institutions in amounts which are fully secured by Federal Depository Insurance (FDIC). The Authority's remaining 3% of investments were invested in Fixed Income U.S. Government Obligations of the Federal Home Loan Bank which was rated A-1+ by Standard & Poor's.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 4 - Capital Assets

A summary of changes in the capital assets is as follows:

	Balance 3/31/2014	Additions	Deletions	Balance 3/31/2015
Land (not depreciated)	\$ 130,029	\$ 0	\$ 0	\$ 130,029
Construction in Progress (Not Depreciated)	22,601,110	7,567,584	0	30,168,694
Sewage Treatment Plant and Related Facilities	121,851,845	55,171	0	121,907,016
Improvement	253,572	4,527	0	258,099
Operating Equipment	<u>10,986,256</u>	<u>365,989</u>	<u>(6,449,842)</u>	<u>4,902,403</u>
Total Historical Costs	<u>\$155,822,812</u>	<u>\$ 7,993,271</u>	<u>\$ (6,449,842)</u>	<u>\$157,366,241</u>
LESS: Accumulated Depreciation:				
Sewage Treatment Plant and Related Facilities	\$ 77,404,169	\$ 2,332,474	\$ 0	\$ 79,736,643
Improvement	219,110	10,048	0	229,158
Operating Equipment	<u>8,597,944</u>	<u>591,519</u>	<u>(6,449,842)</u>	<u>2,739,621</u>
Total Accumulated Depreciation	<u>\$ 86,221,223</u>	<u>\$ 2,934,041</u>	<u>\$ (6,449,842)</u>	<u>\$ 82,705,422</u>
Capital Assets, Net	<u>\$ 69,601,589</u>	<u>\$ 5,059,230</u>	<u>\$ 0</u>	<u>\$ 74,660,819</u>

Depreciation expense for the year ended March 31, 2015 amounted to \$2,934,041.

At March 31, 2015, the Authority has entered into contracts for construction, as follows:

	Project Authorization	Expended To Date	Commitment
Biological Nutrient Removal (BNR) Project - Various Contractors	\$ 23,604,038	\$ 23,280,542	\$ 323,496
Other Non-BNR Projects - Various Contractors	\$ 1,028,385	\$ 685,952	\$ 342,433

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 5 - Long-Term Debt

The changes in long-term obligations payable during the year ended March 31, 2015 are as follows:

	Balance 3/31/2014	Additions	(Amortization) / Accretion	Repayments	Balance 3/31/2015	Principal Due Within One Year
Fidelity Sewer Revenue Bonds Payable Series of 2007	\$ 16,605,000	\$ 0	\$ 0	\$ 9,290,000	\$ 7,315,000	\$ 5,000
Fidelity Sewer Revenue Bonds Payable Series of 2011A	19,460,000	0	0	790,000	18,670,000	375,000
Fidelity Sewer Revenue Bonds Payable Series of 2011B	7,055,000	0	0	455,000	6,600,000	470,000
Fidelity Sewer Revenue Bonds Payable Series of 2014	0	9,791,045	2,551	0	9,793,596	0
Pennvest Promissory Note #71192	2,471,850	0	0	247,674	2,224,176	255,321
Pennvest Promissory Note #71162	2,626,665	0	0	222,608	2,404,057	228,862
Pennvest Promissory Note #71281	1,442,579	0	0	115,770	1,326,809	119,023
Pennvest Promissory Note #27682	2,476,033	0	0	155,187	2,320,846	159,991
Pennvest Promissory Note #79906	3,213,672	0	0	191,664	3,022,008	194,941
Pennvest Promissory Note #71375	1,885,416	6,460,304	0	89,663	8,256,057	541,123
TOTAL	<u>\$57,236,215</u>	<u>\$16,251,349</u>	<u>\$ 2,551</u>	<u>\$11,557,566</u>	<u>\$61,932,549</u>	<u>\$ 2,349,261</u>

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 5 - Long-Term Debt (Continued)

The aggregate maturities of long-term debt are as follows:

Year End March 31	Principal	Interest	Total
2016	\$ 2,349,261	\$ 2,392,975	\$ 4,742,236
2017	2,407,093	2,318,729	4,725,822
2018	2,470,769	2,253,128	4,723,897
2019	2,545,311	2,180,060	4,725,371
2020	2,619,939	2,109,702	4,729,641
2021-2025	11,744,786	9,307,283	21,052,069
2026-2030	13,656,794	6,586,009	20,242,803
2031-2035	14,805,000	3,335,494	18,140,494
2036-2037	9,540,000	323,325	9,863,325
	<u>\$ 62,138,953</u>	<u>\$ 30,806,705</u>	<u>\$ 92,945,658</u>
Original Issue Discount, Net	(206,404)		
Total	<u>\$ 61,932,549</u>		

Note 6 - Revenue Bonds Payable 2007 Series

On September 1, 2007, the Authority issued \$16,810,000 of Sewer Revenue Bonds. The proceeds from this issue were primarily used to fund capital improvement projects.

Optional Redemption: The 2007 Series Bonds maturing on or after December 1, 2016 are subject to redemption prior to maturity, at the option of the Authority beginning December 1, 2015, out of monies deposited with or held by the Trustee for such purposes as a whole or in part at any time, and, in any order of maturities selected by the Authority, 100% of the par amount, plus accrued interest.

Mandatory Redemption: The 2007 Series Bonds stated to mature on December 1, 2024, December 1, 2032 and December 1, 2036 are subject to mandatory redemption prior to maturity on December 1 of each of the years set forth below, in each case at a redemption price equal to 100% the principal amount thereof to be redeemed plus accrued interest to the redemption date, from funds to be deposited in the Sinking Fund, on or before December 1 of each of the years set for the below, in amounts sufficient to redeem by lot on each December 1 the following amounts of the Bonds:

Term Bonds Slated to Mature on December 1, 2024		Term Bonds Slated to Mature on December 1, 2032		Term Bonds Slated to Mature on December 1, 2036	
Year	Amount	Year	Amount	Year	Amount
2018	\$ 5,000	2028	\$1,205,000	2033	\$1,840,000
2019	5,000	2029	1,265,000	2034	1,935,000
2020	5,000	2030	1,395,000	2035	2,030,000
2021	5,000	2031	1,680,000	2036	2,135,000 *
2022	5,000	2032	1,760,000 *		
2023	5,000				
2024	5,000 *				

* At maturity

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 6 - Revenue Bonds Payable 2007 Series (Continued)

Refunding of Debt: On November 18, 2014, the Authority issued \$10,000,000 of Series 2014 Sewer Revenue Bonds, the proceeds of which were used to partially defease through an advanced refunding \$9,285,000 of the outstanding Series 2007 Sewer Revenue Bonds. The net proceeds, after deducting the costs associated with this issuance, amounting to \$9,736,963 has been placed into escrow to provide funding for all interest and principal payments on the defeased Series 2007 Sewer Revenue Bonds through the December 1, 2015 scheduled repayment date.

As more fully described in Note 13, the Authority's remaining \$7,315,000 Series 2007 Sewer Revenue Bonds were subsequently defeased on April 22, 2015, through the issuance of the Authority's Series 2015 Sewer Revenue Bonds.

Series A of 2011

On June 10, 2011, the Authority issued \$21,340,000 of Series A of 2011 Sewer Revenue Bonds. The proceeds from this issue will primarily be used to fund various capital improvement projects.

Optional Redemption: The Series A of 2011 Bonds maturing on or after December 1, 2022 are subject to redemption prior to maturity, at the option of the Authority in any order of maturity either as a whole, or in part, at any time on or after December 1, 2021, and if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount, together with accrued interest to the date fixed for redemption.

Mandatory Redemption: The Series A of 2011 Bonds stated to mature on December 1, 2031 and on December 1, 2035 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount, together with accrued interest, to the dates fixed for redemption, on December 1 of the years and in the following amounts:

Year	Amount	Year	Amount
2027	\$ 1,250,000	2032	\$ 1,265,000
2028	910,000	2033	1,315,000
2029	1,095,000	2034	1,205,000
2030	1,075,000	2035	1,515,000 *
2031	1,390,000 *		

* At maturity

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 6 - Revenue Bonds Payable 2007 Series (Continued)

Series B of 2011

On June 10, 2011, the Authority issued \$8,135,000 of Series B of 2011 Federally Taxable Sewer Revenue Bonds. The proceeds from this issue were used to currently refund the Authority's outstanding \$8,000,000 loan from First National Community Bank dated April 24, 2007.

Optional Redemption: The 2011 B Series Bonds maturing on or after December 1, 2025 are subject to redemption prior to maturity, at the option of the Authority in any order of maturity either as a whole, or in part, at any time on or after December 1, 2021, at a redemption price equal to 100% of the principal amount, together with accrued interest to the date fixed for redemption.

Mandatory Redemption: The Series B of 2011 Bonds stated to mature on December 1, 2025 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount, together with accrued interest, to the dates fixed for redemption, on December 1 of the years and in the following amounts:

Term Bonds Due December 1, 2025:

Year	Amount
2022	\$650,000
2023	690,000
2024	735,000
2025*	785,000

*At maturity

Series of 2014

On November 18, 2014, the Authority issued \$10,000,000 of Series 2014 Sewer Revenue Bonds. The Bond issuance, net of original issue discount of \$208,955 was used to advance refund \$9,285,000 of the Authority's outstanding Series 2007 Revenue Bonds.

As a result of the advanced refunding, the Authority decreased its total future debt service requirements by \$1,502,965, which resulted in a future economic gain of \$1,494,041.

The proceeds of the Bonds were as follows:

Bond Issue	\$10,000,000
Original Issue Discount	(208,955)
	<u>\$ 9,791,045</u>

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 6 - Revenue Bonds Payable 2007 Series (Continued)

At March 31, 2015, the outstanding bonds are recorded net of the unamortized portion of the original issue discount of \$206,404.

Bond Closing Cost incurred for the issuance of the Series of 2014 Sewer Revenue Bonds amounted to \$250,429 as follows:

Underwriter's Discount	\$65,000
Legal Fees	80,500
Financial Advisory Fees	33,000
Rating Fees	17,000
Paying Agent Fees	1,418
Printing Costs	5,000
Bond Insurance Costs	48,511

Original Redemption: The Series of 2014 Bonds are subject to redemption prior to maturity at the option of the Authority in any order of maturity either a whole, or in part, at any time on or after June 1 2020, and, if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

Mandatory Redemption: The Series of 2014 Bonds stated to mature on December 1, 2029, December 1, 2032, December 1, 2034, and December 1, 2036 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon, to the dates fixed for redemption, on December 1 of the years and in the amounts set forth below:

Term Bonds Due December 1, 2029		Term Bonds Due December 1, 2032	
Year	Amount	Year	Amount
2025	\$ 20,000	2030	\$ 100,000
2026	20,000	2031	105,000
2027	20,000	2032	1,450,000 *
2028	20,000		
2029	85,000 *		
Term Bonds Due December 1, 2034		Term Bonds Due December 1, 2036	
Year	Amount	Year	Amount
2033	\$ 1,935,000	2035	\$ 2,080,000
2034	2,005,000 *	2036	2,160,000 *

* Maturity

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 7 - Conduit Debt Obligation

On December 22, 2004, the Authority issued a Guaranteed Lease Revenue Note in the amount of \$4,000,000 to finance the cost of a project on behalf of the City of Scranton. The note is due December 15, 2016 and has an interest rate of 5.99%. In connection with the issuance, the Authority and the City entered into a sale agreement and a lease agreement. Through these agreements, the City sold property to the Authority, which in turn leased the property back to the City, with payments due in amounts sufficient to pay the debt service on the note.

Under the terms of the note and the agreements, the Authority is a conduit issuer. The Authority has no obligation beyond the resources provided by the sublease agreement. The sublease agreement constitutes a general obligation of the City of Scranton and the full faith and credit and taxing power of the City of Scranton is pledged to the payment of all amounts due under the sublease. The sublease agreement expires on December 15, 2016. The notes are not general obligations of the Authority and the Authority has no taxing power. The amount outstanding on the Notes as of March 31, 2015 is \$1,135,000. Due to the nature of the transaction, the Authority is not required to record the obligation for the Notes or the related lease receivable in its financial statements.

Note 8 - Capital Improvement Program

During the year ended March 31, 2000 a capital improvement program was adopted in the amount of \$25,000,000. The program consists of two phases. Phase I was budgeted at \$10,261,000 and was primarily for improvements at the treatment plant. Funding for the program is from the Pennsylvania Infrastructure Investment Authority (PENNVEST). The first application filed was for \$5,045,157 (\$4,879,765 as modified) and the loan closed in March 2002. The balance outstanding at March 31, 2015 amounted to \$2,224,176. The loan is secured by the gross revenues of the Authority and the guarantee of the City of Scranton. Interest only was payable on advances until July 1, 2003, when monthly principal and interest payments are due up to and including January 2023. Interest is 1.522% for the first 5 months and 3.045% thereafter. Legal fees relating to obtaining the financing amounted to \$44,338. Construction was completed for this phase in July 2003, and the final disbursement on this loan was received June 2004 in the amount of \$86,866.

The second PENNVEST application was for \$4,947,000 and the loan closed in October 2002. The balance outstanding at March 31, 2015 amounted to \$2,404,057. The security is the same as above. Interest only was payable on advances until August 1, 2004, when monthly principal and interest payments were due up to and including July 1, 2024. Interest is at 1.387% for the first 81 months and 2.774% thereafter. Construction was completed for this phase at March 31, 2007, and the final disbursement of \$12,150 was received May 2007.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 8 - Capital Improvement Program (Continued)

The third PENNVEST loan closed in December 2003, in the amount of \$2,806,264. The balance outstanding at March 31, 2015 amounted to \$1,326,809. The security is the same as above. Interest only was payable on advances until February 1, 2005, when monthly principal and interest payments were due up to and including January 1, 2025. Interest is at 1.387% for the first 73 months and 2.774% thereafter. Construction was completed for this phase at March 31, 2007, and the final disbursement of \$125,221 was received May 2007.

In December 2004, the Authority closed on a fourth loan in the amount of \$3,690,127. The balance outstanding at March 31, 2015 was \$2,320,846. The security is the same as above. Monthly principal and interest payments began June 2007 and are due up to and including May 2027. Interest is at 1.942% for the first 60 months and 3.052% thereafter. Construction was completed for this phase in April 2007, and the final disbursement of \$151,815 was received November 2007.

In November 2007, the Authority closed on a fifth loan in the amount of \$4,329,181. The balance outstanding at March 31, 2015 was \$3,022,008. The security is the same as above. Monthly principal and interest payments began May 1, 2009 and are up to and including April 2029. Interest is at 1.214% for the first 60 months and 2.428% thereafter. Construction was completed for this phase in March 2011. At March 31, 2015, the final disbursement of \$130,764 has not been received and is awaiting final settlement.

In March 2012, the Authority closed on a PENNVEST loan in the amount of \$11,256,361. The proceeds to be utilized primarily for Wastewater Treatment Plant Improvements. The loan is secured by the gross revenues of the Sewer Authority of the City of Scranton. Interest only is payable on advances for 36 months at a rate of 1%. Interest is 1.51% thereafter, when monthly principal and interest payments are due for another 204 months. The outstanding loan balance at March 31, 2015 was \$8,256,057. The Authority has submitted requests for loan advances under this loan commitment totaling \$8,345,720 to reimburse for Waste Water Treatment Plant improvements it had incurred through March 31, 2014. At March 31, 2015, an additional loan advance request for the submission of the Authority's reimbursement of \$1,870,143 in Waste Water Treatment Plant improvements incurred during the current fiscal year is outstanding. The remaining balance of this PENNVEST Loan Commitment is awaiting final settlement as of March 31, 2015.

The PENNVEST loans are federally and state funded and therefore subject to various compliance requirements.

In November 2010, the Authority renewed a \$4,000,000 line of credit to provide interim financing for the program. Interest was payable monthly at a variable rate equal to 70% of the prime rate (2.275% at March 31, 2015). Security for the line of credit was all receipts and accounts receivable. The line of credit matures in November 2015. The balance of the line of credit at March 31, 2015 amounted to \$0. There was no activity for the year ended March 31, 2015.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 8 - Capital Improvement Program (Continued)

The Authority renewed a \$2,000,000 line of credit to be used for general working capital. Interest is payable monthly at a variable rate equal to National Prime, but never less than a floor of 4%. (4% at March 31, 2015). Security for the line of credit is all receipts and accounts receivable accounts, instruments and contract rights. The line of credit will expire July 2015, and is renewable annually at the option of the Bank. There was no activity for the year ended March 31, 2015 and the balance at March 31, 2015 was \$0.

Note 9 - Defined Contribution Plans

The Authority contributes to the Central Pennsylvania Teamsters Pension Fund, a defined contribution pension plan covering substantially all of its full time union employees. Employees become eligible after they have been on the payroll for thirteen weeks. Contributions made by the Authority were \$441 per month for the year ended March 31, 2015 for each covered employee; contributions vest according to the Plan's schedule. Pension expense for the year ended March 31, 2015 amounted to \$388,685.

Effective January 1, 2006 the Authority adopted a money purchase pension plan for employees who meet age and service requirements and are not members of the Union. Employer contributions are 4% of eligible compensation and employees must contribute 2%. Employees are also permitted to make additional contributions up to the maximum allowed by law. For the year ended March 31, 2015, employer contributions totaled \$20,760 and employee contributions totaled \$15,584.

Note 10 - Operating Lease

The Authority leases its office space under an operating lease dated April 2012 at a monthly rental of \$5,125. The lease term is for a five-year term through April 2017. The lease provides for the option of renewing the lease for (5) additional five years terms, with no increase. The Authority is responsible to pay all utility and normal maintenance costs, associated with the office lease. Minimum rental commitments at March 31, 2015 are as follows:

Fiscal Year	Amount
2016	\$ 61,500
2017	61,500
	<u>\$ 123,000</u>

Rental expense for the year ended March 31, 2015 amounted to \$61,500.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 11 - Contingent Liabilities

The Authority participates in both Federal and State assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Authority is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance, which would result in the disallowance of program expenditures.

The Authority is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of the Authority, the ultimate disposition of any matters outstanding at March 31, 2015 will not have a material effect on the Authority's financial position.

Note 12 - Consent Decree

On January 31, 2013, the Authority entered into a consent decree with the United States of America, acting on behalf of the U.S. Environmental Protection Agency, and the Pennsylvania Department of Environmental Protection that will require the Authority to take steps to achieve compliance with the Clean Water Act and the Clean Streams Law by December 2037. The Authority adopted a Long Term Control Plan to address compliance with the consent decree by December 2037. The cost to accomplish the Long Term Control Plan is estimated to be approximately \$140 million.

Note 13 - Subsequent Events

The Authority has evaluated subsequent events through September 22, 2015, the date, which the financial statements were available to be issued.

Sewer Revenue Bonds, Series 2015

On April 22, 2015, the Authority issued \$7,985,000 of Series 2015 Sewer Revenue Bonds with a final maturity of December 1, 2032, with interest costs varying from 2.625% to 3.4%. The proceeds from this issuance provided funds for the advanced refunding of the Authority's remaining \$7,315,000 Sewer Revenue Bonds, Series 2007; which debt was defeased at such date. Net Bond proceeds after deducting the costs associated with issuance and adding \$864,244 in available Series 2007 Debt Service Reserve Funds and the 2015 Settlement Funds amounted to \$7,652,851. The funds were placed into escrow to provide funding for all interest and principal payments on the defeased Series 2007 Sewer Revenue Bonds through the December 1, 2015 scheduled repayment date, and to fund \$798,500 placed into the Series 2014, Debt Service Reserve Fund. As a result of the advanced refunding, the Authority has decreased its total future debt service requirements by \$849,262; which has resulted in a future economic gain approximating \$845,000.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 13 - Subsequent Events (Continued)

Optional Redemption: The 2015 Bonds stated to mature on or after December 1, 2025 are subject to redemption prior to maturity at the option of the Authority in any order of maturity either as a whole, or in part, at any time on or after June 1, 2020, and, if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

Mandatory Redemption: The 2015 Bonds stated to mature on December 31, 2025 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount hereof, together with accrued interest thereon, to the dates fixed for redemption, on December 1 of the years and in the amounts set forth below:

<u>Term Bonds Maturing</u>	
<u>December 31, 2025</u>	
<u>Year</u>	<u>Amount</u>
2022	\$ 35,000
2023	95,000
2024	95,000
2025*	355,000

* Maturity

SUPPLEMENTARY INFORMATION

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
 SUPPLEMENTAL SCHEDULE I - RESTRICTED ASSETS
 MARCH 31, 2015

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Clearing	\$ 0	\$ 21,749,361	\$ 0	\$ 21,749,361
Debt Service	0	1,233	0	1,233
Debt Service Reserve	404,125	4,140,681	593	4,545,399
Settlement Fund	0	115,000	0	115,000
	<u>\$ 404,125</u>	<u>\$ 26,006,275</u>	<u>\$ 593</u>	<u>\$ 26,410,993</u>

"See accompanying independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
SUPPLEMENTAL SCHEDULE II - OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2015

SEWER PLANT AND SEWER SYSTEM

Salaries	\$ 3,529,601
Payroll Taxes	272,114
Employee Benefits	1,695,065
Utilities	709,154
Chemicals	954,008
Supplies	313,756
Repairs, Maintenance and Rentals	476,184
Vehicle Operating Expense	354,564
Landfill Disposal	<u>718,893</u>

TOTAL SEWER PLANT AND
SEWER SYSTEM EXPENSES

\$ 9,023,339

ADMINISTRATIVE AND GENERAL

Salaries	\$ 1,024,701
Payroll Taxes	78,999
Employee Benefits	400,024
Utilities	49,235
Office Supplies and Expenses	204,645
Rent	61,500
Repairs and Maintenance	5,330
Postage and Billing Expenses	198,139
Legal Fees	161,027
Engineering Fees	86,591
Accounting Fees	15,500
Other Professional Fees	320,261
Collection Expense	61,571
Insurance	302,519
Bad Debt Expense	<u>205,000</u>

TOTAL ADMINISTRATIVE AND
GENERAL EXPENSES

\$ 3,175,042

"See accompanying independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDING MARCH 31, 2015

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROJECT TITLE	FEDERAL SOURCE CODE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATE	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT 3/31/2014	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 3/31/2015
ENVIRONMENTAL PROTECTION AGENCY Passed through the Pennsylvania Pennsylvania Infrastructure Investment Authority:										
Capitalization Grant for Clean Water State Revolving Funds	1	66.458	71375	3/7/12-11/1/14	\$ 11,256,361.00	<u>\$ 6,460,304.00</u>	<u>\$ 6,460,304.00</u>	<u>\$ 1,870,143.00</u>	<u>\$ 1,870,143.00</u>	<u>\$ 1,870,143.00</u>
						<u>\$ 6,460,304.00</u>	<u>\$ 6,460,304.00</u>	<u>\$ 1,870,143.00</u>	<u>\$ 1,870,143.00</u>	<u>\$ 1,870,143.00</u>

SOURCE CODES: D - Direct Funding
 I - Indirect Funding

"See accompanying independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2015

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes all significant federally funded grant programs of The Sewer Authority of the City of Scranton and has been prepared on the modified accrual basis of accounting.

Note B - Accrued and Deferred Reimbursement

Various reimbursement procedures are used for federal awards received by The Sewer Authority of the City of Scranton. Timing differences may occur between expenditures and reimbursements during the year. Accrued revenues at year-end represent an excess of expenditures over cash reimbursements received. Deferred revenues at year-end represent an excess of cash received over eligible program expenditures. Generally, accrued and deferred amounts caused by timing differences will be reversed in the subsequent year.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

September 22, 2015

Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Sewer Authority of the City of Scranton, a component unit of the City of Scranton, as of and for the year ended March 31, 2015, and the related notes to the financial statements which collectively comprise the Authority's basic statements, and have issued our report thereon dated September 22, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Sewer Authority of the City of Scranton's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Sewer Authority of the City of Scranton's internal control. Accordingly, we do not express an opinion on, the effectiveness of The Sewer Authority of the City of Scranton's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Sewer Authority of the City of Scranton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robert Rossi - Co.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A - 133**

September 22, 2015

Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited The Sewer Authority of the City of Scranton's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Sewer Authority of the City of Scranton's major federal programs for the year ended March 31, 2015. The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's compliance.

Opinion on Each Major Federal Program

In our opinion, The Sewer Authority of the City of Scranton, Scranton, Pennsylvania complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2015.

Report on Internal Control Over Compliance

Management of The Sewer Authority of the City of Scranton, Scranton, Pennsylvania is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robert Rossi & Co.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2015

Section I-- Summary of Auditors' Result

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported
Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported
Type of auditors' report issued on compliance for major programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:
CFDA Number Name of Federal Program or Cluster
66.458 Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000
Auditee qualified as low risk auditee? X yes _____ no

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2015

- NO PRIOR FINDINGS NOTED.

**THE SEWER AUTHORITY OF THE CITY OF SCRANTON
A COMPONENT UNIT OF THE CITY OF SCRANTON
INDEPENDENT AUDITORS' REPORT
MARCH 31, 2014**

THE SCRANTON SEWER AUTHORITY OF THE CITY OF SCRANTON
 INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES
 AND SINGLE AUDIT ATTACHMENTS
 YEAR ENDED MARCH 31, 2014

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THE SCRANTON SEWER AUTHORITY OF THE CITY OF SCRANTON
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AND SINGLE AUDIT ATTACHMENTS
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August 26, 2014

Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

We have performed the Single Audit of The Sewer Authority of the City of Scranton for the fiscal year ended March 31, 2014, and have enclosed the Single Audit report package.

The Single Audit was done to fulfill the requirements of OMB Circular A - 133. It entailed: 1. An audit of the basic financial statements and Supplementary Schedule of Expenditures of Federal Awards and our opinion thereon; 2. A review of Compliance and Internal Controls over Financial Reporting Based on an audit of Financial Statements performed in accordance with Governmental Auditing Standards and 3. A review of compliance with requirements applicable to each major program and internal controls over compliance in accordance with OMB Circular A - 133.

A management letter was not issued and therefore is not included as part of our report.

Robert Rossi & Co.

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INDEPENDENT AUDITORS' REPORT

August 26, 2014

To the Board of Directors
The Sewer Authority of the City of Scranton

Report on the Financial Statements

We have audited the accompanying financial statements of The Sewer Authority of Scranton, a component unit of the City of Scranton, as of and for the year ended March 31, 2014, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The Sewer Authority of the City of Scranton, a component unit of the City of Scranton, as of March 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As discussed in Note 1, during the year the Authority implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result of this implementation, the format and reporting of the financial statements has changed to reflect the required components of these GASB Statements, as applicable. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

In connection with our audit, nothing came to our attention that caused us to believe that the Authority was not in compliance with the provisions of the Trust Indenture between The Sewer Authority of the City of Scranton, Pennsylvania and Fidelity Deposit and Discount Bank insofar as they relate to accounting and auditing matters. It should be noted, however, that our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Sewer Authority of the City of Scranton's basic financial statements. The supplementary information on Pages 28 and 29, as listed in the table of contents, are presented for purposes of additional analysis and are not required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information on pages 28 and 29, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 28 and 29, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2014, on our consideration of The Sewer Authority of the City of Scranton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Sewer Authority of the City of Scranton's internal control over financial reporting and compliance.

Robert Rossie Co

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF NET POSITION
MARCH 31, 2014

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 12,559,155
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$2,595,000	6,299,632
Grant Receivable	125,000
Other Current Assets	<u>519,924</u>

TOTAL CURRENT ASSETS \$ 19,503,711

NONCURRENT ASSETS

Restricted Assets - See Schedule I	
Cash and Cash Equivalents	\$ 156,355
Investments	19,826,333
Accrued Interest Receivable	<u>4,654</u>

Total Restricted Assets \$ 19,987,342

Accounts Receivable - Assessments 386,129

Capital Assets

Property, Plant and Equipment, Net	<u>69,601,589</u>
------------------------------------	-------------------

TOTAL NONCURRENT ASSETS 89,975,060

DEFERRED OUTFLOWS OF RESOURCES

Deferred Bond Insurance Cost	<u>\$ 601,168</u>
------------------------------	-------------------

TOTAL DEFERRED OUTFLOWS OF
RESOURCES 601,168

TOTAL ASSETS \$ 110,079,939

"See accompanying notes and independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF NET POSITION
MARCH 31, 2014

LIABILITIES

CURRENT LIABILITIES (Payable from Current Assets)		
Lines of Credit	\$	0
Current Portion of Long-Term Debt		961,337
Accounts Payable		638,110
Accrued Interest Payable		26,799
Accrued Payroll and Payroll Taxes		201,155
Current Portion of Compensated Absences		405,611
Other Current Liabilities		<u>12,000</u>
TOTAL CURRENT LIABILITIES (Payable from Current Assets)	\$	2,245,012
CURRENT LIABILITIES (Payable from Restricted Assets)		
Revenue Bonds Payable	\$	1,250,000
Accrued Revenue Bond Interest Payable		711,551
Accrued Expenses		<u>1,117,326</u>
TOTAL CURRENT LIABILITIES (Payable from Restricted Assets)		3,078,877
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Portion	\$	55,024,878
Compensated Absences, Net of Current Portion		<u>379,809</u>
TOTAL NONCURRENT LIABILITIES		<u>55,404,687</u>
TOTAL LIABILITIES	\$	<u>60,728,576</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Bond Premium	\$	<u>182,863</u>
TOTAL DEFERRED INFLOWS OF RESOURCES		<u>\$ 182,863</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$	14,033,680
Restricted for Debt Service and Capital Expenditure		16,908,465
Unrestricted		<u>18,226,355</u>
TOTAL NET POSITION	\$	<u>49,168,500</u>

"See accompanying notes and independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2014

OPERATING REVENUES

Sewer Rental Charges, including penalties
and interest, net of credit adjustments \$ 24,037,219

TOTAL OPERATING REVENUES \$ 24,037,219

OPERATING EXPENSES

Sewer Plant and Sewer System - Schedule II \$ 9,074,602
Administrative and General - Schedule II 3,220,554
Depreciation Expense 2,878,508

TOTAL OPERATING EXPENSES 15,173,664

OPERATING INCOME \$ 8,863,555

NON OPERATING REVENUES (EXPENSES)

Investment Revenues \$ 86,168
Interest Expense (699,462)
Amortization of Bond Insurance Cost (31,233)
Capital Grant 125,000
Amortization of Bond Premium 8,099
Other Revenue 353,224

TOTAL NON-OPERATING REVENUES (EXPENSES) (158,204)

CHANGE IN NET POSITION \$ 8,705,351

RESTATED NET POSITION, BEGINNING OF YEAR 40,463,149

NET POSITION, END OF YEAR \$ 49,168,500

"See accompanying notes and independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 22,680,683
Cash Payments to Suppliers for Goods and Services	(4,755,584)
Cash Payments to Employees for Services	(7,035,646)
Net Cash Flows Provided by Operating Activities	<u>\$ 10,889,453</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Other Revenue Received	<u>\$ 353,224</u>
Net Cash Flows Provided by Noncapital Financing Activities	353,224
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payment of Debt	\$ (2,328,468)
Payment of Interest	(2,453,606)
Purchase and Construction of Capital Assets	(11,405,078)
Net Cash Flows Used for Capital and Related Financing Activities	(16,187,152)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from Maturity of Investments	\$ 8,309,629
Purchase of Investments	(7,999,554)
Receipt of Interest	106,108
Net Cash Flows Provided by Investing Activities	<u>416,183</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (4,528,292)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>17,243,802</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 12,715,510</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating Income	\$ 8,863,555
Depreciation	2,878,508
(Increase) in Accounts Receivable	(1,070,319)
(Increase) in Other Current Assets	(61,185)
Increase in Accounts Payable	158,129
Increase in Other Liabilities	51,424
Increase in Accrued Compensated Absences	69,341
	<u>\$ 10,889,453</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:	
Non-Cash Financing - Capital Grant	\$ 125,000
Non-Cash Financing - Bond Premium Amortization	\$ 8,099
Non-Cash Financing - Bond Insurance Cost Amortization	\$ (31,233)

"See accompanying notes and independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Organization: The Sewer Authority of the City of Scranton (the Authority) is a body corporate and politic organized under the Pennsylvania Municipalities Act of 1945, P.C. 382, as amended and supplemented. By a Certificate of Joinder dated August 17, 1966, the Borough of Dunmore became an Authority member.

On July 14, 1971, the City of Scranton appointed the Authority to be its agent in the operation of the sewer system. The terms of this service agreement continue for a one-year period and will automatically extend itself on a year-to-year basis until one of the parties thereto gives notice of its intent to cancel 30 days prior to the termination of any yearly period.

The Sewer Authority of the City of Scranton, Pennsylvania, has determined that it is a component unit of the City of Scranton since the City has guaranteed the Authority's loans with the Pennsylvania Infrastructure Investment Authority (PENNVEST), therefore, the Authority is included in the reporting entity of the City of Scranton.

Reporting Entity: The reporting entity has been defined in accordance with the criteria established in GASB Statement No. 39, "Determining Whether Organizations are Component Units. The specific criteria used is as follows: a) financial interdependency; b) selection of governing authority; c) designation of management; d) ability to significantly influence operations; e) accountability for fiscal matters; f) scope of public service; and g) special financing relationships. As defined, there are no other related organizations, which should be included in the financial statements.

Basis of Accounting: The Sewer Authority of the City of Scranton, Pennsylvania uses the accrual basis of accounting. The Authority's revenues are recognized when earned and expenses are recognized when the obligation is incurred. The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basis of Presentation: The fund category used by the Authority is the proprietary fund. Proprietary category funds are used to account for and report those governmental activities that are designed to be self-supporting from fees charged to consumers of the funds, goods and services or where the governing board has decided that the periodic determination of revenues, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The accounting and financial reporting practices of proprietary funds are similar to those used for business enterprises and focus on capital maintenance and the flow of economic resources.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary fund statements provide both long-term and short-term financial information which is similar to the information reported by a business-type entity. Net position is segregated into invested in capital assets, net of related debt; restricted for debt service and capital expenditures; and unrestricted components. Net position is increased by revenues and decreased by expenses.

Two fund types are included in the proprietary fund category: enterprise and internal service funds. The Authority uses the enterprise fund type.

Enterprise funds account for operations that provide goods or services to the general public on a continuing basis. Such operations are financed and operated in a manner similar to private businesses and are intended to be self-supporting through charges to users.

Measurement Focus: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of each fund are included on the Statement of Net Position. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sewer system services. Operating expenses for enterprise funds include the costs of sewer system services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts: The Authority's policy for providing for uncollectible accounts is to charge current year earnings for accounts receivable considered currently uncollectible based on the historical collection experience of the Authority and collection percentages applicable to public utilities.

A major portion of the allowance for doubtful accounts is felt to be collectible in the future because of the Authority's power to convert past due accounts into municipal claims. This procedure is an operation of law and the claims have the status of a legal lien or judgment. There are currently in force municipal claims of approximately \$4,790,000.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments: All of the Authority's investments are classified as held-to-maturity.

Property, Plant and Equipment: Property, plant and equipment are stated at cost. Normal maintenance and repairs are charged to expense as incurred; major renewals and extraordinary repairs, which extend the useful life of an asset, are capitalized. Depreciation is provided using the straight-line method based on the following estimated useful lives:

	Useful Life
Land	Not Applicable
Sewer Treatment Plant	40 years
Land Improvements	10 years
Operating Equipment	10 years
Vehicles	3-6 years
Extraordinary Repairs:	
Sewer System	20 years
Equipment	5 years

Accrued Compensated Absences: It is the Authority's policy to permit employees to accumulate vacation and sick days which will be paid to employees upon separation from the Authority's service. These amounts have been recorded in the statement of net position split between current and noncurrent liabilities as noted in the statement.

Statements of Cash Flows: For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash and cash equivalents, at March 31, 2014 were as follows:

Unrestricted	\$12,559,155
Restricted	<u>156,355</u>
Total Cash and Cash Equivalents	<u>\$12,715,510</u>

Interest paid by the Authority for the year ended March 31, 2014 amount to \$2,453,606. Of this amount, \$1,769,763 was capitalized as construction-in-progress.

Accounting for Authority Bond Issues: The Authority financed the construction of the sewer system through the issuance of two series of bonds designated as Sewer Assessment Bonds in the aggregate principal of \$2,600,000 and Sewer Revenue Bonds in the aggregate principal amount of \$33,000,000. The bond issue is subject to the provision of a Trust Indenture dated April 1, 1968 between the Authority and JP Morgan (formerly Chase Manhattan Bank) as Trustee. The bond issue was defeased July, 2000.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

In September 2007, the Authority issued bonds in the amount of \$16,810,000, with a final maturity of December, 2036, with interest costs varying from 3.70% to 5.00%. Proceeds from the bonds were turned over to the Trustee for initial distribution to various funds in accordance with the terms of the Trust Indenture of the Authority. The Trustee maintains all funds enumerated in Note 2 and shall continue to function for the life of this bond issue in the collection of rentals, the payment of operating expenses and semi-annual interest payments, and the repurchase and retirement of bonds until the ultimate retirement of all outstanding bonds.

In June 2011, the Authority issued sewer revenue bonds in the amount of \$29,475,000, with a final maturity of December 2035, with interest costs varying from 1.28% to 6.3%. The bond issue is subject to the provision of a Trust Indenture dated as of September 1, 2007, as supplemented by a First Supplemental Indenture dated June 10, 2011 between the Authority and Fidelity Deposit and Discount Bank as successor trustee, and are secured under the indenture by the assignment and pledge to the Trustee of Receipts and Revenue from the Sewer System.

Income Taxes: As a municipal authority the Authority is not subject to income.

Net Position: Net position represents the difference between assets and deferred outflow of resources and deferred inflows of resources, and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* were implemented during the current year. These statements incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The Statement of Net Position now reports the following components: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, when applicable.

Change in Accounting Principle-Restatement of Net Position: Beginning Net Position of the Authority was restated to account for the implementation of GASB Statement No. 65. This change in accounting principle requires bond issuance and financing costs to be expensed in the year which they were incurred. As a result, the

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

remaining unamortized bond issuance and financing costs were written off as of April 1, 2013 and deferred costs in the Authority's financial statement were restated by \$600,350. Beginning Net Position was restated from \$41,063,499 to \$40,463,149 at April 1, 2013.

The effect of the change on the Authority's March 31, 2014 Statement of Revenues, Expenses and Changes in Net Position was no change in operating income; a \$33,146 reduction in non-operating expenses; and an increase in Changes in Net Position of \$33,146.

The retroactive impact of the change on the Authority's March 31, 2013 Statement of Revenues, Expenses, and Changes in Net Position was no change in operating income; a \$33,146 reduction in Non-Operating Expenses; and an increase in Changes in Net Position of \$33,146.

Note 2 - Restricted Assets

Assessment Fund: To provide a portion of the cost of sewer line extensions, the Authority issued Sewer Assessment Bonds in the amount of \$2,600,000. Assessments were billed to property owners with an option of current or deferred payment. All bonds outstanding were redeemed as a result of a transfer of funds from the existing construction fund. Additional Sewer extensions, including some deferred under the original construction plan, are being assessed to property owners under the terms of the Indenture and the Authority's assessment resolution.

As of March 31, 2014 the majority of the sewer assessment accounts receivable are delinquent. To insure collection, municipal liens have been filed against those properties with delinquent sewer assessments.

Sewer Revenue Bonds: The aforementioned Trust Indenture, among other things, provides for the creation of the following funds which are restricted by terms of the indenture:

- (A) **Clearing Fund:** The Trust Indenture requires the Trustee to establish a Clearing Fund into which any monies held by the Authority in the Operating Account at the end of any fiscal year, commencing with the fiscal year ending March 31, 2008, not required to pay accrued expenses for such fiscal year and not required to be retained as a reserve in such amount as the Authority may deem prudent, but not in excess of the estimated amount of the Operating Expenses and Administrative Expenses contained in the Annual Engineer's Report for the following fiscal year, shall be transferred.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 2 - Restricted Assets (Continued)

- (B) Debt Service Fund: Terms of the Indenture require the Trustee to transfer from the Clearing Fund interest falling due on June 1 and December 1, respectively, plus on December 1 and April 1, the aggregate principal amount of the Bonds maturing or subject to mandatory redemption on such December 1.
- (C) Debt Service Reserve Fund: The Indenture established Debt Service Reserve Fund of \$4,333,811 to be used to make up any deficiency in the Debt Service Funds. At March 31, 2014, Debt Service Reserve Funds held by the Trustee, amounted to \$4,910,716, which include accumulated earnings and additions made to the reserve accounts by the Authority.
- (D) Bond Redemption and Improvement Fund: The surplus from time to time in the Clearing Fund, after payments and deposits mentioned above are satisfied, is to be deposited in the Bond Redemption and Improvement Fund and applied to make good any deficiencies in the Debt Service Fund, Bond Sinking Fund or the Debt Service Reserve Fund. If there is no deficiency in any of such Funds, monies may be applied as follows and as more fully provided in the Indenture:
 - (1) to make capital additions
 - (2) to make up any deficiency in the Construction Fund
 - (3) to purchase or redeem Bonds issued under the Indenture
 - (4) for any other lawful purpose of the Authority
- (E) Construction Fund: The Construction Fund shall consist of funds deposited therein pursuant to provisions of the Indenture for purposes of paying Costs, Costs of Acquisition or Costs of Construction relating to the Sewer System, including Capital additions and acquisition or construction of property in the nature of Capital Additions.
- (F) Settlement Fund: The Settlement Fund was established with the issuance of the 2011 Sewer Revenue Bonds to pay the costs associated with the issuance of the Bonds.

Note 3 - Deposits and Investments

Custodial Credit Risk - Deposits: At March 31, 2014 the bank balance of the Authority's cash deposits with financial institutions was \$13,026,557, compared to a carrying amount of \$12,715,510. The total bank balance that was secured by Federal Depository Insurance was \$656,355; and \$12,329,887 of the remaining bank balance was covered by securities pledged by the financial institution for such funds, but not in the Authority's name. The Authority does not have a deposit policy for custodial credit risk.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 3 - Deposits and Investments (Continued)

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In accordance with the Trust Indenture, any restricted assets held by the Trustee can be invested as detailed in the Indenture. Unrestricted funds are invested at management's discretion.

Investments: The Authority's investments are carried at fair market value and consisted of the following at March 31, 2014:

	Amortized Cost	Carrying Value	Average Credit Quality Rating	Weighted Average Months To Maturity
Mutual Money Market Funds:				
Federated Treasury Obligations Fund (CAP)	\$17,464,372	\$17,464,372	AAAm/AAAmf	0.23
Certificate of Deposit	<u>2,359,500</u>	<u>2,361,961</u>	N/A	3.81
Total	<u>\$19,823,872</u>	<u>\$19,826,333</u>		

- (1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.
- (2) Interest Rate Risk is estimated weighted average months to maturity.
- (3) Concentration of credit risk by amount and by issuer investments in any one issuer that represent 5% or more of total investments separately disclosed.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: The Authority's investments are managed under a trust indenture agreement with an area financial institution. Investment choices are limited under this agreement to specified investments with stipulated credit ratings as permitted by legislation under the Pennsylvania Municipal Authorities Act. This agreement does not place a limit on the amount the Authority may invest in any one issuer. As of March 31, 2014, the Authority's investment in Federated Treasury Obligations Fund (CAP) was rated AAAm by Standard & Poor's and represented 88% of the Authority's investments. Certificates of deposit represent the remaining 12% of the Authority's investments, and are invested at various financial institutions in amounts which are fully secured by Federal Depository Insurance (FDIC).

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 4 - Capital Assets

A summary of changes in the capital assets is as follows:

	Balance 3/31/2013	Additions	Deletions	Balance 3/31/2014
Land (not depreciated)	\$ 130,029	\$ 0	\$ 0	\$ 130,029
Construction in Progress	12,652,453	9,948,657	0	22,601,110
Sewage Treatment Plant and Related Facilities	119,697,069	2,154,776	0	121,851,845
Improvement	253,572	0	0	253,572
Operating Equipment	<u>10,369,390</u>	<u>616,866</u>	<u>0</u>	<u>10,986,256</u>
Total Historical Costs	<u>\$ 143,102,513</u>	<u>\$ 12,720,299</u>	<u>\$ 0</u>	<u>\$ 155,822,812</u>
LESS: Accumulated Depreciation:				
Sewage Treatment Plant and Related Facilities	\$ 75,068,041	\$ 2,336,128	\$ 0	\$ 77,404,169
Improvement	208,892	10,218	0	219,110
Operating Equipment	<u>8,065,782</u>	<u>532,162</u>	<u>0</u>	<u>8,597,944</u>
Total Accumulated Depreciation	<u>\$ 83,342,715</u>	<u>\$ 2,878,508</u>	<u>\$ 0</u>	<u>\$ 86,221,223</u>
Capital Assets, Net	<u>\$ 59,759,798</u>	<u>\$ 9,841,791</u>	<u>\$ 0</u>	<u>\$ 69,601,589</u>

Depreciation expense for the year ended March 31, 2014 amounted to \$2,878,508.

At March 31, 2014, the Authority has entered into contracts for construction, as follows:

	Project Authorization	Expended To Date	Commitment
Biological Nutrient Removal (BNR) Project - Various Contractors	\$ 21,597,992	\$ 20,074,523	\$ 1,523,469
Other Non-BNR Projects - Various Contractors	\$ 814,153	\$ 639,109	\$ 175,049

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 5 - Long-Term Debt

The changes in long-term obligations payable during the year ended March 31, 2014 are as follows:

	Balance 3/31/2013	Additions	Repayments	Balance 3/31/2014	Principal Due Within One Year
Sewer Revenue Bonds Payable Series of 2007	\$ 16,610,000	\$ 0	\$ 5,000	\$ 16,605,000	\$ 5,000
Fidelity Sewer Revenue Bonds Payable Series of 2011A	20,420,000	0	960,000	19,460,000	790,000
Fidelity Sewer Revenue Bonds Payable Series of 2011B	7,495,000	0	440,000	7,055,000	455,000
Pennvest Promissory Note #71192	2,712,104	0	240,254	2,471,850	247,674
Pennvest Promissory Note #71162	2,843,190	0	216,525	2,626,665	222,608
Pennvest Promissory Note #71281	1,555,186	0	112,607	1,442,579	115,770
Pennvest Promissory Note #27682	2,626,561	0	150,528	2,476,033	155,187
Pennvest Promissory Note #79906	3,417,226	0	203,554	3,213,672	191,664
Pennvest Promissory Note #71375	1,885,416	0	0	1,885,416	28,434
TOTAL	<u>\$ 59,564,683</u>	<u>\$ 0</u>	<u>\$ 2,328,468</u>	<u>\$ 57,236,215</u>	<u>\$ 2,211,337</u>

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 5 - Long-Term Debt (Continued)

The aggregate maturities of long-term debt are as follows:

Year End March 31	Principal	Interest	Total
2015	\$ 2,211,337	\$ 2,467,379	\$ 4,678,716
2016	1,894,012	2,413,657	4,307,669
2017	1,947,271	2,357,170	4,304,441
2018	2,006,327	2,296,187	4,302,514
2019	2,071,203	2,229,101	4,300,304
2020-2024	9,914,555	9,966,019	19,880,574
2025-2029	10,340,333	7,635,909	17,976,242
2030-2034	13,539,589	4,554,024	18,093,613
2035-2037	13,311,588	853,327	14,164,915
	<u>\$ 57,236,215</u>	<u>\$ 34,772,773</u>	<u>\$ 92,008,988</u>

Note 6 - Revenue Bonds Payable 2007 Series

On September 1, 2007 the Authority issued \$16,810,000 of Sewer Revenue Bonds. The proceeds from this issue were primarily used to fund capital improvement projects.

Optional Redemption: The 2007 Series Bonds maturing on or after December 1, 2016 are subject to redemption prior to maturity, at the option of the Authority beginning December 1, 2015, out of monies deposited with or held by the Trustee for such purposes as a whole or in part at any time, and, in any order of maturities selected by the Authority, 100% of the par amount, plus accrued interest.

Mandatory Redemption: The 2007 Series Bonds stated to mature on December 1, 2024, December 1, 2032 and December 1, 2036 are subject to mandatory redemption prior to maturity on December 1 of each of the years set forth below, in each case at a redemption price equal to 100% the principal amount thereof to be redeemed plus accrued interest to the redemption date, from funds to be deposited in the Sinking Fund, on or before December 1 of each of the years set for the below, in amounts sufficient to redeem by lot on each December 1 the following amounts of the Bonds:

Term Bonds Slated to Mature on December 1, 2024		Term Bonds Slated to Mature on December 1, 2032		Term Bonds Slated to Mature on December 1, 2036	
Year	Amount	Year	Amount	Year	Amount
2018	\$ 5,000	2028	\$ 1,205,000	2033	\$ 1,840,000
2019	5,000	2029	1,265,000	2034	1,935,000
2020	5,000	2030	1,395,000	2035	2,030,000
2021	5,000	2031	1,680,000	2036	2,135,000
2022	5,000	2032	1,760,000 *		
2023	5,000				
2024	5,000 *				

* At maturity

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 6 - Revenue Bonds Payable 2007 Series (Continued)

Series A of 2011

On June 10, 2011 the Authority issued \$21,340,000 of Series A of 2011 Sewer Revenue Bonds. The proceeds from this issue will primarily be used to fund various capital improvement projects.

Optional Redemption: The Series A of 2011 Bonds maturing on or after December 1, 2022 are subject to redemption prior to maturity, at the option of the Authority in any order of maturity either as a whole, or in part, at any time on or after December 1, 2021, and if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount, together with accrued interest to the date fixed for redemption.

Mandatory Redemption: The Series A of 2011 Bonds stated to mature on December 1, 2031 and on December 1, 2035 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount, together with accrued interest, to the dates fixed for redemption, on December 1 of the years and in the following amounts:

Term Bonds Due December 1, 2031		Term Bonds Due December 1, 2035	
Year	Amount	Year	Amount
2027	\$ 1,250,000	2032	\$ 1,265,000
2028	910,000	2033	1,315,000
2029	1,095,000	2034	1,205,000
2030	1,075,000	2035	1,515,000 *
2031	1,390,000 *		

* At maturity

Series B of 2011

On June 10, 2011 the Authority issued \$8,135,000 of Series B of 2011 Federally Taxable Sewer Revenue Bonds. The proceeds from this issue were used to currently refund the Authority's outstanding \$8,000,000 loan from First National Community Bank dated April 24, 2007.

Optional Redemption: The 2011 B Series Bonds maturing on or after December 1, 2025 are subject to redemption prior to maturity, at the option of the Authority in any order of maturity either as a whole, or in part, at any time on or after December 1, 2021, at a redemption price equal to 100% of the principal amount, together with accrued interest to the date fixed for redemption.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 6 - Revenue Bonds Payable 2007 Series (Continued)

Mandatory Redemption: The Series B of 2011 Bonds stated to mature on December 1, 2025 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount, together with accrued interest, to the dates fixed for redemption, on December 1 of the years and in the following amounts:

Term Bonds Due December 1, 2025:

<u>Year</u>	<u>Amount</u>
2022	\$650,000
2023	690,000
2024	735,000
2025*	785,000

*At maturity

Note 7 - Conduit Debt Obligation

On December 22, 2004, the Authority issued a Guaranteed Lease Revenue Note in the amount of \$4,000,000 to finance the cost of a project on behalf of the City of Scranton. The note is due December 15, 2016 and has an interest rate of 5.99%. In connection with the issuance, the Authority and the City entered into a sale agreement and a lease agreement. Through these agreements, the City sold property to the Authority, which in turn leased the property back to the City, with payments due in amounts sufficient to pay the debt service on the note.

Under the terms of the note and the agreements, the Authority is a conduit issuer. The Authority has no obligation beyond the resources provided by the sublease agreement. The sublease agreement constitutes a general obligation of the City of Scranton and the full faith and credit and taxing power of the City of Scranton is pledged to the payment of all amounts due under the sublease. The sublease agreement expires on December 15, 2016. The notes are not general obligations of the Authority and the Authority has no taxing power. The amount outstanding on the Notes as of March 31, 2014 is \$1,615,000. Due to the nature of the transaction the Authority is not required to record the obligation for the Notes or the related lease receivable in its financial statements.

Note 8 - Capital Improvement Program

During the year ended March 31, 2000 a capital improvement program was adopted in the amount of \$25,000,000. The program consists of two phases. Phase I was budgeted at \$10,261,000 and was primarily for improvements at the treatment plant.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 8 - Capital Improvement Program (Continued)

Funding for the program is from the Pennsylvania Infrastructure Investment Authority (PENNVEST). The first application filed was for \$5,045,157 (\$4,879,765 as modified) and the loan closed in March, 2002. The balance outstanding at March 31, 2014 amounted to \$2,471,850. The loan is secured by the gross revenues of the Authority and the guarantee of the City of Scranton. Interest only was payable on advances until July 1, 2003, when monthly principal and interest payments are due up to and including January, 2023. Interest is 1.522% for the first 5 months and 3.045% thereafter. Legal fees relating to obtaining the financing amounted to \$44,338. Construction was completed for this phase in July, 2003, and the final disbursement on this loan was received June, 2004 in the amount of \$86,866.

The second PENNVEST application was for \$4,947,000 and the loan closed in October, 2002. The balance outstanding at March 31, 2014 amounted to \$2,626,665. The security is the same as above. Interest only was payable on advances until August 1, 2004, when monthly principal and interest payments were due up to and including July 1, 2024. Interest is at 1.387% for the first 81 months and 2.774% thereafter. Construction was completed for this phase at March 31, 2007, and the final disbursement of \$12,150 was received May, 2007.

The third PENNVEST loan closed in December, 2003, in the amount of \$2,806,264. The balance outstanding at March 31, 2014 amounted to \$1,442,579. The security is the same as above. Interest only was payable on advances until February 1, 2005, when monthly principal and interest payments were due up to and including January 1, 2025. Interest is at 1.387% for the first 73 months and 2.774% thereafter. Construction was completed for this phase at March 31, 2007, and the final disbursement of \$125,221 was received May, 2007.

In December 2004 the Authority closed on a fourth loan in the amount of \$3,690,127. The balance outstanding at March 31, 2014 was \$2,476,033. The security is the same as above. Monthly principal and interest payments began June, 2007 and are due up to and including May, 2027. Interest is at 1.942% for the first 60 months and 3.052% thereafter. Construction was completed for this phase in April, 2007, and the final disbursement of \$151,815 was received November, 2007.

In November 2007, the Authority closed on a fifth loan in the amount of \$4,329,181. The balance outstanding at March 31, 2014 was \$3,213,672. The security is the same as above. Monthly principal and interest payments began May 1, 2009 and are up to and including April, 2029. Interest is at 1.214% for the first 60 months and 2.428% thereafter. Construction was completed for this phase in March 2011. At March 31, 2014, the final disbursement of \$130,764 has not been received and is awaiting final settlement.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 8 - Capital Improvement Program (Continued)

In March 2012 the Authority closed on a Pennvest loan in the amount of \$11,256,361. The proceeds will be utilized primarily for Wastewater Treatment Plant Improvements. The loan is secured by the gross revenues of the Sewer Authority of the City of Scranton. Interest only is payable on advances for 36 months at a rate of 1%. Interest is 1.51% thereafter, when monthly principal and interest payments are due for another 204 months. The Authority's initial loan advance of \$1,885,416 was received by the Authority and represents the balance outstanding at March 31, 2014. The Authority has since submitted two additional requests for loan advances under this loan commitment totaling \$6,460,304 to reimburse for Waste Water Treatment Plant improvements it incurred through March 31, 2014. Such loan advances have been subsequently reimbursed to the Authority in the amounts of \$1,072,465; and \$5,387,839, during the next fiscal year.

The PENNVEST loans are federally and state funded and therefore subject to various compliance requirements.

In November 2010, the Authority renewed a \$4,000,000 line of credit to provide interim financing for the program. Interest was payable monthly at a variable rate equal to 70% of the prime rate (2.275% at March 31, 2014). Security for the line of credit was all receipts and accounts receivable. The line of credit matures in October 2015. The balance of the line of credit at March 31, 2014 amounted to \$0. There was no activity for the year ended March 31, 2014.

The Authority renewed a \$2,000,000 line of credit to be used for general working capital. Interest is payable monthly at a variable rate equal to National Prime, but never less than a floor of 4%. (4% at March 31, 2014). Security for the line of credit is all receipts and accounts receivable accounts, instruments and contract rights. The line of credit will expire October 31, 2014, and will be renewable at the option of the Bank. There was no activity for the year ended March 31, 2014 and the balance at March 31, 2014 was \$0.

Note 9 - Defined Contribution Plans

The Authority contributes to the Central Pennsylvania Teamsters Pension Fund, a defined contribution pension plan covering substantially all of its full time union employees. Employees become eligible after they have been on the payroll for thirteen weeks. Contributions made by the Authority were \$421 per month for the year ended March 31, 2014 for each covered employee; contributions vest according to the Plan's schedule. Pension expense for the year ended March 31, 2014 amounted to \$373,555.

Effective January 1, 2006 the Authority adopted a money purchase pension plan for employees who meet age and service requirements and are not members of the Union. Employer contributions are 4% of eligible compensation and employees must contribute 2%. Employees are also permitted to make additional contributions up to the maximum allowed by law. For the year ended March 31, 2014 employer contributions totaled \$22,107 and employee contributions totaled \$17,170.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

Note 10 - Operating Lease

The Authority leases its office space under an operating lease dated April 2012 at a monthly rental of \$5,125. The lease term is for a five year term through April 2017. The lease provides for the option of renewing the lease for (5) additional five years terms, with no increase. The Authority is responsible to pay all utility and normal maintenance costs, associated with the office lease. Minimum rental commitments at March 31, 2013 are as follows:

Fiscal Year	Amount
2015	\$ 61,500
2016	61,500
2017	61,500
	\$ 184,500

Rental expense for the year ended March 31, 2014 amounted to \$61,500.

Note 11 - Contingent Liabilities

The Authority participates in both Federal and State assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Authority is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The Authority is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of the Authority, the ultimate disposition of any matters outstanding at March 31, 2014 will not have a material effect on the Authority's financial position.

Note 12 - Consent Decree

On January 31, 2013 the Authority entered into a consent decree with the United States of America, acting on behalf of the U.S. Environmental Protection Agency, and the Pennsylvania Department of Environmental Protection that will require the Authority to take steps to achieve compliance with the Clean Water Act and the Clean Streams Law by December 2037. The Authority adopted a Long Term Control Plan to address compliance with the consent decree by December 2037. The cost to accomplish the Long Term Control Plan is estimated to be approximately \$140 million.

Note 13 - Managements' Review

The Authority has evaluated subsequent events through August 26, 2014, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
 SUPPLEMENTAL SCHEDULE I - RESTRICTED ASSETS
 MARCH 31, 2014

	Cash and Cash Equivalents	Investments	Accrued Interest	Total
Clearing	\$ 0	\$ 13,158,107	\$ 0	\$ 13,158,107
Debt Service	0	4	0	4
Debt Service Reserve	156,355	4,749,707	4,654	4,910,716
Construction	0	1,918,515	0	1,918,515
	<u>\$ 156,355</u>	<u>\$ 19,826,333</u>	<u>\$ 4,654</u>	<u>\$ 19,987,342</u>

"See accompanying independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
SUPPLEMENTAL SCHEDULE II - OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2014

SEWER PLANT AND SEWER SYSTEM

Salaries	\$ 3,480,657
Payroll Taxes	263,011
Employee Benefits	1,803,215
Utilities	739,981
Chemicals	697,536
Supplies	370,128
Repairs, Maintenance and Rentals	653,710
Vehicle Operating Expense	429,463
Landfill Disposal	<u>636,901</u>

TOTAL SEWER PLANT AND
SEWER SYSTEM EXPENSES

\$ 9,074,602

ADMINISTRATIVE AND GENERAL

Salaries	\$ 1,059,956
Payroll Taxes	80,094
Employee Benefits	457,478
Utilities	45,375
Office Supplies and Expenses	93,813
Rent	61,500
Repairs and Maintenance	5,331
Postage and Billing Expenses	240,476
Legal Fees	150,267
Engineering Fees	120,474
Accounting Fees	22,950
Other Professional Fees	365,658
Collection Expense	53,594
Insurance	278,588
Bad Debt Expense	<u>185,000</u>

TOTAL ADMINISTRATIVE AND
GENERAL EXPENSES

\$ 3,220,554

"See accompanying independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDING MARCH 31, 2014

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATE	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCURED OR (DEFERRED) REVENUE AT 4/1/2013	REVENUE RECOGNIZED	EXPENDITURES	ACCURED OR (DEFERRED) REVENUE AT 3/31/2014
ENVIRONMENTAL PROTECTION AGENCY Passed through the Pennsylvania Pennsylvania Infrastructure Investment Authority:										
Capitalization Grant for Clean Water State Revolving Funds	I	66.45B	71375	3/7/12-11/1/14	\$ 11,256,361.00	\$ 0	\$ 0	\$ 6,460,304.00	\$ 6,460,304.00	\$ 6,460,304.00
						\$ 0	\$ 0	\$ 6,460,304.00	\$ 6,460,304.00	\$ 6,460,304.00

SOURCE CODES: D - Direct Funding
 I - Indirect Funding

"See accompanying independent auditors' report"

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2014

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes all significant federally funded grant programs of The Sewer Authority of the City of Scranton and has been prepared on the modified accrual basis of accounting.

Note B - Accrued and Deferred Reimbursement

Various reimbursement procedures are used for federal awards received by The Sewer Authority of the City of Scranton. Timing differences may occur between expenditures and reimbursements during the year. Accrued revenues at year-end represent an excess of expenditures over cash reimbursements received. Deferred revenues at year-end represent an excess of cash received over eligible program expenditures. Generally, accrued and deferred amounts caused by timing differences will be reversed in the subsequent year.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

August 26, 2014

Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Sewer Authority of the City of Scranton, a component unit of the City of Scranton, as of and for the year ended March 31, 2014, and the related notes to the financial statements which collectively comprise the Authority's basic statements, and have issued our report thereon dated August 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Sewer Authority of the City of Scranton's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Sewer Authority of the City of Scranton's internal control. Accordingly, we do not express an opinion on, the effectiveness of The Sewer Authority of the City of Scranton's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

MEMBER OF AMERICAN & PENNSYLVANIA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS

Our consideration of the internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Sewer Authority of the City of Scranton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robert Rossi & Co.

ROBERT ROSSI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A - 133**

August 26, 2014

Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited The Sewer Authority of the City of Scranton's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Sewer Authority of the City of Scranton's major federal programs for the year ended March 31, 2014. The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's compliance.

Opinion on Each Major Federal Program

In our opinion, The Sewer Authority of the City of Scranton, Scranton, Pennsylvania complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2014.

Report on Internal Control Over Compliance

Management of The Sewer Authority of the City of Scranton, Scranton, Pennsylvania is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Sewer Authority of the City of Scranton, Scranton, Pennsylvania's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robert Ross - Co.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED MARCH 31, 2014

Section I-- Summary of Auditors' Result

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
 Noncompliance material to financial statements noted?	 _____ yes	 <u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported

Type of auditors' report issued on compliance for major programs:	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ yes	<u> X </u> no
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Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs: <u>\$300,000</u>	
Auditee qualified as low risk auditee?	_____ yes <u> X </u> no

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2014

- NO PRIOR FINDINGS NOTED.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON

A COMPONENT UNIT OF
THE CITY OF SCRANTON

FINANCIAL STATEMENTS

MARCH 31, 2013

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Sewer Authority of the City of Scranton, a component unit of the City of Scranton, as of and for the year ended March 31, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

(THE SEWER AUTHORITY OF THE CITY OF SCRANTON
(INDEPENDENT AUDITORS' REPORT-CONTINUED))

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sewer Authority of the City of Scranton, a component unit of the City of Scranton, as of and for the year ended March 31, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

In connection with our audit, nothing came to our attention that caused us to believe that the Authority was not in compliance with the provisions of the Trust Indenture between the Sewer Authority of the City of Scranton, Pennsylvania and Fidelity Deposit and Discount Bank insofar as they relate to accounting and auditing matters. It should be noted, however, that our audit was not directed primarily toward obtaining knowledge of such noncompliance.

(THE SEWER AUTHORITY OF THE CITY OF SCRANTON
INDEPENDENT AUDITORS' REPORT-CONTINUED)

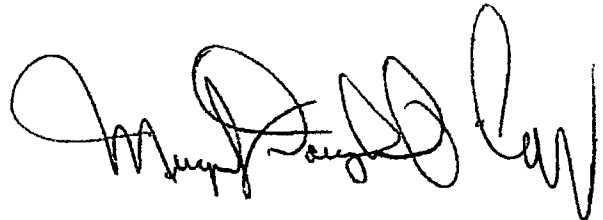
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sewer Authority of the City of Scranton's basic financial statements. The supplementary information on pages 24 and 25, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The supplementary information on pages 24 and 25, as listed in the table of contents, and the schedule of expenditures of federal awards the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 24 and 25, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with "Government Auditing Standards", we have also issued our report dated September 9, 2013, on our consideration of the Sewer Authority of the City of Scranton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Sewer Authority of the City of Scranton's internal control over financial reporting and compliance.

Moscow, Pennsylvania
September 9, 2013



THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF NET ASSETS
MARCH 31, 2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 14,474,276
Accounts Receivable, net of allowance for doubtful accounts of \$2,410,000	5,229,313
Other Current Assets	458,739
Total Current Assets	<u>20,162,328</u>

Noncurrent Assets

Restricted Assets - See Schedule 1

Cash and Cash Equivalents	2,769,526
Investments	20,136,408
Accrued Interest Receivable	24,594
Total Restricted Assets	<u>22,930,528</u>

Accounts Receivable - Assessments 386,129

Deferred Charges, net of accumulated amortization 1,041,789

Capital Assets (Note 4)

Property, Plant and Equipment, net	59,759,798
Total Noncurrent Assets	<u>84,118,244</u>

Total Assets \$ 104,280,572

The accompanying notes are an integral part of these financial statements.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF NET ASSETS-(CONTINUED)
MARCH 31, 2013

LIABILITIES

<u>Current Liabilities (payable from current assets)</u>	
Line of Credit	\$ -
Current Portion of Long-Term Debt	924,243
Accounts Payable	479,981
Accrued Expenses	-
Accrued Payroll and Payroll Taxes	161,730
Accrued Compensated Absences	716,079
Total Current Liabilities (payable from current assets)	<u>2,282,033</u>
 <u>Current Liabilities (payable from restricted assets)</u>	
Revenue Bonds Payable	1,405,000
Accrued Revenue Bond Interest Payable	722,731
Accrued Expenses	1,571,868
Total Current Liabilities (payable from restricted assets)	<u>3,699,599</u>
 <u>Noncurrent Liabilities</u>	
Long-Term Debt, net of current portion	<u>57,235,441</u>
Total noncurrent liabilities	<u>57,235,441</u>
Total Liabilities	<u>63,217,073</u>
 <u>Net Assets</u>	
Invested in Capital Assets, net of related debt	195,115
Restricted for Debt Service and Capital Expenditures	19,230,929
Unrestricted	<u>21,637,455</u>
Total Net Assets	<u>\$ 41,063,499</u>

The accompanying notes are an integral part of these financial statements.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2013

Operating Revenues

Sewer Rental Charges, including penalties and interest, net of credit adjustments	\$ 23,262,420
Total Operating Revenues	<u>23,262,420</u>

Operating Expenses

Sewage Plant and Sewer System - Schedule 2	8,319,390
Administrative and General - Schedule 2	3,825,334
Depreciation Expense	2,828,911
Total Operating Expenses	<u>14,973,635</u>

Operating Income	<u>8,288,785</u>
------------------	------------------

Nonoperating Revenues (Expenses)

Investment Revenue	124,494
Interest Expense	(729,611)
Amortization of Deferred Charges	(64,379)
Gain (Loss) on Sale of Asset	(728)
Other Revenue	362,068
Total Non-Operating Revenues (Expenses)	<u>(308,156)</u>

Change in Net Assets	7,980,629
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Net Assets, beginning	<u>33,082,870</u>
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Net Assets, ending	<u>\$ 41,063,499</u>
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The accompanying notes are an integral part of these financial statements.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013

<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$ 21,542,510
Cash payments to suppliers for goods and services	(5,422,884)
Cash payments to employees for services	(6,481,461)
Net Cash Flows from Operating Activities	<u>9,638,165</u>
 <u>Cash Flows from Noncapital Financing Activities</u>	
Other Revenue Received	<u>362,068</u>
Net Cash Flows from Noncapital Financing Activities	<u>362,068</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
(Gain) Loss from Sale of Assets	728
Proceeds from Issuance of Debt	1,885,416
Payment of Debt	(2,287,542)
Payment of Interest	(2,531,839)
Purchase of Capital Assets	(10,512,580)
Net Cash Flows from Capital and Related Financing Activities	<u>(13,445,817)</u>
 <u>Cash Flows from Investing Activities</u>	
Proceeds from investments	12,724,444
Purchases of investments	(2,196,748)
Maturity of Certificates of Deposits, net	-
Receipt of Interest	118,420
Net Cash Flows from Investing Activities	<u>10,646,116</u>
Net Change in Cash	7,200,532
Cash and Cash Equivalents, beginning	<u>10,043,270</u>
Cash and Cash Equivalents, ending, as reported on the Statement of Net Assets	<u>\$ 17,243,802</u>
 <u>Reconciliation of Operating Income to Net Cash Flows from Operating Activities:</u>	
Operating Income	\$ 8,288,785
Depreciation	2,828,911
(Increase) decrease in Accounts Receivable	(1,719,910)
(Increase) decrease in Other Assets	418,285
(Decrease) increase in Accounts Payable	(238,844)
(Decrease) increase in Other Liabilities	5,672
(Decrease) increase in Accrued Compensated Absences	55,266
Net Cash Provided by Operating Activities	<u>\$ 9,638,165</u>

The accompanying notes are an integral part of these financial statements.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Sewer Authority of the City of Scranton (the Authority) is a body corporate and politic organized under the Pennsylvania Municipalities Act of 1945, P.C. 382, as amended and supplemented. By a Certificate of Joinder dated August 17, 1966, the Borough of Dunmore became an Authority member.

On July 14, 1971, the City of Scranton appointed the Authority to be its agent in the operation of the sewer system. The terms of this service agreement continue for a one-year period and will automatically extend itself on a year-to-year basis until one of the parties thereto gives notice of its intent to cancel 30 days prior to the termination of any yearly period.

The Sewer Authority of the City of Scranton, Pennsylvania, has determined that it is a component unit of the City of Scranton since the City has guaranteed the Authority's loans with Pennsylvania Infrastructure Investment Authority (PENNVEST), therefore, the Authority is included in the reporting entity of the City of Scranton.

Reporting Entity

The reporting entity has been defined in accordance with the criteria established in GASB Statement No. 39, "Determining Whether Organizations are Component Units. The specific criteria used is as follows: a) financial interdependency; b) selection of governing authority; c) designation of management; d) ability to significantly influence operations; e) accountability for fiscal matters; f) scope of public service; and g) special financing relationships. As defined, there are no other related organizations, which should be included in the financial statements.

Basis of Accounting

The Sewer Authority of the City of Scranton, Pennsylvania uses the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred. The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Basis of Presentation: Proprietary Fund

The fund category used by the Authority is the proprietary fund. Proprietary category funds are used to account for and report those governmental activities that are designed to be self-supporting from fees charged to consumers of the funds, goods and services or where the governing bond has decided that the periodic determination of revenues, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The accounting and financial reporting practices of proprietary funds are similar to those used for business enterprises and focus on capital maintenance and the flow of economic sources.

Proprietary fund statements provide both long-term and short-term financial information which is similar to the information reported by a business-type entity. Net assets are segregated into invested in capital assets, net of related debt and unrestricted components. Net assets are increased by revenues and decreased by expenses.

Two fund types are included in the proprietary fund category: enterprise and internal service funds. The Authority uses the enterprise fund type.

Enterprise funds account for operations that provide goods or services to the general public on a continuing basis. Such operations are financed and operated in a manner similar to private businesses and are intended to be self-supporting through charges to users.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts

The Authority's policy for providing for uncollectible accounts is to charge current year earnings for accounts receivable considered currently uncollectible based on the historical collection experience of the Authority and collection percentages applicable to public utilities.

A major portion of the allowance for doubtful accounts is felt to be collectible in future because of the Authority's power to convert past due accounts into municipal claims. This procedure is an operation of law and the claims have the status of a legal lien or judgment. There are currently in force municipal claims of approximately \$3,690,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Investments

All of the Authority's investments are classified as held-to-maturity.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Normal maintenance and repairs are charged to expense as incurred; major renewals and extraordinary repairs, which extend the useful life of an asset, are capitalized. Depreciation is provided using the straight-line method based on the following estimated useful lives:

	<u>Useful Life</u>
Land	Not Applicable
Sewer Treatment Plant	40 years
Land Improvements	10 years
Operating Equipment	10 years
Vehicles	3-6 years
Extraordinary Repairs:	
Sewer System	20 years
Equipment	5 years

Accrued Compensated Absences

It is the Authority's policy to permit employees to accumulate vacation and sick days which will be paid to employees upon separation from the Authority's service.

Statements of Cash Flows

For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash and cash equivalents, at March 31, 2013 were as follows:

Unrestricted	\$14,474,276
Restricted	<u>2,769,526</u>
Total cash and cash equivalents	<u>\$17,243,802</u>

Interest paid by the Authority for the year ended March 31, 2013 amount to \$2,522,556. Of this amount, \$1,792,973 was capitalized as construction-in-progress.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Non-Cash transactions for the year ended March 31, 2013 included amortization of deferred charges of \$64,379.

Accounting for Authority Bond Issues

The Authority financed the construction of the sewer system through the issuance of two series of bonds designated as Sewer Assessment Bonds in the aggregate principal of \$2,600,000 and Sewer Revenue Bonds in the aggregate principal amount of \$33,000,000. The bond issue is subject to the provision of a Trust Indenture dated April 1, 1968 between the Authority and JP Morgan (formerly Chase Manhattan Bank) as Trustee. The bond issue was defeased July, 2000.

In September 2007, the Authority issued bonds in the amount of \$16,810,000, with a final maturity of December, 2036, with interest costs varying from 3.70% to 5.00%. Proceeds from the bonds were turned over to the Trustee for initial distribution to various funds in accordance with the terms of the Trust Indenture of the Authority. The Trustee maintains all funds enumerated in Note 2 and shall continue to function for the life of this bond issue in the collection of rentals, the payment of operating expenses and semi-annual interest payments, and the repurchase and retirement of bonds until the ultimate retirement of all outstanding bonds.

In June 2011, the Authority issued sewer revenue bonds in the amount of \$29,475,000, with a final maturity of December 2026, with interest costs varying from 2% to 5.95%. The bond issue is subject to the provision of a Trust Indenture dated as of September 1, 2007, as supplemented by a First Supplemental Indenture dated June 10, 2011 between the Authority and Fidelity Deposit and Discount Bank as successor trustee, and are secured under the indenture by the assignment and pledge to the Trustee of Receipts and Revenue from the Sewer System.

Income Taxes

As a municipal authority the Authority is not subject to income taxes.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 2 – RESTRICTED ASSETS

Assessment Fund

To provide a portion of the cost of sewer line extensions, the Authority issued Sewer Assessment Bonds in the amount of \$2,600,000. Assessments were billed to property owners with an option of current or deferred payment. All bonds outstanding were redeemed as a result of a transfer of funds from the existing construction fund. Additional Sewer extensions, including some deferred under the original construction plan, are being assessed to property owners under the terms of the Indenture and the Authority's assessment resolution.

As of March 31, 2013 the majority of the sewer assessment accounts receivable are delinquent. To insure collection, municipal liens have been filed against those properties with delinquent sewer assessments.

Sewer Revenue Bonds

The aforementioned Trust Indenture, among other things, provides for the creation of the following funds which are restricted by terms of the indenture:

(A) Clearing Fund

The Trust Indenture requires the Trustee to establish a Clearing Fund into which any monies held by the Authority in the Operating Account at the end of any fiscal year, commencing with the fiscal year ending March 31, 2008, not required to pay accrued expenses for such fiscal year and not required to be retained as a reserve in such amount as the Authority may deem prudent, but not in excess of the estimated amount of the Operating Expenses and Administrative Expenses contained in the Annual Engineer's Report for the following fiscal year, shall be transferred.

(B) Debt Service Fund

Terms of the Indenture require the Trustee to transfer from the Clearing Fund interest falling due on June 1 and December 1, respectively, plus on December 1 and April 1, the aggregate principal amount of the Bonds maturing or subject to mandatory redemption on such December 1.

(C) Debt Service Reserve Fund

The Indenture established a Debt Service Reserve Fund of \$3,179,341 to be used to make up any deficiency in the Debt Service Fund.

NOTE 2 – RESTRICTED ASSETS – (CONTINUED)

(D) Bond Redemption and Improvement Fund

The surplus from time to time in the Clearing Fund, after payments and deposits mentioned above are satisfied, is to be deposited in the Bond Redemption and Improvement Fund and applied to make good any deficiencies in the Debt Service Fund, Bond Sinking Fund or the Debt Service Reserve Fund. If there is no deficiency in any of Such Funds, monies may be applied as follows and as more fully provided in the Indenture:

- (1) to make capital additions
- (2) to make up any deficiency in the Construction Fund
- (3) to purchase or redeem Bonds issued under the Indenture
- (4) for any other lawful purpose of the Authority

(E) Construction Fund

The Construction Fund shall consist of funds deposited therein pursuant to provisions of the Indenture for purposes of paying Costs, Costs of Acquisition or Costs of Construction relating to the Sewer System, including Capital additions and acquisition or construction of property in the nature of Capital Additions.

(F) Settlement Fund

The Settlement Fund was established with the issuance of the 2011 Sewer Revenue Bonds to pay the costs associated with the issuance of the Bonds.

NOTE 3 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

At March 31, 2013 the bank balance of the Authority's cash deposits with financial institutions was \$17,288,834, compared to a carrying amount of \$17,243,802. The total bank balance that was secured by Federal Depository Insurance was \$3,269,526. The remaining bank balance was covered by securities pledged by the financial institution for such funds, but not in the Authority's name. The Authority does not have a deposit policy for custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In accordance with the Trust Indenture, any restricted assets held by the Trustee can be invested as detailed in the Indenture. Unrestricted funds are invested at management's discretion.

NOTE 3 – DEPOSITS AND INVESTMENTS- (CONTINUED)

Investments

The Authority's investments are carried at fair market value and consisted of the following at March 31, 2013:

	<u>Maturity</u>	<u>Value</u>
Money Market Fund	n/a	\$ 18,527,368
U.S. Government Obligations	5/29/13	<u>1,609,040</u>
Total		<u>\$ 20,136,408</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

The Authority has no investment policy that would limit its investment choices to certain credit ratings, nor does it place a limit on the amount the Authority may invest in any one issuer. As of March 31, 2013, the Authority's investment in Federated Treasury Obligations Money Market Fund (CAP) was rated AAAM by Standard & Poor's and represented 92% of the Authority's investments. The investment in the FHLM Agency Note was rated AA+ by Standard & Poor's and represented 8% of the Authority's investments. The Authority places no limit on the amount the Authority may invest in one issuer.

NOTE 4 – CAPITAL ASSETS

A summary of changes in the capital assets is as follows:

	<u>Balance</u> <u>3/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3/31/13</u>
Land (not depreciated)	\$ 130,029	\$ -0-	\$ -0-	\$ 130,029
Construction in Progress	2,739,394	9,913,059	-0-	12,652,453
Sewage Treatment Plant And Related Facilities	117,395,146	2,814,913	512,990	119,697,069
Improvements	253,572	-0-	-0-	253,572
Operating Equipment	<u>9,792,472</u>	<u>761,428</u>	<u>184,510</u>	<u>10,369,390</u>
Total Historical Cost	<u>\$130,310,613</u>	<u>\$13,489,400</u>	<u>\$ 697,500</u>	<u>\$143,102,513</u>

NOTE 4 – CAPITAL ASSETS-(CONTINUED)

LESS: Accumulated depreciation:

Sewage Treatment Plant And Related Facilities	\$ 72,703,498	\$ 2,364,543	\$ -0-	\$ 75,068,041
Improvements	198,426	10,466	-0-	208,892
Operating Equipment	<u>7,697,753</u>	<u>453,902</u>	<u>85,873</u>	<u>8,065,782</u>
Total Accumulated Depreciation	<u>80,599,677</u>	<u>2,828,911</u>	<u>85,873</u>	<u>83,342,715</u>
Capital Assets, net	<u>\$ 49,710,936</u>	<u>\$ 10,660,489</u>	<u>\$ 611,627</u>	<u>\$ 59,759,798</u>

Depreciation expense for the year ended March 31, 2013 amounted to \$2,828,911.

NOTE 5 – LONG-TERM DEBT

The changes in long-term obligations payable during the year ended March 31, 2013 are as follows:

	<u>Balance</u> <u>3/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3/31/13</u>
Sewer Revenue Bonds Payable, Series of 2007	16,640,000	-0-	30,000	16,610,000
Pennvest Promissory Note #71162	3,053,796	-0-	210,606	2,843,190
Pennvest Promissory Note #71162	2,945,163	-0-	233,059	2,712,104
Pennvest Promissory Note #71281	1,664,715	-0-	109,529	1,555,186

NOTE 5 -- LONG-TERM DEBT -- (CONTINUED)

	<u>Balance</u> <u>3/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3/31/13</u>
Pennvest Promissory Note #27682	2,774,811	-0-	148,250	2,626,561
Pennvest Promissory Note #79906	3,618,324	-0-	201,098	3,417,226
Pennvest Promissory Note #71375	-0-	1,885,416	-0-	1,885,416
Fidelity Sewer Revenue Bonds Payable Series of 2011A	21,340,000	-0-	920,000	20,420,000
Fidelity Sewer Revenue Bonds Payable Series of 2011B	<u>7,930,000</u>	-0-	435,000	<u>7,495,000</u>
 TOTAL	 <u>\$59,966,809</u>	 <u>\$ 1,885,416</u>	 <u>\$ 2,287,542</u>	 <u>\$59,564,683</u>

NOTE 5 – LONG-TERM DEBT – (CONTINUED)

The aggregate maturities of long-term debt are as follows:

<u>Year End March 31</u>	<u>Principal</u>	<u>Interest</u>
2014	2,329,243	2,501,801
2015	2,232,694	2,444,383
2016	1,912,727	2,394,942
2017	1,947,569	2,356,871
2018	2,014,764	2,301,366
2019-2023	11,181,482	10,385,168
2024-2028	12,397,156	8,014,266
2029-2033	13,574,048	5,197,472
2034-2037	<u>11,975,000</u>	<u>1,471,850</u>
	<u>\$59,564,683</u>	<u>\$37,068,119</u>

NOTE 6 – REVENUE BONDS PAYABLE

2007 SERIES

On September 1, 2007 the Authority issued \$16,810,000 of Sewer Revenue Bonds. The proceeds from this issue were primarily used to fund capital improvement projects.

Optional Redemption

The 2007 Series Bonds maturing on or after December 1, 2016 are subject to redemption prior to maturity, at the option of the Authority beginning December 1, 2015, out of monies deposited with or held by the Trustee for such purposes as a whole or in part at any time, and, in any order of maturities selected by the Authority, 100% of the par amount, plus accrued interest.

Mandatory Redemption

The 2007 Series Bonds stated to mature on December 1, 2024, December 1, 2032 and December 1, 2036 are subject to mandatory redemption prior to maturity on December 1 of each of the years set forth below, in each case at a redemption price equal to 100% the principal amount thereof to be redeemed plus accrued interest to the redemption date, from funds to be deposited in the Sinking Fund, on or before December 1 of each of the years set for below, in amounts sufficient to redeem by lot on each December 1 the following amounts of the Bonds:

NOTE 6 – REVENUE BONDS PAYABLE-(CONTINUED)

Term Bonds Slated to Mature on December 1, 2024		Term Bonds Slated to Mature on December 1, 2032		Term Bonds Slated to Mature on December 1, 2036	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2018	\$5,000	2028	\$1,205,000	2033	\$1,840,000
2019	5,000	2029	1,265,000	2034	1,935,000
2020	5,000	2030	1,395,000	2035	2,030,000
2021	5,000	2031	1,680,000	2036	2,135,000*
2022	5,000	2032	1,760,000*		
2023	5,000*				

* At maturity

SERIES A of 2011

On June 10, 2011 the Authority issued \$21,340,000 of Series A of 2011 Sewer Revenue Bonds. The proceeds from this issue will primarily be used to fund various capital improvement projects.

Optional Redemption

The Series A of 2011 Bonds maturing on or after December 1, 2022 are subject to redemption prior to maturity, at the option of the Authority in any order of maturity either as a whole, or in part, at any time on or after December 1, 2021, and if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount, together with accrued interest to the date fixed for redemption.

Mandatory Redemption

The Series A of 2011 Bonds stated to mature on December 1, 2031 and on December 1, 2035 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount, together with accrued interest, to the dates fixed for redemption, on December 1 of the years and in the following amounts:

NOTE 6 – REVENUE BONDS PAYABLE – (CONTINUED)

<u>Term Bonds Due</u> <u>December 1, 2031</u>		<u>Term Bonds Due</u> <u>December 1, 2035</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$1,250,000	2032	\$1,265,000
2028	910,000	2033	1,315,000
2029	1,095,000	2034	1,205,000
2030	1,075,000	2035*	1,515,000
2031*	1,390,000		

* At maturity

SERIES B of 2011

On June 10, 2011 the Authority issued \$8,135,000 of Series B of 2011 Federally Taxable Sewer Revenue Bonds. The proceeds from this issue will primarily be used to currently refund the Authority's outstanding \$8,000,000 loan from First National Community Bank dated April 24, 2007.

Optional Redemption

The 2011 B Series Bonds maturing on or after December 1, 2025 are subject to redemption prior to maturity, at the option of the Authority in any order of maturity either as a whole, or in part, at any time on or after December 1, 2021, at a redemption price equal to 100% of the principal amount, together with accrued interest to the date fixed for redemption.

Mandatory Redemption

The Series B of 2011 Bonds stated to mature on December 1, 2025 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount, together with accrued interest, to the dates fixed for redemption, on December 1 of the years and in the following amounts:

<u>Term Bonds Due</u> <u>December 1, 2035</u>	
<u>Year</u>	<u>Amount</u>
2022	\$650,000
2023	690,000
2024	735,000
2025*	785,000

*At maturity

NOTE 7 – CONDUIT DEBT OBLIGATION

On December 22, 2004, the Authority issued a Guaranteed Lease Revenue Note in the amount of \$4,000,000 to finance the cost of a project on behalf of the City of Scranton. The note is due December 15, 2016 and has an interest rate of 5.99%. In connection with the issuance, the Authority and the City entered into a sale agreement and a lease agreement. Through these agreements, the City sold property to the Authority, which in turn leased the property back to the City, with payments due in amounts sufficient to pay the debt service on the note.

Under the terms of the note and the agreements, the Authority is a conduit issuer. The Authority has no obligation beyond the resources provided by the sublease agreement. The sublease agreement constitutes a general obligation of the City of Scranton and the full faith and credit and taxing power of the City of Scranton is pledged to the payment of all amounts due under the sublease. The sublease agreement expires on December 15, 2016. The notes are not general obligations of the Authority and the Authority has no taxing power. The amount outstanding on the Notes as of March 31, 2013 is \$2,045,000. Due to the nature of the transaction the Authority is not required to record the obligation for the Notes or the related lease receivable in its financial statements.

NOTE 8 – CAPITAL IMPROVEMENT PROGRAM

During the year ended March 31, 2000 a capital improvement program was adopted in the amount of \$25,000,000. The program consists of two phases. Phase I was budgeted at \$10,261,000 and was primarily for improvements at the treatment plant. Funding for the program is from the Pennsylvania Infrastructure Investment Authority (PENNVEST). The first application filed was for \$5,045,157 (\$4,879,765 as modified) and the loan closed in March, 2002. The balance outstanding at March 31, 2013 amounted to \$2,712,104. The loan is secured by the gross revenues of the Authority and the guarantee of the City of Scranton. Interest only was payable on advances until July 1, 2003, when monthly principal and interest payments are due up to and including January, 2023. Interest is 1.522% for the first 5 months and 3.045% thereafter. Legal fees relating to obtaining the financing amounted to \$44,338 and have been recorded as deferred charges. Construction was completed for this phase in July, 2003, and the final disbursement on this loan was received June, 2004 in the amount of \$86,866.

The second PENNVEST application was for \$4,947,000 and the loan closed in October, 2002. The balance outstanding at March 31, 2013 amounted to \$2,843,190. The security is the same as above. Interest only was payable on advances until August 1, 2004, when monthly principal and interest payments were due up to and including July 1, 2024. Interest is at 1.387% for the first 81 months and 2.774% thereafter. Construction was completed for this phase at March 31, 2007, and the final disbursement of \$12,150 was received May, 2007.

NOTE 8 – CAPITAL IMPROVEMENT PROGRAM – (CONTINUED)

The third PENNVEST loan closed in December, 2003, in the amount of \$2,806,264. The balance outstanding at March 31, 2013 amounted to \$1,555,186. The security is the same as above. Interest only was payable on advances until February 1, 2005, when monthly principal and interest payments were due up to and including January 1, 2025. Interest is at 1.387% for the first 73 months and 2.774% thereafter. Construction was completed for this phase at March 31, 2007, and the final disbursement of \$125,221 was received May, 2007.

In December, 2004 the Authority closed on a fourth loan in the amount of \$3,690,127. The balance outstanding at March 31, 2013 was \$2,626,561. The security is the same as above. Monthly principal and interest payments began June, 2007 and are due up to and including May, 2027. Interest is at 1.942% for the first 60 months and 3.052% thereafter. Construction was completed for this phase in April, 2007, and the final disbursement of \$151,815 was received November, 2007.

In November, 2007, the Authority closed on a fifth loan in the amount of \$4,329,181. The balance outstanding at March 31, 2013 was \$3,417,226. The security is the same as above. Monthly principal and interest payments began May 1, 2009 and are up to and including April, 2029. Interest is at 1.214% for the first 60 months and 2.428% thereafter. Construction was substantially completed for this phase in March 2011. The final disbursement of \$130,764 was not yet received as of March 31, 2012.

In March 2012 the Authority closed on a Pennvest loan in the amount of \$11,256,361. The proceeds will be utilized primarily for Wastewater Treatment Plant Improvements. The loan is secured by the gross revenues of the Sewer Authority of the City of Scranton. Interest only is payable on advances for 36 months at a rate of 1%. Interest is 1.51% thereafter, when monthly principal and interest payments are due for another 204 months. The Authority drew \$1,885,416 on the loan as of March 31, 2013. The balance outstanding at March 31, 2013 is \$1,885,416.

The PENNVEST loans are federally and state funded and therefore subject to various compliance requirements.

In November 2010, the Authority renewed a \$4,000,000 line of credit to provide interim financing for the program. Interest was payable monthly at a variable rate equal to 70% of the prime rate (2.275% at March 31, 2013). Security for the line of credit was all receipts and accounts receivable. The line of credit matures in November 2015. The balance of the line of credit at March 31, 2013 amounted to \$0. There was no activity for the year ended March 31, 2013.

NOTE 8 – CAPITAL IMPROVEMENT PROGRAM – (CONTINUED)

The Authority renewed a \$2,000,000 line of credit to be used for general working capital. Interest is payable monthly at a variable rate equal to National Prime, but never less than a floor of 4%. (4% at March 31, 2013). Security for the line of credit is all receipts and accounts receivable accounts, instruments and contract rights. The line of credit will expire December 31, 2013, and will be renewable at the option of the Bank. There was no activity for the year ended March 31, 2013 and the balance at March 31, 2013 was \$0.

NOTE 9 – DEFINED CONTRIBUTION PLANS

The Authority contributes to the Central Pennsylvania Teamsters Pension Fund, a defined contribution pension plan covering substantially all of its full time union employees. Employees become eligible after they have been on the payroll for thirteen weeks. Contributions made by the Authority were \$407 per month for the year ended March 31, 2013 for each covered employee; contributions vest according to the Plan's schedule. Pension expense for the year ended March 31, 2013 amounted to \$345,024.

Effective January 1, 2006 the Authority adopted a money purchase pension plan for employees who meet age and service requirements and are not members of the Union. Employer contributions are 4% of eligible compensation and employees must contribute 2%. Employees are also permitted to make additional contributions up to the maximum allowed by law. For the year ended March 31, 2013 employer contributions totaled \$22,312 and employee contributions totaled \$6,079.

NOTE 10 – OPERATING LEASE

The Authority leases its office space under an operating lease dated March 2007. The lease term was for an initial five years and, on April 24, 2012 the Board of the Authority approved exercising the option of renewing the lease for an additional five years, with no increase. Minimum rental commitments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	61,500
2015	61,500
2016	61,500
2017	<u>61,500</u>
	<u>\$246,000</u>

Rental expense for the year ended March 31, 2013 amounted to \$61,500.

NOTE 11 – CONTINGENT LIABILITIES

The Authority participates in both Federal and State assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Authority is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The Authority is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of the Authority, the ultimate disposition of any matters outstanding at March 31, 2013 will not have a material effect on the Authority's financial position.

NOTE 12- CONSENT DECREE

On January 31, 2013 the Authority entered into a consent decree with the United States of America, acting on behalf of the U.S. Environmental Protection Agency, and the Pennsylvania Department of Environmental Protection that will require the Authority to take steps to achieve compliance with the Clean Water Act and the Clean Streams Law by December 2037. The Authority adopted a Long Term Control Plan to address compliance with the consent decree by December 2037. The cost to accomplish the Long Term Control Plan is estimated to be approximately \$140 million.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
RESTRICTED ASSETS
MARCH 31, 2013

	<u>Cash and Cash</u> <u>Equivalents</u>	<u>Investments</u>	<u>Accrued</u> <u>Interest</u>	<u>Total</u>
Clearing	\$ 6,709,416	\$ -	\$ -	\$ 6,709,416
Debt service	12,841	-	-	12,841
Debt service reserve	3,179,342	1,609,040	24,594	4,812,976
Construction	11,395,295	-	-	11,395,295
Settlement fund	-	-	-	-
	<u>\$ 21,296,894</u>	<u>\$ 1,609,040</u>	<u>\$ 24,594</u>	<u>\$ 22,930,528</u>

The accompanying notes are an integral part of these financial statements.

SCHEDULE 2

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 2013

<u>Sewage Plant and Sewer System Expenses</u>	
Salaries and wages	\$ 3,062,979
Payroll taxes	231,538
Employee benefits	1,774,069
Utilities	697,922
Chemicals	591,249
Supplies	384,280
Repairs, maintenance and rentals	591,189
Vehicle operating expenses	382,218
Landfill disposal	603,946
Total sewage plant and sewer system expenses	<u>\$ 8,319,390</u>
 <u>Administrative and General</u>	
Salaries and wages	\$ 952,700
Payroll taxes	72,017
Employee benefits	466,798
Utilities	41,083
Office supplies and expenses	454,058
Rent	61,500
Repairs and maintenance	5,275
Postage and billing expenses	217,167
Legal fees	148,008
Engineering fees	117,505
Accounting fees	21,950
Other professional fees	585,695
Collection expense	40,224
Insurance	241,354
Bad debt expense	400,000
Total administrative and general expenses	<u>\$ 3,825,334</u>

The accompanying notes are an integral part of these financial statements.

MURPHY, DOUGHERTY & COMPANY
Certified Public Accountants

1310 CHURCH STREET
MOSCOW, PA 18444

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PAUL T. MURPHY, CPA

(570) 848-2866 Tel
(570) 848-2833 Fax

September 9, 2013

Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

To the Members of the Board:

We have performed the Single Audit of the Sewer Authority of the City of Scranton for the year ended March 31, 2013, and have enclosed the Single Audit reporting package.

- The Single Audit was done to fulfill the requirements of the OMB Circular A-133. It entailed:
1. An audit of the general purpose financial statements and our opinion thereon;
 2. A review of compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards;
 3. An audit of the Schedule of Expenditures of Federal Awards and our opinion thereon;
 4. A review of compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

Please be advised that a management letter was necessary as part of our report.

One copy of the Audit Report was distributed to:

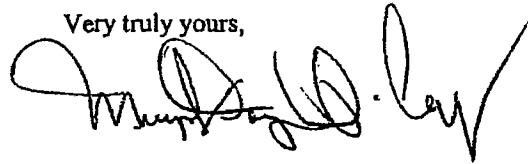
a) Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, IN 47132

One copy of the Audit Report was submitted electronically to:

- a) Commonwealth of Pennsylvania
Bureau of Audits
Special Audit Services Division
Forum Place-8th Floor
555 Walnut Street
Harrisburg, Pennsylvania 17101

Your cooperation in this matter is appreciated.

Very truly yours,



Murphy, Dougherty & Company
Certified Public Accountants

MD/mm

MURPHY, DOUGHERTY & COMPANY
Certified Public Accountants

**1310 CHURCH STREET
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Sewer Authority of the City of Scranton, a component unit of the City of Scranton, as of and for the year ended March 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated September 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sewer Authority of the City of Scranton, Scranton, Pennsylvania's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sewer Authority of the City of Scranton, Scranton, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sewer Authority of the City of Scranton, Scranton, Pennsylvania's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a

(REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS-CONTINUED)

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

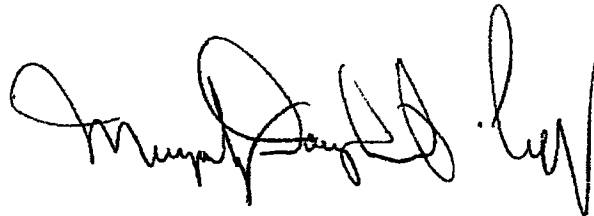
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sewer Authority of the City of Scranton, Scranton, Pennsylvania's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moscow, Pennsylvania
September 9, 2013

A handwritten signature in black ink, appearing to be 'M. J. ...', is written over the date and location text.

MURPHY, DOUGHERTY & COMPANY
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

To the Board of Directors
The Sewer Authority of the City of Scranton
Scranton, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the Sewer Authority of the City of Scranton, Scranton, Pennsylvania's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Sewer Authority of the City of Scranton, Scranton, Pennsylvania's major federal programs for the year ended March 31, 2013. The Sewer Authority of the City of Scranton, Pennsylvania's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Sewer Authority of the City of Scranton, Pennsylvania's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance

(CONTINUED - INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133)

with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sewer Authority of the City of Scranton, Pennsylvania's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Sewer Authority of the City of Scranton's compliance.

Opinion on Each Major Federal Program

In our opinion, the Sewer Authority of the City of Scranton, Pennsylvania, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2013.

Report on Internal Control Over Compliance

Management of the Sewer Authority of the City of Scranton, Pennsylvania, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Sewer Authority of the City of Scranton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sewer Authority of the City of Scranton, Pennsylvania's internal control over compliance.

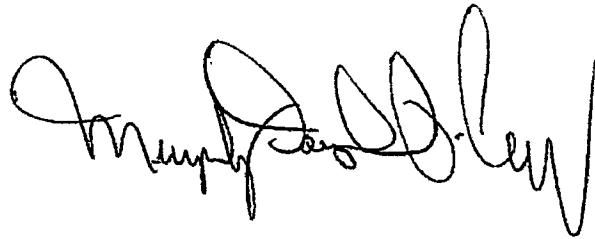
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on

CONTINUED - INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133)

a timely basis. A *significant* deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "M. J. [unclear] [unclear]", is positioned to the right of the text block.

Moscow, Pennsylvania
September 9, 2013

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified
Internal control over financial reporting:
Material weakness (es) identified? yes no
Significant deficiency(ies) identified? yes none reported
Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
Material weakness (es) identified? yes no
Significant deficiency (ies) identified? yes none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of circular A-133? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$300,000
Auditee qualified as low risk auditee? yes no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING MARCH 31, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATE	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT 4/1/2012	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 3/31/2013
<u>ENVIRONMENTAL PROTECTION AGENCY</u> Passed through the Pennsylvania Infrastructure Investment Authority										
Capitalization Grant for Clean Water State Revolving Funds	I	66.458	71375	3/7/12-11/1/14	\$ 11,256,361	\$ 1,885,416	\$ -	\$ 1,885,416	\$ 1,885,416	\$ -
						<u>\$ 1,885,416</u>	<u>\$ -</u>	<u>\$ 1,885,416</u>	<u>\$ 1,885,416</u>	<u>\$ -</u>

SOURCE CODES: D - Direct Funding
I - Indirect Funding

The accompanying notes are an integral part of these financial statements.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2013

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes all significant federally funded grant programs of The Sewer Authority of the City of Scranton and has been prepared on the modified accrual basis of accounting.

NOTE B – ACCRUED AND DEFERRED REIMBURSEMENT

Various reimbursement procedures are used for federal awards received by The Sewer Authority of City of Scranton. Timing differences may occur between expenditures and reimbursements during the year. Accrued revenues at year-end represent an excess of expenditures over cash reimbursements received. Deferred revenues at year-end represent an excess of cash received over eligible program expenditures. Generally, accrued and deferred amounts caused by timing differences will be reversed in the subsequent year.

THE SEWER AUTHORITY OF THE CITY OF SCRANTON
SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2013

- NO PRIOR FINDINGS NOTED.

03/18/16
Accrual Basis

Scranton Sewer Authority
Balance Sheet
As of January 31, 2016

Jan 31, 16

ASSETS

Current Assets

Checking/Savings

1000 · Cash - FNCB Operating	8,401,390.09
1005 · Cash - FNCB Payroll	87,455.76
1010 · Cash - EDU Account	1,505,501.16
1012 · Cash - Developers Account	51,523.79
1015 · Cash - Petty & Window	1,100.00
1020 · Cash - FNCB NOW Account	543,241.96
1031 · Cash - Capx Proj 1A	26,625.32
1032 · Cash - Capx Proj 1B	24,387.93
1033 · Cash - Capx Proj 1C	12,860.25
1034 · Cash - Capx Proj Phase III	19,049.75
1035 · Cash - Capx Proj Phase II	22,179.62
1036 · Cash - Capx BNR Project	51,767.36
1037 · Cash - Capx CSO #19 & #20 Proj.	112.58
1059 · Cash - Debt Serv Fund 2007 FD	6.02
1061 · Cash - Bond Clearing Fund FD	21,230,202.39
1063 · Cash - Debt Serv Resrv 2011A FD	1,981,816.54
1064 · Cash - Debt Serv Resrv 2011B FD	834,490.64
1065 · Cash - Debt Serv Fund 2011A FD	3.43
1066 · Cash - Debt Serv Fund 2011B FD	2.14
1070 · Cash - Debt Serv Resrv 2014 FD	982,937.55
1071 · Cash - Debt Serv Fund 2014 FD	1.05
1074 · Cash - Debt Serv Resrv 2015 FD	798,565.95
1075 · Cash - Debt Serv Fund 2015 FD	3.02

Total Checking/Savings 36,575,224.30

Other Current Assets

1110 · A/R - Sewer Rental Revenue	9,367,217.14
1130 · A/R - Other	123,636.88
1132 · A/R - Assessments	382,962.54
1150 · Allowance for Doubtful Accounts	-2,800,000.00
1153 · Interest Receivable	469.74
1300 · Deposits	84,059.56
1310 · Inventory	160,215.18
1350 · Prepaid Insurance	204,348.92
1360 · Prepaid Other	17,498.58

Total Other Current Assets 7,540,408.54

Total Current Assets 44,115,632.84

03/18/16
Accrual Basis

Scranton Sewer Authority
Balance Sheet
As of January 31, 2016

	<u>Jan 31, 16</u>
Fixed Assets	
1201 · Land	130,029.12
1202 · Land Improvements	566,271.65
1203 · Building Improvements	617,071.29
1211 · Sewer System - 40 Years	157,917,202.57
1212 · Equipment	1,693,865.02
1213 · Leasehold Improvements	36,158.96
1214 · Office Equipment	467,140.47
1215 · Vehicles	3,506,308.62
1251 · A/D - Sewer System	-81,578,221.84
1252 · A/D - Equipment	-1,114,841.11
1253 · A/D - Leasehold Improvements	-23,972.62
1254 · A/D - Office Equipment	-365,508.93
1255 · A/D - Vehicles	-1,708,003.15
1256 · A/D - Land Improvements	-213,746.66
1257 · A/D - Building Improvements	-84,759.28
Total Fixed Assets	<u>79,844,994.11</u>
Other Assets	
1316 · Prepaid Expenses 2011A Bonds	305,930.99
1317 · Prepaid Expenses 2011B Bonds	81,665.91
1318 · Prepaid Expenses 2014 Bonds	45,938.77
1319 · Prepaid Expenses 2015 Bonds	31,314.14
1331 · Deferred Loss on Ext of Debt 14	338,944.59
1332 · Deferred Loss on Ext of Debt 15	257,266.17
Total Other Assets	<u>1,061,060.57</u>
TOTAL ASSETS	<u><u>125,021,687.52</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	1,018,964.21
Total Accounts Payable	<u>1,018,964.21</u>
Other Current Liabilities	
2113 · Interest Payable	33,165.63
2133 · 2011A Sewer Rev Bonds Payable	18,295,000.00
2134 · 2011B Sewer Rev Bonds Payable	6,130,000.00
2135 · 2014 Sewer Rev Bonds Payable	10,000,000.00
2137 · 2015 Sewer Rev Bonds Payable	7,985,000.00
2141 · FNCB - Line of Credit (4M)	1,125,164.41
2143 · PennVest L/P 1B	2,213,781.34
2146 · PennVest L/P 1A	2,011,949.02
2147 · PennVest L/P 1C	1,227,852.59
2148 · PennVest L/P Phase III	2,187,859.98

03/18/16
Accrual Basis

Scranton Sewer Authority
Balance Sheet
As of January 31, 2016

	<u>Jan 31, 16</u>
2149 · PennVest L/P Phase II	2,859,886.86
2150 · PennVest L/P BNR Project	7,805,497.24
2200 · Federal Tax W/H Payable	23,621.42
2210 · FICA & MEDI W/H Payable	26,418.92
2220 · PA W/H Payable	5,302.15
2230 · PA UC W/H Payable	257.49
2240 · Local W/H Payable	9,077.70
2250 · LST Tax W/H Payable	966.00
2260 · LUF-Lack United Way Payable	22.00
2270 · AFLAC-NonTaxable Payable	640.42
2310 · AFLAC-Taxable Payable	2,323.84
2330 · DRIVE W/H Payable	16.00
2370 · PMAA UC Payable	9,118.22
2380 · Life Ins. W/H Payable	481.47
2410 · Accrued Expenses	1,359,713.12
2420 · Accrued Payroll	121,456.54
2429 · Accrued Absences CP	450,866.00
2430 · Accrued Absences	295,340.62
2450 · Accrued Bond Interest	312,852.32
2501 · Unearned 2014 Bonds OID	-200,612.29
2502 · Unearned 2015 Bonds OID	-153,182.17
2512 · Deferred 2011A Bonds Prem Net	14,106.78
Total Other Current Liabilities	<u>64,153,943.62</u>
Total Current Liabilities	<u>65,172,907.83</u>
Total Liabilities	65,172,907.83
Equity	
3001 · Contributions - Federal (Auth)	13,273,803.00
3003 · Retained Earnings (Auth)	3,921,543.04
3050 · Retained Earnings-QB	33,237,935.75
3100 · Retained Earnings-BB	7,587,593.49
3200 · Retained Earnings-Prior	-2,745,540.22
Net Income	4,573,444.63
Total Equity	<u>59,848,779.69</u>
TOTAL LIABILITIES & EQUITY	<u><u>125,021,687.52</u></u>

03/18/16
Accrual Basis

Scranton Sewer Authority
Profit & Loss Actual vs. Budget
April 2015 through January 2016

	<u>Apr '15 - Jan 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Sewer Rental Income	18,491,770.05	22,500,000.00	-4,008,229.95	82.2%
4020 · Permit / Surcharge Income	11,073.59	21,000.00	-9,926.41	52.7%
4030 · S/R Penalty & Interest Income	478,268.50	525,000.00	-46,731.50	91.1%
4050 · S/R Revenue Refunds	-2,856.82	0.00	-2,856.82	100.0%
4070 · Title Search Fees	14,420.00	13,000.00	1,420.00	110.9%
4080 · Misc. Income	67,837.26	80,000.00	-12,162.74	84.8%
4090 · NSF / Redeposited Checks	3,370.00	0.00	3,370.00	100.0%
4110 · EDU Revenue (Tap Fees)	27,006.00	125,000.00	-97,994.00	21.6%
4130 · Bonds Premium Income	592.70	8,099.00	-7,506.30	7.3%
4220 · Interest Income	5,310.76	4,000.00	1,310.76	132.8%
4230 · Interest Income - Bonds	5,712.68	50,000.00	-44,287.32	11.4%
4332 · Grant Income - OECD Local S...	97,752.58	100,000.00	-2,247.42	97.8%
4410 · Gain on Sale of Asset	48,300.00	0.00	48,300.00	100.0%
Total Income	19,248,557.30	23,426,099.00	-4,177,541.70	82.2%
Expense				
5001 · Payroll-Plant	1,510,528.01	2,165,000.00	-654,471.99	69.8%
5002 · Electricity-Plant	432,524.60	750,000.00	-317,475.40	57.7%
5003 · Water-Plant	45,716.13	75,000.00	-29,283.87	61.0%
5005 · Gas-Plant	28,429.72	150,000.00	-121,570.28	19.0%
5006 · Plant Chemicals	797,877.37	1,750,000.00	-952,122.63	45.6%
5007 · Replacement Parts-PL Maint.	189,758.89	200,000.00	-30,241.11	84.9%
5008 · Exterior R&M Plant	26,502.20	100,000.00	-73,497.80	26.5%
5010 · Expendable Supplies-Plant	50,756.91	75,000.00	-24,243.09	67.7%
5011 · Equipment Rental-Plant	18,430.07	45,000.00	-26,569.93	41.0%
5016 · Lab Supplies	79,537.02	100,000.00	-20,462.98	79.5%
5018 · Sanitary Landfill	600,492.51	1,000,000.00	-399,507.49	60.0%
5020 · Extra Ordinary Repairs-Plant	91,490.56	170,000.00	-78,509.44	53.8%
5024 · Service Contracts-Plant	79,568.66	150,000.00	-70,431.34	53.0%
5027 · Replacement Parts-Elect.	20,030.33	75,000.00	-54,969.67	26.7%
5030 · Uniform Rental/Allowance	34,253.07	45,000.00	-10,746.93	76.1%
5099 · Misc. Expense-Plant	58,296.80	75,000.00	-16,703.20	77.7%
6001 · Payroll-Collection Line	1,475,175.53	2,335,000.00	-859,824.47	63.2%
6002 · Electricity-Pump Stations	31,173.24	45,000.00	-13,826.76	69.3%
6003 · Water-Pump Stations	1,242.28	2,000.00	-757.72	62.1%
6007 · Collection Line Supplies	173,422.09	250,000.00	-76,577.91	69.4%
6008 · Restoration Expense-Collecti...	29,394.41	100,000.00	-70,605.59	29.4%
6011 · Equip. Rental-Collection Line	1,669.00	50,000.00	-48,331.00	3.3%
6012 · Fuel & Lubricants-Vehicles	92,340.58	200,000.00	-107,659.42	46.2%
6013 · Fleet Parts, Supplies & Maint.	187,751.78	235,000.00	-47,248.22	79.9%
6020 · Extra Ordinary Repairs-Collec...	0.00	100,000.00	-100,000.00	0.0%
6024 · Outside Sewer Service	49,402.79	100,000.00	-50,597.21	49.4%
6098 · Sewer Rehabilitation Program	0.00	500,000.00	-500,000.00	0.0%
6099 · Misc. Expense-Collection Line	62,944.18	100,000.00	-37,055.82	62.9%
7001 · Payroll - Administrative	229,623.44	274,000.00	-44,376.56	83.8%
7002 · Electricity - Admin.	4,949.12	6,500.00	-1,550.88	76.1%

03/18/16
Accrual Basis

Scranton Sewer Authority
Profit & Loss Actual vs. Budget
April 2015 through January 2016

	<u>Apr '15 - Jan 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7004 · Telephone	37,144.65	50,000.00	-12,855.35	74.3%
7005 · Gas - Administrative	494.71	1,500.00	-1,005.29	33.0%
7007 · Administration Supplies	30,053.26	45,000.00	-14,946.74	66.8%
7011 · Equip. Rental - Admin.	4,503.08	7,000.00	-2,496.92	64.3%
7020 · Rent - Administration	64,037.50	79,000.00	-14,962.50	81.1%
7025 · Payroll - Management	612,447.75	965,000.00	-352,552.25	63.5%
7026 · Management Pension Expense	17,234.87	29,000.00	-11,765.13	59.4%
7031 · Billing Cost - PAWC	27,862.37	40,000.00	-12,137.63	69.7%
7033 · Postage Expense	62,060.05	90,000.00	-27,939.95	69.0%
7035 · Billing Cost & Computer Maint.	68,743.17	160,000.00	-91,256.83	43.0%
7041 · Fica & Medi. Expenses	292,846.09	440,000.00	-147,153.91	66.6%
7042 · Health Insurances	1,014,651.80	1,540,000.00	-525,348.20	65.9%
7043 · Dental Insurances	62,765.47	105,000.00	-42,234.53	59.8%
7044 · Workmen's Compensation Ins.	247,104.60	295,000.00	-47,895.40	83.8%
7046 · Union Pension Expense	332,954.05	480,000.00	-147,045.95	69.4%
7047 · Sick, Life & Accident Ins.	35,980.58	55,000.00	-19,019.42	65.4%
7049 · Unemployment Compensation	9,417.79	25,000.00	-15,582.21	37.7%
7050 · General Liability & Fire Ins.	225,610.50	284,000.00	-58,389.50	79.4%
7052 · Bonding Expense	0.00	1,000.00	-1,000.00	0.0%
7053 · Mileage Reimbursement	393.82	500.00	-106.18	78.8%
7058 · Trustee Fees	7,500.00	10,000.00	-2,500.00	75.0%
7061 · Prof. Fees - Engineering	90,997.50	125,000.00	-34,002.50	72.8%
7062 · Prof. Fees - Legal	280,377.38	225,000.00	35,377.38	115.7%
7063 · Lien Costs	33,249.00	60,000.00	-26,751.00	55.4%
7064 · Prof. Fees - Audit	16,500.00	16,500.00	0.00	100.0%
7065 · Prof. Fees - Other	144,427.62	450,000.00	-305,572.38	32.1%
7066 · Collection Agent Expense	0.00	500.00	-500.00	0.0%
7075 · Insurance Claim Payments	8,955.25	50,000.00	-41,044.75	17.9%
7081 · Legal Advertising	9,632.95	15,000.00	-5,367.05	64.2%
7082 · Dues & Subscriptions	3,687.00	7,000.00	-3,313.00	52.7%
7088 · Training & Seminar Expense	11,048.93	100,000.00	-88,951.07	11.0%
7093 · Bank Charges	2,920.00	500.00	2,420.00	584.0%
7098 · Bond Issue Expense	203,270.50	400,000.00	-196,729.50	50.8%
7099 · Misc. Expense - Admin.	40,689.21	150,000.00	-109,310.79	27.1%
Total Expense	10,362,842.74	17,524,000.00	-7,161,157.26	59.1%
Net Ordinary Income	8,885,714.56	5,902,099.00	2,983,615.56	150.6%
Other Income/Expense				
Other Expense				
8100 · Interest Expense	194.13	500.00	-305.87	38.8%
8110 · Interest Expense - Loans	1,810,767.37	2,867,035.00	-1,056,267.63	63.2%
8320 · Loss on Sale of Asset	0.00	0.00	0.00	0.0%
8420 · Amortization - Loan Fees	0.00	0.00	0.00	0.0%

03/18/16
Accrual Basis

Scranton Sewer Authority
Profit & Loss Actual vs. Budget
April 2015 through January 2016

	<u>Apr '15 - Jan 16</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
8430 · Amortization - Bonds	94,670.63	28,300.00	66,370.63	334.5%
8510 · Depreciation Expense	2,406,637.80	3,500,000.00	-1,093,362.20	68.8%
Total Other Expense	<u>4,312,269.93</u>	<u>6,395,835.00</u>	<u>-2,083,565.07</u>	<u>67.4%</u>
Net Other Income	<u>-4,312,269.93</u>	<u>-6,395,835.00</u>	<u>2,083,565.07</u>	<u>67.4%</u>
Net Income	<u><u>4,573,444.63</u></u>	<u><u>-493,736.00</u></u>	<u><u>5,067,180.63</u></u>	<u><u>-926.3%</u></u>

SCHEDULE 4.05(c)

LIABILITIES

(v)

1. Withdrawal Liability
2. Obligations to employees described on Schedule 4.12(d) (all of which constitute Excluded Liabilities).

SCHEDULE 4.06

EXCEPTIONS TO ABSENCE OF CERTAIN CHANGES OR EVENTS

Section 4.06(b)(i)

1. [REDACTED]

Section 4.06(h)

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

SCHEDULE 4.07
TAX MATTERS

None

SCHEDULE 4.08

REAL PROPERTY

(a)(i) Owned Real Property:

1. Waste Water Treatment Plant
Cedar Avenue & Breck Street
Scranton, PA 18505
 - The Real Property described above as item 1 is subject to the possible conflicting ownership rights of D&L Realty, its successors and assigns, as noted on boundary survey prepared by John M. Hennemuth, dated May 22, 2012, File No. 4014, Drawing Number E-19-12, which possible conflicting ownership rights shall be Cured prior to Closing in accordance with the terms of Article VI of the Agreement.
2. Keyser Valley Pumping Station, Luzerne Street, Scranton, PA
3. Middle Street Pumping Station, Middle Street, Scranton, PA
4. The below improvements and facilities (which constitute Equipment and Machinery included in the Acquired Assets) are owned by the Seller but are located on parcels of Owned Real Property which are, as of the Effective Date, owned by the City (such parcels constituting the City-Owned Real Property as defined in the Agreement at Section 6.02(d) and by reference to this Schedule 4.08), and which City-Owned Real Property, as of Closing and pursuant to Section 6.02(d), will constitute Owned Real Property of the Seller included in the Acquired Assets with respect to which the Seller will, as of the Closing Date, convey the same to Buyer at Closing as provided in Article VI of the Agreement:
 - a. Dorothy Street Pumping Station, Dorothy Street, Scranton, PA
 - b. Myrtle Street Pumping Station, Myrtle Street and Richter Avenue, Scranton, PA
 - c. Parrott Avenue Pumping Station, Parrott Avenue and Albert PL, Scranton, PA
 - d. Shawnee Avenue Pumping Station, Shawnee Avenue, Scranton, PA

(a)(ii) Leased Real Property:

1. Lease dated April 1, 2012, by and between Seller, as tenant, and ATR Properties, LLC, as landlord, governing the Leased Real Property located at 312 Adams Avenue, Scranton, Pennsylvania.

SCHEDULE 4.09(a)

EQUIPMENT AND MACHINERY

1. Vehicles:

<u>#</u>	<u>YEAR</u>	<u>MAKE</u>	<u>TYPE</u>	<u>VIN</u>
2	2004	STERLING	VACTOR TRUCK	2FZHATAK64AM76431
3	2001	MACK	RD688 DUMP TRUCK	1M2P267CO2M062842
4	1987	CHEVROLET	KODIAK DUMP TRUCK	1GBP7D1Y6HV109037
5	1999	CROSS COUNTRY	TRI AXLE TRAILER	431FS182XX1001131
6	2001	CAM	TRAILER	4YUUF161X1T004026
7	2005	CHEVROLET	2500 SILVERADO	1GCH24015E124648
8	2006	FORD	E450 CUBE VAN/CAM DIESEL W/GEN	1FDXE45P26HB34107
9	2006	FORD	F250 TRUCK	1FTNF21506EB57744
10	2006	FORD	F250 TRUCK	1FTNF215X6EA55075
11	2006	FORD	F250 TRUCK	1FTNF21546EA55069
12	2007	STERLING	LT9500 DUMP TRUCK	2FZHAZCV17AY15238
13	2008	FORD	F550 TRUCK DIESEL	1FDAW57R08EA87204
14	2008	CROSS COUNTRY	TRAILER FOR SKID STEER	431FS142981000246
15	2008	FORD	F350 TRUCK	1FDWF37538ED00170
16	2008	FORD	ESCAPE	1FMCU92Z68KE37983
17	2008	CHEVROLET	3500 CUTAWAY VAN	1GBJG31KX81109304
18	2008	FORD	F250 TRUCK	1FTNF21588EE53758
19	2008	FORD	F250 TRUCK	1FTNF215X8EE53759
20	2007	MACK	TRI AXLE DUMP TRUCK	1M2AT13C57M001781
21	2009	PETERBILT MOD 340	GAPVAX MC SERIES VACTOR	2NPRLN0X49M787682
22	2010	FREIGHTLINER	STEDT MOD CBC950 CLAM TRK	1FVACTBS4ADAP8436

23	2009	CHEVROLET	SILVERADO 2500 HD	1GCHK44K69F125806
24	2009	CHEVROLET	SILVERADO 2500 HD	1GCHK44K79E126968
25	2007	FORD	E450 & 2 SUPERVISION CAMS	1FDXE45P27DA95155
26	2011	CHEVROLET	EQUINOX	2CNFLCEC0B6396328
27	2011	CHEVROLET	SILVERADO 2500 HD	1GCOKVCG8BF211916
29	2010	BRI-MAR	EH825-24 TRAILER (24500LB GVW)	43YDC3100AC077683
30	2012	CHEVROLET	SILVERADO 2500 HD	1GC0KVCG0C7273519
31	2012	CHEVROLET	TRAVERSE	1GNKVEEDXCJ282740
32	2012	MACK	GU713 TANDEM DUMP TRUCK	1M2AX04C3CM014035
33	2012	CHEVROLET	SILVERADO 3500 DUMP TRUCK	1GB3KZCL0CF198408
34	2012	CHEVROLET	SILVERADO 3500 UTIL TRUCK	1GB3KZCL2CF200269
35	N/A	N/A	CAMERA UPGRADE TRK #16	N/A
36	2013	KENWORTH	VACTOR 2100 PLUS TRUCK	1NKDL70XXDJ357120
37	N/A	N/A	CAMERA UPGRADES TRKS #16 & #43	N/A
38	2015	GMC	TERRAIN	2GKFLVEK1F6141916
39	2015	GMC	TERRAIN	2GKFLVEK9F6141341
41	2015	FORD	F250 TRUCK	1FTBF2B6XFEB55266
42	2015	FORD	E350 CUTAWAY	1FDWE3FL4FDA05097
43	2015	FORD	E350 CUTAWAY	1FDWE3FL6FDA05098
44	2015	FORD	E350 CUTAWAY	1FDWE3FL8FDA05099
46	2015	PETERBILT MOD 348	GAPVAX MC SERIES VACTOR	2NP3JL0XXFM294535
47	2015	MACK	GU713 DUMP TRUCK	1M2AX04CXFM025120
49	2010	GMC	TERRAIN (USED)	2CTFLCEW0A6247077
50	2013	GMC	TERRAIN (USED)	2GKFLVEK3D6284329
51	2016	FORD	F250 TRUCK	1FTBF2B61GEB97309
52	2016	FORD	F250 TRUCK	1FTBF2B68GEB97310

53	2016	FORD	F250 TRUCK	1FTBF2B6XGRB97311
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2. Inactive Vehicles:

<u>SSA #</u>	<u>YEAR</u>	<u>MAKE/MODEL</u>	<u>TYPE</u>	<u>VIN</u>
3	2006	FORD F250	PICKUP	1FTNF215X6EA55057
11	2006	FORD F250	PICKUP	1FTNF21546EA55069
35	2006	FORD F250	PICKUP	1FTNF21506EB57744

3. Miscellaneous Equipment:

<u>#</u>	<u>YEAR</u>	<u>MAKE</u>	<u>TYPE</u>	<u>VIN</u>
3	2006	JOHN DEERE	410G BACKHOE	T0410GX960813
4	2007	TCM FG25T3	FORKLIFT	A2H502022
6	2007	EZ-GO	WORKHORSE GOLF CART	
7	2008	NEW HOLLAND	NL185 SKID STEER	N8M465683
8	2009	JOHN DEERE	410J BACKHOE	T0410JX175234
9	2009	INTERNATIONAL	SCHWARZE A7000 ST SWEEPER	1HTMMAAN29H141336
10	2009	JOHN DEERE MOTOR	RUNS SWEEPER UNIT	"PART OF SWEEPER"
11	2009	TAKEUCHI	TB175 EXCAVATOR	17516643
12	2009	ATLAS COPCO	COMPRESSOR & BREAKER	HOP031997 & 72976
13	2010	WACKER	RD12A-90 RIDE ON ROLLER	5927880
14	2012	JOHN DEERE	544K 4WD LOADER	1DW544KZCAE646141
15	2013	JOHN DEERE	130GL EXCAVATOR	1FF130GXJCE040115
16	2016	HONDA	PIONEER SXS700M2G ATV	1HFVE0224G4201253

See also attached miscellaneous equipment list.

**Equipment List
Scranton Sewer**

Equipment	Type	Location	Department	Metered	Avera Units	Per Day
AD-BL-AR-K-1 - Number aeration blower	BL	AD		No	Miles	0.00
AD-BL-AR-K-2 - Number aeration blower	BL	AD		No	Miles	0.00
AD-BL-AR-K-3 - Number three aeration blower	BL	AD		No	Miles	0.00
AD-BL-AR-K-4 - Number aeration blower	BL	AD		No	Miles	0.00
AD-BLDG-BMB - BASEMENT OF MAIN BUILDING	BLDG	AD		No	2	0.00
AD-BLDG-BR - BLOWER ROOM	BLDG	AD		No	2	0.00
AD-BLDG-HVA - HIGH VOLTAGE AREA	BLDG	AD		No	2	0.00
AD-BLDG-ORMB - OPERATORS ROOM	BLDG	AD		No	2	0.00
AD-BLDG-PG - PIPE GALLERY NUMBERS 1 2 3	BLDG	AD		No	2	0.00
AD-CP-AR-BLO1-C - NUMBER 1 MAIN COUPLER	CP	AD		No	2	0.00
AD-CP-AR-BLO2-C - NUMBER 2 MAIN COUPLER	CP	AD		No	2	0.00
AD-CP-AR-BLO3-C - NUMBER 3 MAIN COUPLER	CP	AD		No	2	0.00
AD-CP-AR-BLO4-C - NUMBER 4 MAIN COUPLER	CP	AD		No	2	0.00
AD-MO-AR-BL01-A - NUMBER 1 MAIN	MO	AR		No	2	0.00

MOTOR

AD-MO-AR-BLO2-A - NUMBER 2 MAIN MOTOR	MO	AD	No	2	0.00
AD-MO-AR-BLO4-A - NUMBER 4 MAIN BLOWER	MO	AD	No	2	0.00
AD-PE-PO-SCADA - SYSTEM	PE	AD	No	Hours	0.00
AD-PU-PO-CIRHT - CIRCULATING HEAT MAIN BUILDING	PU	AD	No	Miles	0.00
AD-PU-PO-SMP - SUMP PUMP PIPE GALLY	PU	AD	No	2	0.00
AD-SY-PO-STRN1 - MANUAL STRAINER NUMBER 1	SY	AD	No	Hours	0.00
AD-SY-PO-STRN2 - MANUAL STRAINER NUMBER 2	SY	AD	No	Hours	0.00
AR-GB-AR-RSLP1C - NUMBER 1 RETURN ACTIVATED SLUDGE GEAR BOX	GB	AR	No	2	0.00
AR-GB-AR-RSLP2C - NUMBER 2 RETURN ACTIVATED SLUDGE GEAR BOX	GB	AR	No	2	0.00
AR-GB-AR-RSLP3C - NUMBER 3 RETURN ACTIVATED SLUDGE GEAR BOX	GB	AR	No	2	0.00
AR-GB-AR-RSLP4C - NUMBER 4 RETURN ACTIVATED SLUDGE GEAR BOX	GB	AR	No	2	0.00
AR-GB-AR-RSLP5C - NUMBER 5 RETURN ACTIVATED SLUDGE	GB	AR	No	2	0.00

GEAR BOX

AR-GB-AR-RSLP6C - NUMBER 6 RETURN ACTIVATED SLUDGE GEAR BOX	GB	AR	No	2	0.00
AR-MO-AR-RSLP1A - NUMBER 1 RETURN ACTIVATED SLUDGE MOTOR	MO	AR	No	2	0.00
AR-MO-AR-RSLP2A - NUMBER 2 RETURN ACTIVATED SLUDGE MOTOR	MO	AR	No	2	0.00
AR-MO-AR-RSLP3A - NUMBER 3 RETURN ACTIVATED SLUDGE MOTOR	MO	AR	No	2	0.00
AR-MO-AR-RSLP4A - NUMBER 4 RETURN ACTIVATED SLUDGE MOTOR	MO	AR	No	2	0.00
AR-MO-AR-RSLP5A - NUMBER 5 RETURN ACTIVAETD SLUDGE MOTOR	MO	AR	No	2	0.00
AR-MO-AR-RSLP6A - NUMBER 6 RETURN ACTIVATED SLUDGE MOTOR	MO	AR	No	2	0.00
AR-PU-AR-RSLP1U - NUMBER 1 RETURN ACTIVATED SLUDGE PUMP	PU	AR	No	2	0.00
AR-PU-AR-RSLP2U - NUMBER 2 RETURN ACTIVATED SLUDGE PUMP	PU	AR	No	2	0.00
AR-PU-AR-RSLP3U - NUMBER 3 RETURN ACTIVATED SLUDGE PUMP	PU	AR	No	2	0.00
AR-PU-AR-RSLP4U -	PU	AR	No	2	0.00

NUMBER 4 RETURN
ACTIVATED PUMP

AR-PU-AR-RSLP5U - NUMBER 5 RETURN ACTIVATED PUMP	PU	AR		No	2	0.00
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AR-PU-AR-RSLP6U - NUMBER 6 RETURN ACTIVATED PUMP	PU	AR		No	2	0.00
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AR-PU-PC-WST1DO - NUMBER 1 Dorr-Oliver Waste Activated Sludge Pump	PU	AR	Aeration Header Tunnel	No	Hours	0.00
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AR-PU-PC-WST1PN - NUMBER 1 Penn Valley Waste Activated Sludge Pump	PU	AR		No	Hours	0.00
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AR-PU-PC-WST2DO - NUMBER 2 Dorr - Oliver Waste Activated Sludge Pump	PU	AR	Aeration Header Tunnel	No	Hours	0.00
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AR-SY-AR-AER - SYSTEMS	SY	AR		No	Hours	0.00
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AR-SY-AR-DIF1-U - NUMBER 1 FINE BUBBLE DIFFUSER	SY	AR		No	2	0.00
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AR-SY-AR-DIF2-U - NUMBER 2 FINE BUBBLE DIFFUSER	SY	AR		No	2	0.00
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AR-SY-AR-DIF3-U - NUMBER 3 FINE BUBBLE DIFFUSER	SY	AR		No	2	0.00
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AR-SY-AR-DIF4-U - NUMBER 4 FINE BUBBLE DIFFUSER	SY	AR		No	2	0.00
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AR-SY-AR-RSBX1U - NUMBER 1 RAS DIVERSION BOX	SY	AR		No	2	0.00
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AR-SY-FC - Ferric Chloride			Tail End of	No	2	0.00
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System		Aeration Tanks			
AR-TK-AR-1A - Fine Aeration System Tank 1A	TK	AR	No	2	0.00
AR-TK-AR-1B - Fine Aeration System Tank 1B	TK	AR	No	2	0.00
AR-TK-AR-2A - Fine Aeration System Tank 2A	TK	AR	No	2	0.00
AR-TK-AR-2B - Fine Aeration System Tank 2B	TK	AR	No	2	0.00
AR-TK-AR-3A - Fine Aeration System Tank 3A	TK	AR	No	2	0.00
AR-TK-AR-3B - Fine Aeration System Tank 3B	TK	AR	No	2	0.00
AR-TK-AR-4A - Fine Aeration System Tank 4A	TK	AR	No	2	0.00
AR-TK-AR-4B - Fine Aeration System Tank 4B	TK	AR	No	2	0.00
AR-TK-AR-AER01 - AERATION TANK 1	TK	AR	No	Hours	0.00
AR-TK-AR-AER02 - AERATION TANK 2	TK	AR	No	Hours	0.00
AR-TK-AR-AER03 - AERATION TANK 3	TK	AR	No	Hours	0.00
AR-TK-AR-AER04 - AERATION TANK 4	TK	AR	No	Hours	0.00
CB-BLDG-ALL - CL2 BUILDING ALL ROOMS	BLDG	CB	No	2	0.00
CB-SY-CF-CL2 - SYSTEMS	SY	CB	No	Hours	0.00
CB-SY-CL-ALERT - CHLORINE SYSTEM ALERT	SY	CB	No	Hours	0.00
CB-SY-CL-AZTEC - CHLORINE SYSTEM AZTEC ANALYZER	SY	CB	No	Hours	0.00

CB-SY-CL-CL2 - CHLORINATOR	SY	CB	No	Hours	0.00
CB-SY-CL-GMAN - CL2 DISINFECTION SYSTEM GAS MANIFOLD	SY	CB	No	Hours	0.00
CB-SY-CL-PCL21 - NUMBER 1	SY	CB	No	2	0.00
CB-SY-CL-PCL22 - NUMBER 2	SY	CB	No	2	0.00
CHLORINATOR CB-SY-CL-PH/ORP - CHLORINE SYSTEM PH/ORP INDICATOR AND TRANSMITTER	SY	CB	No	Hours	0.00
CB-SY-CL-SNSR - CHLORINE SENSOR	SN	CB	No	Hours	0.00
CB-SY-CL-TON - Chlorine Disinfection System & Dioxide Dechlorination System Ton Contain	SY	CB	No	Hours	0.00
CB-SY-CL-VACRG - #2 VACUME REGULATOR	SY	CB	No	2	0.00
CL-MO-CL-MASAA - MASS-ASPIRATOR SELF ASPIRATING AERATOR MOTOR	MO	CL	No	2	0.00
CT-MO-CL-SUBX - SUBMERSIBLE MIXER MOTOR	MO	CT	No	2	0.00
CT-SP-FC-TNKSMP - TANK SAMPLER	SP	CT	No	Hours	0.00
CT-SY-CL-DEF1-U - DEFOAMER APPLICATION	SY	CT	No	2	0.00
CT-SY-CL-MA - MULTI-ASPIRATOR SELF ASPIRATING AERATOR SYSTEM	SY	CT	No	2	0.00
CT-SY-CL-SARTR -	SY	CT	No	2	0.00

MULTI-ASPIRATOR SELF
 ASPIRATING AERATOR
 SUBMERSIBLE
 AERATOR

CT-SY-CL-SUBX - SUBMERSIBLE MIXER SYSTEM	SY	CT		No	2	0.00
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CT-SY-CL-SUBXCH - SUBMERSIBLE MIXER SEALING CHAMBER	SY	CT		No	2	0.00
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CT-TK-CL-01-U - CL2 CONTACT TANK	TK	CT		No	2	0.00
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CT-TK-CL-02-U - CL2 CONTACT TANK	CT	CL		No	2	0.00
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EF-SY-EF-FLMTR3 - METER FOR OUTFALL 003	SY	EF		No	2	0.00
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Fecal sampling system - Pump and related tubing	Sigma	Plant effluent	Maintenance/La boratory	No	Hours	0.00
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FT-BC-FC-01-U - FINAL BOTTOM COLLECTOR	BC	FT		No	2	0.00
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FT-BC-FC-02-U - FINAL BOTTOM COLLECTOR	BC	FT		No	2	0.00
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FT-BC-FC-03-U - FINAL BOTTOM COLLECTOR	BC	FT		No	2	0.00
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FT-BC-FC-04-U - FINAL BOTTOM COLLECTOR	BC	FT		No	2	0.00
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FT-BC-FC-05-U - FINAL BOTTOM COLLECTOR	BC	FT		No	2	0.00
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FT-BC-FC-06-U - FINAL BOTTOM COLLECTOR	BC	FT		No	2	0.00
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FT-BC-FC-07-U - FINAL BOTTOM	BC	FT		No	2	0.00
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COLLECTOR

FT-BC-FC-08-U - FINAL BOTTOM COLLECTOR	BC	FT	No	2	0.00
FT-CL-FC-BCL1U - NUMBER 1 SURFACE SCUM COLLECTOR	CL	FT	No	2	0.00
FT-CL-FC-BCL2U - NUMBER 2 SURFACE SCUM COLLECTOR	CL	FT	No	2	0.00
(FINAL) FT-CL-FC-BCL3U - NUMBER 3 SURFACE SCUM COLLECTOR (FINAL)	CL	FT	No	2	0.00
FT-CL-FC-BCL4U - NUMBER 4 SURFACE SCUM COLLECTOR (FINAL)	CL	FT	No	2	0.00
FT-CL-FC-SSCL1U - NUMBER 1 SURFACE SCUM COLLECTOR (FINAL)	CL	FT	No	2	0.00
FT-CL-FC-SSCL2U - NUMBER 2 SURFACE SCUM COLLECTOR (FINAL)	CL	FT	No	2	0.00
FT-CL-FC-SSCL3U - NUMBER 3 SURFACE SCUM COLLECTOR (FINAL)	CL	FT	No	2	0.00
FT-CL-FC-SSCL4U - NUMBER 4 SURFACE SCUM COLLECTOR (FINAL)	CL	FT	No	2	0.00
FT-GB-FC-FNCL1C - NUMBER 1 FINAL CLARIFIER GEAR BOX	GB	FT	No	2	0.00
FT-GB-FC-FNCL2C - NUMBER 2 FINAL CLARIFIER GEAR BOX	GB	FT	No	2	0.00
FT-GB-FC-FNCL3C - NUMBER 3 FINAL	GB	FT	No	2	0.00

CLARIFIER GEAR BOX

FT-GB-FC-FNCL4C - NUMBER 4 FINAL CLARIFIER GEAR BOX	GB	FT	No	2	0.00
FT-GB-FC-SSCL1C - NUMBER 1 SURFACE SCUM COLLECTOR GEAR BOX	GB	FT	No	2	0.00
FT-GB-FC-SSCL2C - NUMBER 2 SURFACE SCUM COLLECTOR GEAR BOX	GB	FT	No	2	0.00
FT-GB-FC-SSCL3C - NUMBER 3 SURFACE SCUM COLLECTOR GEAR BOX	GB	FT	No	2	0.00
FT-GB-FC-XCOL1C - NUMBER 1 CROSS COLLECTOR (FINAL) BOX	GB	FT	No	2	0.00
FT-GB-FC-XCOL2C - NUMBER 2 CROSS COLLECTOR (FINAL) BOX	GB	FT	No	2	0.00
FT-GB-FC-XCOL3C - NUMBER 3 CROSS COLLECTOR (FINAL) BOX	GB	FT	No	2	0.00
FT-GB-FC-XCOL4A - NUMBER 4 CROSS COLLECTOR (FINAL) BOX	GB	FT	No	2	0.00
FT-MO-FC-FNCL1A - NUMBER 1 FINAL CLARIFIER MOTOR	MO	FT	No	2	0.00
FT-MO-FC-FNCL2A - NUMBER 2 FINAL CLARIFIER MOTOR	MO	FT	No	2	0.00
FT-MO-FC-FNCL3A -	MO	FT	No	2	0.00

NUMBER 3 FINAL
CLARIFIER MOTOR

FT-MO-FC-FNCL4A - MO FT No 2 0.00

NUMBER 4 FINAL
CLARIFIER MOTOR

FT-MO-FC-SSCL1A - MO FT No 2 0.00

NUMBER 1 SURFACE
SCUM COLLECTOR
MOTOR

FT-MO-FC-SSCL2A - MO FT No 2 0.00

NUMBER 2 SURFACE
SCUM COLLECTOR
MOTOR

FT-MO-FC-SSCL3A - MO FT No 2 0.00

NUMBER 3 SURFACE
SCUM COLLECTOR
MOTOR

FT-MO-FC-SSCL4A - MO FT No 2 0.00

NUMBER 4 SURFACE
SCUM COLLECTOR
MOTOR

FT-MO-FC-XCOL1A - MO FT No 2 0.00

NUMBER 1 CROSS
COLLECTOR (FINAL)
MOTOR

FT-MO-FC-XCOL2A - MO FT No 2 0.00

NUMBER 2 CROSS
COLLECTOR (FINAL)
MOTOR

FT-MO-FC-XCOL3A - MO FT No 2 0.00

NUMBER 3 CROSS
COLLECTOR (FINAL)
MOTOR

FT-PT-DR-CD-CLN1 - DR FT PT No 2 0.00

PRIMARY AND FINAL
COLLECTOR DRIVES 1

FT-PT-DR-CD-CLN2 - DR FT PT No 2 0.00

PRIMARY AND FINAL
COLLECTOR DRIVES 2

FT-PT-DR-CD-CLN3 - PRIMARY AND FINAL COLLECTOR DRIVES 3	DR	FT PT	No	2	0.00
FT-PT-DR-CD-CLN4 - PRIMARY AND FINAL COLLECTOR DRIVES 4	DR	FT PT	No	2	0.00
FT-PU-FC-SCM1 - FINAL SCUM PUMP	PU	FT	No	Hours	0.00
FT-PU-FC-SCP - FINAL SCUM PUMP	PU	FT	No	2	0.00
FT-PU-FC-SW1U - 1 SLUDGE WASTING PUMP	PU	FT	No	2	0.00
FT-PU-FC-SW2U - 2 SLUDGE WASTING PUMP	PU	FT	No	2	0.00
FT-PU-FC-SW3U - 3 SLUDGE WASTING PUMP	PU	FT	No	2	0.00
FT-TK-FC-FNCL1U - NUMBER 1 FINAL CLARIFIER TANKS	TK	FT	No	2	0.00
FT-TK-FC-FNCL2U - NUMBER 3 FINAL CLARIFIER TANKS	TK	FT	No	2	0.00
FT-TK-FC-FNCL3U - NUMBER 4 FINAL CLARIFIER TANKS	TK	FT	No	2	0.00
FT-TK-FC-FNCL4 - NUMBER 4 FINAL CLARIFIER TANKS	TK	FT	No	2	0.00
FT-XL-FC-XCOL1U - NUMBER 1 CROSS COLLECTOR FINAL	XL	FT	No	2	0.00
FT-XL-FC-XCOL2U - NUMBER 2 CROSS COLLECTOR FINAL	XL	FT	No	2	0.00
FT-XL-FC-XCOL3U - NUMBER 3 CROSS COLLECTOR FINAL	XL	FT	No	2	0.00
FT-XL-FC-XCOL4U -	XL	FT	No	2	0.00

NUMBER 4 CROSS
COLLECTOR FINAL

HW-BLDG-ALL - SCREEN AND GRIT ALL LEVELS	BLDG	HW	No	2	0.00
HW-BLDG-MPR - AND GRIT MAIN PUMP ROOM	BLDG	HW	No	2	0.00
HW-BLDG-PPR - PUMP ROOMS	BLDG	HW	No	2	0.00
HW-BS-101-1-A - BAR SCREEN	BS	HW	No	2	0.00
HW-BS-101-1-C - BAR SCREEN DRIVE MOTOR	MO	HW	No	Hours	24.00
HW-BS-101-1-U - AUTOMATIC BAR SCREEN	BS	HW	No	2	0.00
HW-BS-101-2-A - BAR SCREEN	BS	HW	No	2	0.00
HW-BS-101-2-C - BAR SCREEN	MO	HW	No	Hours	24.00
HW-BS-101-2-U - AUTOMATIC BAR SCREEN	BS	HW	No	2	0.00
HW-DR-IT-CSD - CONSTANT SPEED DRIVE	DR	HW	No	2	0.00
HW-DR-IT-DGR1C - NUMBER 1 GRAVITY DEGRITTER DRIVE	DR	HW	No	2	0.00
HW-DR-IT-DGR2C - NUMBER 2 GRAVITY DEGRITTER DRIVE	DR	HW	No	2	0.00
HW-DR-IT-GRCL1C - NUMBER 1 GRIT CLASSIFIER DRIVE	DR	HW	No	2	0.00
HW-DR-IT-GRCL2C - NUMBER 2 GRIT CLASSIFIER DRIVE	DR	HW	No	2	0.00
HW-DR-IT-VSD1U - NUMBER 1 VARIABLE	DR	HW	No	2	0.00

SPEED DRIVE

HW-DR-IT-VSD2U - NUMBER 2 VARIABLE SPEED DRIVE	DR	HW	No	2	0.00
HW-DR-IT-VSD3U - NUMBER 3 VARIABLE SPEED DRIVE	DR	HW	No	2	0.00
HW-GB-IT-NaOH - CHEMICAL METERING PUMP GEARBOX	GB	HW	No	Hours	0.00
HW-MO-IT-DGR1A - NUMBER 1 GRAVITY DEGRITTER MOTOR	MO	HW	No	2	0.00
HW-MO-IT-DGR2A - NUMBER 2 GRAVITY DEGRITTER MOTOR	MO	HW	No	2	0.00
HW-MO-IT-GRCL1A - NUMBER 1 GRIT CLASSIFIER MOTOR	MO	HW	No	2	0.00
HW-MO-IT-GRCL2A - NUMBER 2 GRIT CLASSIFIER MOTOR	MO	HW	No	2	0.00
HW-MO-IT-PRSL1A - NUMBER 1 PRIMARY SLUDGE PUMP MOTOR	MO	HW	No	2	0.00
HW-MO-IT-PRSL2A - NUMBER 2 PRIMARY SLUDGE PUMP MOTOR	MO	HW	No	2	0.00
HW-MO-IT-PRSL3A - NUMBER 3 PRIMARY SLUDGE PUMP MOTOR	MO	HW	No	2	0.00
HW-MO-IT-PRSL4A - NUMBER 4 PRIMARY SLUDGE PUMP MOTOR	MO	HW	No	2	0.00
HW-PE-PM-EHST - ELECTRIC HOIST GRIT	PE	HW	No	2	0.00
HW-PE-PO-A/C-HT - Air	PE	HW	No	Miles	0.00

Heating Unit

HW-PU-IT-GRT1 - GRIT PUMP #1	PU	HW	No	Hours	0.00
HW-PU-IT-GRT2 - GRIT PUMP #2	PU	HW	No	Hours	0.00
HW-PU-IT-MAIN1 - MAIN PUMP NUMBER 1	PU	HW	No	Hours	0.00
HW-PU-IT-MAIN2 - MAIN PUMP NUMBER 2	PU	HW	No	Hours	0.00
HW-PU-IT-MAIN3 - MAIN PUMP NUMBER 3	PU	HW	No	Hours	0.00
HW-PU-IT-MAIN4 - MAIN PUMP NUMBER 4	PU	HW	No	Hours	0.00
HW-PU-IT-NaOH - CHEMICAL METERING PUMP NaOH	PU	HW	No	Hours	0.00
HW-PU-IT-PRPU4U - NUMBER 4 PRIMARY SLUDGE PUMP	PU	HW	No	2	0.00
HW-PU-IT-PRSL1U - NUMBER 1 PRIMARY SLUDGE PUMP	PU	HW	No	2	0.00
HW-PU-IT-PRSL2U - NUMBER 2 PRIMARY SLUDGE PUMP	PU	HW	No	2	0.00
HW-PU-IT-PRSL3U - NUMBER 3 PRIMARY SLUDGE PUMP	PU	HW	No	2	0.00
HW-PU-IT-SMP - Sump Pump in Main or Building	PU	HW	No	2	0.00
HW-PU-PO-CIRHT - CIRCULATING HEAT SCREEN AND GRIT BUILDING	PU	HW	No	Hours	0.00
HW-PU-PO-SMPGS - PUMP AT GRIT SLURRY	PU	HW	No	2	0.00

PUMPS

HW-PU-PS-PRIST - PRIMARY PUMP STATION	PU	HW	No	Hours	0.00
HW-PV-LO-N103 - #103 GMC TRI AXLE	PV	HW	Yes	Miles	0.10
HW-SY-IT-DGR1U - NUMBER 1 GRAVITY DEGRITTER	SY	HW	No	2	0.00
HW-SY-IT-DGR2U - NUMBER 2 GRAVITY DEGRITTER	SY	HW	No	2	0.00
HW-SY-IT-GRT1 - 1 GRIT LINE	SY	HW	No	Hours	0.00
HW-SY-IT-MAIN - MAIN PUMP SYSTEMS	SY	HW	No	2	0.00
HW-SY-IT-PRSL1C - NUMBER 1 PRIMARY SLUDGE PUMP VOLUTE	SY	HW	No	2	0.00
HW-SY-IT-PRSL2C - NUMBER 2 PRIMARY SLUDGE PUMP VOLUTE	SY	HW	No	2	0.00
HW-SY-IT-PRSL3C - NUMBER 3 PRIMARY SLUDGE PUMP VOLUTE	SY	HW	No	2	0.00
HW-SY-IT-PRSL4C - NUMBER 4 PRIMARY SLUDGE PUMP VOLUTE	SY	HW	No	2	0.00
HW-SY-IT-QMTR - GAS METER - QUAD SCAN	SY	HW	No	2	0.00
HW-SY-IT-RDB1 - 1 ROTATING DEBRIS BRUSH	SY	HW	No	Hours	0.00
HW-SY-IT-RTB2 - 2 ROTATING DEBRIS BRUSH	SY	HW	No	Hours	0.00
HW-SY-IT-SMPLR - SAMPLER SCREEN AND	SY	HW	No	Miles	0.00

GRIT

HW-SY-ITNaOH - CHEMICAL METERING PTFE DIAPHRAGM AND DISC	SY	HW	No	Hours	0.00	
HW-TK-IT-GRCL1U - NUMBER 1 GRIT CLASSIFIER	TK	HW	No	2	0.00	
HW-TK-IT-GRCL2U - NUMBER 2 GRIT CLASSIFIER	TK	HW	No	2	0.00	
Laboratory Vacuum Pump - Vaccum Pump Precision Vaccum Pumps Model DD-310		Rear Wall of Blower Room	Maintenance Department	No	Hours	0.00
OT-GT-PO-PRIGT - OVERFLOW PRIMARY GATE	GT	OT	No	2	0.00	
OT-PU-PS-DTHY - DOROTHY PUMP STATION	PU	OT	No	Hours	0.00	
OT-PU-PS-FRD - AVE PUMP STATION	PU	OT	No	Hours	0.00	
OT-PU-PS-KYSR - VALLEY PUMP STATION	PU	OT	No	Hours	0.00	
OT-PU-PS-MDL - MIDDLE ST PUMP STATION	PU	OT	No	Hours	0.00	
OT-PU-PS-MYRT - ST PUMP STATION	PU	OT	No	Hours	0.00	
OT-PU-PS-PAR - AVE PUMP STATION	PU	OT	No	Hours	0.00	
OT-PU-PS-SHW - PT-BC-PC-01-U - 1 BOTTOM COLLECTORS	PU BC	OT PT	No No	Hours 2	0.00 0.00	
PT-BC-PC-02-U - COLLECTORS	BC	PT	No	2	0.00	
PT-CL-PC-SSCL1U - NUMBER 1 SURFACE SCUM COLLECTOR	CL	PT	No	2	0.00	

(PRIMARY)

PT-CL-PC-SSCL2U - NUMBER 2 SURFACE SCUM COLLECTORS(PRIMARY)	CL	PT	No	2	0.00
PT-CL-PC-SSCL3U - NUMBER 3 SURFACE SCUM COLLECTORS(PRIMARY)	CL	PT	No	2	0.00
PT-CL-PC-SSCL4U - NUMBER 4 SURFACE SCUM COLLECTORS(PRIMARY)	CL	PT	No	2	0.00
PT-DR-CD-CLN1 - TREATMENT DRIVE 1	DR	PT	No	2	0.00
PT-DR-CD-CLN2 - TREATMENT DRIVE 2	DR	PT	No	2	0.00
PT-DR-CD-CLN3 - TREATMENT DRIVE 3	DR	PT	No	2	0.00
PT-DR-CD-CLN4 - TREATMENT DRIVE 4	DR	PT	No	2	0.00
PT-GB-PC-BCL1C - NUMBER 1 PRIMARY BOTTOM COLLECTORS (sludge) GEAR BOX	GB	PT	No	2	0.00
PT-GB-PC-BCL2C - NUMBER 2 PRIMARY BOTTOM COLLECTORS (sludge) GEAR BOX	GB	PT	No	2	0.00
PT-GB-PC-BCL3C - NUMBER 3 BOTTOM COLLECTORS (sludge) GEAR BOX	GB	PT	No	2	0.00
PT-GB-PC-BCL4C - NUMBER 4 BOTTOM	GB	PT	No	2	0.00

COLLECTORS (sludge)

GEAR BOX

PT-GB-PC-SSCL1C - NUMBER 1 SURFACE SCUM COLLECTOR BOX	GB	PT	No	2	0.00
PT-GB-PC-SSCL2C - NUMBER 2 PRIMARY SURFACE SCUM COLLECTOR GEAR BOX	GB	PT	No	2	0.00
PT-GB-PC-SSCL3C - NUMBER 3 PRIMARY SURFACE SCUM COLLECTOR	GB	PT	No	2	0.00
PT-GB-PC-SSCL4C - NUMBER 4 PRIMARY SURFACE SCUM COLLECTOR GEAR BOX	GB	PT	No	2	0.00
PT-GB-PC-XCOL1C - NUMBER 1 CROSS COLLECTOR GEAR BOX	GB	PT	No	2	0.00
PT-GB-PC-XCOL2C - NUMBER 2 CROSS COLLECTOR GEAR BOX	GB	PT	No	2	0.00
PT-GB-PC-XCOL3C - NUMBER 3 CROSS COLECTOR GEAR BOX	GB	PT	No	2	0.00
PT-GB-PC-XCOL4C - NUMBER 4 CROSS COLLECTOR GEAR BOX	GB	PT	No	2	0.00
PT-MO-PC-SSCL2A - NUMBER 2 PRIMARY SURFACE SCUM COLLECTOR MOTOR	MO	PT	No	2	0.00
PT-MO-PC-BCL1A - NUMBER 1 PRIMARY BOTTOM COLLECTORS(sludge) MOTOR	MO	PT	No	2	0.00

PT-MO-PC-BCL2A - NUMBER 2 PRIMARY BOTTOM COLLECTOR (sludge) MOTOR	MO	PT	No	2	0.00
PT-MO-PC-BCL3A - NUMBER 3 BOTTOM COLLECTORS (sludge) MOTOR	MO	PT	No	2	0.00
PT-MO-PC-BCL4A - NUMBER 4 BOTTOM COLLECTORS (sludge) MOTOR	MO	PT	No	2	0.00
PT-MO-PC-SSCL1A - NUMBER 1 PRIMARY SURFACE SCUM COLLECTOR MOTOR	MO	PT	No	2	0.00
PT-MO-PC-SSCL3A - NUMBER 3 PRIMARY SURFACE SCUM COLLECTOR MOTOR	MO	PT	No	2	0.00
PT-MO-PC-SSCL4A - NUMBER 3 PRIMARY SURFACE SCUM COLLECTOR	MO	PT	No	2	0.00
PT-MO-PC-XCOL1A - NUMBER 1 CROSS COLLECTOR MOTOR	MO	PT	No	2	0.00
PT-MO-PC-XCOL2A - NUMBER 2 CROSS COLLECTOR MOTOR	MO	PT	No	2	0.00
PT-MO-PC-XCOL3A - NUMBER 3 CROSS COLLECTOR MOTOR	MO	PT	No	2	0.00
PT-MO-PC-XCOL4A - NUMBER 4 CROSS COLLECTOR MOTOR	MO	PT	No	2	0.00
PT-PU-PC-PRSP1U - NUMBER 1 PRIMARY SCUM PUMP	PU	PT	No	2	0.00

PT-PU-PC-PRSP2U - NUMBER 2 PRIMARY SCUM PUMP	PU	PT	No	2	0.00
PT-SC-PC-01-U - 1 BOTTOM SLUDGE COLLECTORS	SC	PT	No	2	0.00
PT-SC-PC-02-U - 2 BOTTOM SLUDGE COLLECTORS	SC	PT	No	2	0.00
PT-SC-PC-03-U - 3 BOTTOM SLUDGE COLLECTORS	SC	PT	No	2	0.00
PT-SC-PC-04-U - SLUDGE COLLECTORS	SC	PT	No	2	0.00
PT-TK-PC-PRCL1 - NUMBER 1 PRIMARY CLARIFIERS	TK	PT	No	2	0.00
PT-TK-PC-PRCL2 - NUMBER 2 PRIMARY CLARIFIERS	TK	PT	No	2	0.00
PT-TK-PC-PRCL3 - NUMBER 3 PRIMARY CLARIFIERS	TK	PT	No	2	0.00
PT-TK-PC-PRCL4 - NUMBER 4 PRIMARY CLARIFIERS	TK	PT	No	2	0.00
PT-XL-PC-XCOL1U - NUMBER 1 CROSS COLLECTOR	XL	PT	No	2	0.00
PT-XL-PC-XCOL2U - NUMBER 2 CROSS COLLECTOR	XL	PT	No	2	0.00
PT-XL-PC-XCOL3U - NUMBER 3 CROSS COLLECTOR	XL	PT	No	2	0.00
PT-XL-PC-XCOL4U - NUMBER 4 CROSS COLLECTOR	XL	PT	No	2	0.00

PTFT-SY-WR-CLN 1 - PRIMARY AND FINAL WEIRS	WEIRS	PRIMARY AND FINAL TANKS	OPERATIONS	No	2	0.00
PTFT-SY-WR-CLN 2 - PRIMARY AND FINAL WEIRS	WEIRS	PRIMARY AND FINAL TANKS	OPERATIONS	No	2	0.00
PTFT-SY-WR-CLN 3 - PRIMARY AND FINAL WEIRS	WEIRS	PRIMARY AND FINAL TANKS	OPERATIONS	No	2	0.00
PTFT-SY-WR-CLN 4 - PRIMARY AND FINAL WEIRS	WEIRS	PRIMARY AND FINAL TANKS	OPERATIONS	No	2	0.00
SH-AC-101-A - INGERSOL MO RAND AIR MOTOR		SH		No	2	0.00
SH-AC-101-C - RAND AIR BELT	AC	SH		No	2	0.00
SH-AC-101-U - RAND AIR COMPRESSOR	AC	SH		No	2	0.00
SH-AC-102-A - INGERSOL MO RAND AIR MOTOR		SH		No	2	0.00
SH-AC-102-C - RAND AIR BELT	AC	SH		No	2	0.00
SH-AC-102-U - RAND AIR COMPRESSOR	AC	SH		No	2	0.00
SH-AC-PC-ACOMP - COMPRESSOR #2	AC	SH		No	2	0.00
SH-BLDG-BFPR - BELT FILTER PRESS ROOM	BLDG	SH		No	2	0.00
SH-BLDG-BSH - BASEMENT SLUDGE HANDLING	BLDG	SH		No	2	0.00
SH-BLDG-CFLA - CONVEYOR BELT ROOM	BLDG	SH		No	2	0.00

TO FRONT LOADING

AREA					
SH-BLDG-CSA - CAUSTIC BLDG AREA		SH	No	2	0.00
SH-BLDG-IRCR - IR COMPRESSOR ROOM	BLDG	SH	No	2	0.00
SH-BLDG-LR - LUNCH ROOM	BLDG	SH	No	2	0.00
SH-BLDG-MBS - INCINERATOR BUILDING MAIN, BASEMENT, STAIRS	BLDG	SH	No	2	0.00
SH-BLDG-MR - MENS ROOM	BLDG	SH	No	2	0.00
SH-BLDG-SR - ROOM	BLDG	SH	No	2	0.00
SH-BLDG-TR - ROOM	BLDG	SH	No	2	0.00
SH-BP-PC-101-A - BELT FILTER PRESS BEARINGS	BP	SH	No	Hours	10.00
SH-BP-PC-101-C - BELT FILTER PRESS DRIVE	BP	SH	No	2	0.00
SH-BP-PC-101-U - BELT FILTER PRESS	BP	SH	No	2	0.00
SH-BP-PC-102-A - BELT FILTER PRESS BEARINGS	BP	SH	No	Hours	10.00
SH-BP-PC-102-C - BELT FILTER PRESS DRIVE	BP	SH	No	2	0.00
SH-BP-PC-102-U - BELT FILTER PRESS	BP	SH	No	2	0.00
SH-BP-PC-SYS - BELT FILTER PRESS SYSTEMS	BP	SH	No	Hours	0.00
SH-CL-PC-SURF1U - NUMBER 1 SURFACE COLLECTOR (TIMED)	CL	SH	No	2	0.00
SH-CL-PC-SURF2U - NUMBER 2 SURFACE	CL	SH	No	2	0.00

COLLECTOR

SH-DR-PC-PUG1C - NUMBER 1 PUGMILL SYSTEM DRIVE (OLD)	DR	SH	Yes	Hours	24.00
SH-GM-PC-SLBL - D-600 SLUDGE BLENDER GEARMOTOR	GM	SH	No	Hours	0.00
SH-GR-PC-BFP - BFP SLUDGE PUMP GEAR REDUCER	GR	SH	No	2	0.00
SH-GR-PC-RTYSL - ROTARY SLUDGE THICKNER	GR	SH	No	Hours	0.00
SH-GR-PC-SLCV26 - SERPENTIX BELT NEW SIDE SPEED RUDUCER	GR	SH	No	Hours	0.00
SH-GR-PC-THKSL - THICKENED SLUDGE PUMP GEAR REDUCER	GR	SH	No	2	0.00
SH-MO-PC-BFP - BFP SLUDGE PUMP MOTOR	MO	SH	No	2	0.00
SH-MO-PC-CS1-A - NUMBER 1 CAUSTIC MOTOR	MO	SH	No	2	0.00
SH-MO-PC-CS2-A - NUMBER 2 CAUSTIC MOTOR	MO	SH	No	2	0.00
SH-MO-PC-LFS - LIME FEED SYSTEM MOTOR	MO	SH	No	Hours	0.00
SH-MO-PC-LFS1 - LIME FEED SYSTEM MOTOR	MO	SH	No	2	0.00
SH-MO-PC-PPP1A - NUMBER 1 POTASSIUM PERMANGANATE MOTOR	MO	SH	No	2	0.00
SH-MO-PC-PPP2A - NUMBER 2 POTASSIUM PERMANGANATE MOTOR	MO	SH	No	2	0.00

SH-MO-PC-PPP3A - NUMBER 3 POTASSIUM PERMANGANATE MOTOR	MO	SH	No	2	0.00
SH-MO-PC-PUG1A - NUMBER 1 PUGMILL SYSTEM MOTOR (OLD)	MO	SH	No	2	0.00
SH-MO-PC-RCY - PUMP MOTOR	MO	SH	No	Hours	0.00
SH-MO-PC-RTX - SYSTEM CHOPPER MOTOR	MO	SH	No	Hours	0.00
SH-MO-PC-SLCV26 - 26" SLUDGE CONVEYOR MOTOR	MO	SH	No	Hours	0.00
SH-MO-PC-STR1A - NUMBER 1 STRAINER MOTOR	MO	SH	No	2	0.00
SH-MO-PC-STR2A - NUMBER 2 STRAINER MOTOR	MO	SH	No	2	0.00
SH-MO-PC-THKSL - THICKENED SLUDGE PUMP MOTOR	MO	SH	No	2	0.00
SH-MO-PO-WB1-A - NUMBER 1 PLANT BOOSTER PUMP MOTOR	MO	SH	No	2	0.00
SH-MO-PO-WB2-A - NUMBER 2 PLANT BOOSTER PUMP MOTOR	MO	SH	No	2	0.00
SH-PE-PO-A/C-HT - Air Unit 1st Floor Sludge handling Building	PE	SH	No	Miles	0.00
SH-PE-PO-HSTA/C - Hastings Air and Heat Unit	PE	SH	No	Miles	0.00
SH-PU-PC-BFP - BFP SLUDGE PUMP	PU	SH	No	2	0.00
SH-PU-PC-BFP1-U - NUMBER 1 BFP PUMP	PU	SH	No	2	0.00

SH-PU-PC-BFP2-U - NUMBER 2 BFP PUMP	PU	SH	No	2	0.00
SH-PU-PC-BFP3-U - NUMBER 3 BFP PUMP	PU	SH	No	2	0.00
SH-PU-PC-CS1-U - NUMBER 1 CAUSTIC PUMP	PU	SH	No	2	0.00
SH-PU-PC-CS2-U - NUMBER 2 CAUSTIC PUMP	PU	SH	No	2	0.00
SH-PU-PC-DAF1-U - NUMBER 1 DAF PUMP	PU	SH	No	2	0.00
SH-PU-PC-DAF2-U - NUMBER 1 DAF PUMP	PU	SH	No	2	0.00
SH-PU-PC-DAF3-U - NUMBER 3 DAF PUMP	PU	SH	No	2	0.00
SH-PU-PC-POLY1 - NUMBER 1 POLYMER PUMP	PU	SH	No	2	0.00
SH-PU-PC-POLY2 - NUMBER 2 POLYMER PUMP	PU	SH	No	2	0.00
SH-PU-PC-POLY3 - NUMBER 3 POLYMER PUMP	PU	SH	No	2	0.00
SH-PU-PC-PPP1U - NUMBER 1 POTASSIUM PERMANGANATE PUMP	PU	SH	No	2	0.00
SH-PU-PC-PPP2U - NUMBER 2 POTASSIUM PERMANGANATE PUMP	PU	SH	No	2	0.00
SH-PU-PC-PPP3U - NUMBER 3 POTASSIUM PERMANGANATE PUMP	PU	SH	No	2	0.00
SH-PU-PC-RCY - PUMP	PU	SH	No	Hours	0.00
SH-PU-PC-RTX -	PU	SH	No	Hours	0.00

SYSTEM (CHOPPER PUMPS)

SH-PU-PC-RTYSLB - ROTOARY SLUDGE THICKNER BERKS TURBINE PUMP	PU	SH	No	Hours	0.00
SH-PU-PC-SLTR1U - NUMBER 1 SLUDGE TRANSFER PUMP	PU	SH	No	2	0.00
SH-PU-PC-SLTR2U - NUMBER 2 SLUDGE TRANSFER PUMP	PU	SH	No	2	0.00
SH-PU-PC-SLTR3U - NUMBER 3 SLUDGE TRABSFER PUMP	PU	SH	No	2	0.00
SH-PU-PC-THKSL - THICKENED SLUDGE PUMP	PU	SH	No	2	0.00
SH-PU-PO-CIRHT - CIRCULATING HEAT PRESS BUILDING	PU	SH	No	2	0.00
SH-PU-PO-WB1-U - Utility Water Pumps	PU	Basement of Admin Building	No	2	0.00
SH-PU-PO-WB2-U - NUMBER 2 PLANT BOOSTER PUMP	PU	SH	No	2	0.00
SH-SB-PO-01-U - CARBON AIR SCRUBBER	SB	SH	No	2	0.00
SH-SY-OC-OAS - ODOR CONTROL SYSTEM AIR SCRUBBER	SY	SH	No	Hours	0.00
SH-SY-OC-OFAN - ODOR CONTROL SYSTEM FAN	SY	SH	No	Hours	0.00
SH-SY-OC-OFLMTR - ODOR CONTROL FLOW METER	SY	SH	No	Hours	0.00
SH-SY-OC-OFMS - ODOR CONTROL SYSTEM	SY	SH	No	Hours	0.00

MEASURING SYSTEM

SH-SY-OC-OLP - ODOR CONTROL SYSTEM PROBE	SY	SH	No	Hours	0.00
SH-SY-OC-OSNS - ODOR CONTROL SYSTEM PH AND ORP SENSOR/ ANALYZER	SY	SH	No	Hours	0.00
SH-SY-PC-BPP - BATCH POTASSIUM PERMANGANATE SYSTEM	SY	SH	No	2	0.00
SH-SY-PC-GYR - LIME FEED SYSTEM	SY	SH	No	2	0.00
SH-SY-PC-LFS - Lime System	SY	SH	No	2	0.00
SH-SY-PC-LFS1-U - LIME FEED SYSTEM	SY	SH	Yes	Hours	8.00
SH-SY-PC-LFS1C - LIME FEED SYSTEM BREAKER	SY	PC	No	2	0.00
SH-SY-PC-LFSCNV - FEED SYSTEM SCREW CONVEYOR	SY	SH	No	2	0.00
SH-SY-PC-LFSSRD - FEED SYSTEM SPEED REDUCER	SY	SH	No	Hours	0.00
SH-SY-PC-LFSVFD - LIME FEED SYSTEM VERSIFEEDER	SY	SH	No	2	0.00
SH-SY-PC-LSLO - BULK LIME STORAGE SILO	SY	SH	No	2	0.00
SH-SY-PC-MMGR1 - NUMBER 1 MUFFIN MONSTER GRINDER	SY	SH	No	2	0.00
SH-SY-PC-MMGR2 - NUMBER 2 MUFFIN MONSTER GRINDER	SY	PC	No	Hours	24.00
SH-SY-PC-PIT1U -	SY	SH	No	2	0.00

PIT

SH-SY-PC-PLY - SYSTEMS	SY	SH	No	2	0.00
SH-SY-PC-PLY1-U - NUMBER 1 POLYMER SYSTEM	SY	SH	No	2	0.00
SH-SY-PC-PLY2-U - NUMBER 2 POLYMER SYSTEM	SY	SH	No	2	0.00
SH-SY-PC-PUG1U - NUMBER 1 PUGMILL SYSTEM (OLD)	SY	SH	No	2	0.00
SH-SY-PC-RTYSL-1 - Number One Rotary Thickener	SY	SH	No	Hours	0.00
SH-SY-PC-RTYSL-2 -	SY	SH	No	Hours	0.00
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Number Two Rotary Thickener					
SH-SY-PC-RTYSL-3 - Number Three Rotary Thickener	SY	SH	No	Hours	0.00
SH-SY-PC-RTYSL-SYS - Rotary sludge Thickener Systems	SY	SH	No	Hours	0.00
SH-SY-PC-SCB1U - SLUDGE CONVEYOR (OLD)	SY	SH	No	2	0.00
SH-SY-PC-SCB2U - NUMBER 2 SLUDGE CONVEYOR BELT (OLD)	SY	SH	No	2	0.00
SH-SY-PC-SLCV26 - Serpentix Belt New Side	SY	SH	No	Hours	0.00
SH-SY-PC-STR1C - NUMBER 1 STRAINER ACTUATOR	SY	SH	No	2	0.00

SH-SY-PC-STR1U - NUMBER 1 BASKET STRAINER	SY	SH	No	2	0.00	
SH-SY-PC-STR2C - NUMBER 2 STRAINER ACTUATOR	SY	SH	No	2	0.00	
SH-SY-PC-STR2U - NUMBER 2 BASKET STRAINER	SY	SH	No	2	0.00	
SH-SY-PC-THKR - THICKNER CONRTOL BOX	SY	PC	No	Hours	0.00	
SH-SY-PC-WTSRB - WET SCRUBBER	SY	SH	No	Hours	0.00	
SH-SY-PCSLBL - D-600 Number 2 Pugmill System (New Side)	SY	SH	No	Hours	0.00	
SH-TK-PC-CS1-U - NUMBER 1 CAUSTIC TANK	TK	SH	No	2	0.00	
SH-TK-PC-CS2-U - NUMBER 2 CAUSTIC TANK	TK	SH	No	2	0.00	
SH-TK-PC-DOTNK1 - NUMBER 1 DO TANK	TK	SH	No	2	0.00	
SH-TK-PC-DOTNK2 - NUMBER 2 DO TANK	TK	SH	No	2	0.00	
SH-TK-PC-LFST - DAY LIME STORAGE TANK	SH	SH	No	2	0.00	
SH-TK-PC-SLST1U - SLUDGE STORAGE TANK	TK	SH	No	2	0.00	
Treatment Plant Infrastructure - All on SSA property	Varies	WWTP	maintenance	No	Hours	0.00
XX FURNACE-1 - #1 FURNACE	FURNACE		No	Hours	0.00	
XX GRNDR-MTR -			No	Hours	0.00	

GRINDER MOTOR

XX P2A-ORP-SMP - P2A ORP SAMPLE PUMP	PUMP			No	2	0.00
XX P2C-FNL-SMP - FINAL RESIDUAL SAMPLE PUMP	PUMP			No	2	0.00
XX PHGRBX-01-U - ID #447014LU	MOTOR	DRY WELL		No	2	0.00
XX PLUG-THK-08" - 8" PLUG	PLUG	THICKENER		No	2	0.00
XX PLWAPU-103-U - WATER PUMPS	PUMP	AUXILIARY SYSTEMS		No	2	0.00
XX PLWAPU-104-U - WATER PUMPS	PUMP	AUXILIARY SYSTEMS		No	2	0.00
XX SH-PU-PO-WB1 - NUMBER 1 PLANT PUMP	PU	SH		No	2	0.00
XX SH-PU-PO-WB2 - NUMBER 2 PLANT PUMP	PU	SH		No	2	0.00
XX STOR-TNK - TANK	TANK			No	Hours	0.00
XXMiscellaneous -				No	Hours	0.00

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Miscellaneous

SH-SY-OC-SY - Odor System	SY	SH		No	2	0.00
GRIT1 - BAR1 - Grit #1, Automatic Bar Screen #1		Headworks	Maintenance	No	2	0.00
GRIT2 - BAR2 - Grit #2, Automatic Bar Screen #2		Headworks	Maintenance	No	2	0.00
NPDES 003 - WWTP	Bypass	WWTP	Plant Operation	No	2	0.00
XXLabMiscellaneous - Laboratory Miscellaneous	Miscellaneous	Plant Lab	Lab	No	Hours	0.00
SH-PU-MX-SY - Mixing	Pump	Thickener	Sludge Handling	No	2	0.00

Pumps Sludge Handling		Building Basement				
HW-DR-IT-VSD4U - NUMBER FOUR SPEED DRIVE	DRIVE	HEADWORKS	HEADWORKS	No	2	0.00
MgOH System - Hydroxide System	System	Sludge Handling	Sludge Handling	No	Hours	0.00
SO2 System - Sulfur System	System	Chlorine Building	All	No	Hours	0.00

4. IT Equipment:

Name	Model	SN	Assigned To
Executive Assistant	IBM Lenovo	L3C1802	Admin spare
Admin DVR	Custom Built		In storage room
GPS Computer	Dell Dimension 4500s	GCCWS11	In server room downtown
Purchasing	Lenovo ThinkCentre M72z	MJ45WG	Kathy Ruane
SCR002-CLERK1	Lenovo ThinkCentre A70z	0401U1US1V7290	Mary Kay Cannon
SCR002-CLERK2	Lenovo ThinkCentre A70z	0401U1US1R4764	Christine Porter
SCR002-CLERK3	Lenovo ThinkCentre A70z	0401U1U S1R4775	Gail Morgan
Grochowski	Lenovo ThinkCentre E93z	MJ00DUK6	Debra Grochowski
SCR002-CLERK5	Lenovo ThinkCentre A70z	0401U1U S1R4762	Nanci Wright
SCR002-CLERK6	Lenovo ThinkCentre M71Z	MJGHPRM	Marie Mullarkey
scr002-EAIBM	Lenovo ThinkCentre A70z	0401R6US1V7662	Bernice Sparacino
scr002-exdir	Lenovo ThinkCentre A70z	0401R6US1V7695	Gene Barrett
scr002-HRIBM	Lenovo ThinkCentre A70z	0401U1US1R4983	Lisa Moran
scr002-LAB	Lenovo ThinkCentre A70z	0401R6US1Y9353	Clerk Spare
SCR002BMANAGER	Lenovo ThinkCentre M72z	MJ745WF	Andrew Marion
Dispute	Lenovo ThinkCentre M71z	MJGHPRV	Dispute Room
Basin10-HP	HP EliteBook 8570p	5CB3390H5H	Basin Crew 10
Basin1-HP	HP EliteBook 8570p	5CB33908GC	Basin Crew 1
CLAM40-HP	HP EliteBook 8570p	5CB33908FV	Clam 40
Clam8-HP	HP EliteBook 8570p	5CB3390HTW	Clam 8
DigCrew11-HP	HP EliteBook 8570p	5CB33908FY	Dig Crew 11
DigCrew2-HP	HP EliteBook 8570p	5CB33908YJ	Dig Crew 2
Flowmeter	HP EliteBook 8570p	5CB33909WQ	Pete Tripodi
PAOneCall-HP	HP EliteBook 8570p	5CB33908FF	PA One Call

SCR002CC1-HP	HP Elitebook 8560p	5CB2114J2V	Trevor Lewis
SCR002-ONCALL	HP EliteBook 8570p	5CB3390BW7	On Call Truck 3
SCR002-STRM	HP EliteBook 8570p	5CB3310PNQ	Gene Skelton
scr002-vactor1	HP Elitebook 8560p	5CB2113K4Y	Vactor 56
scr002-vactor2	HP EliteBook 8560p	5CB2190CRD	GapVac 37
SCR002-VACTOR4	HP EliteBook 8570p	5CB3390BT4	Vactor 13
SSACSSUPER	HP EliteBook 8460p	CNU1291HDQ	MIPP Staff Admin WWTP Office
Vactor50	HP EliteBook 8570p	5CB33908XN	Vactor 50
Camera16	Custom built @ EnviroSight		Camera 16
Camera43	Custom built @ EnviroSight		Camera 43
GIS	HP ZBook 15	CND413NYH	Jeremy Hull
scr002-engineer	HP Elitebook 8760w	CNU22801HK	Richard Harrison
Spare	HP ProBook 4525s	2CE118064D	Spare
MIPP	HP Elitebook 8460p	CNV1460HPM	Kent Mackaliunas
SCR002CSOCREW	HP Elitebook 8460w	CNU2162DW6	Spare
scr002-auto	Lenovo ThinkCentre M71Z	1761B3UMJGHPTA	Automotive Shop
WWTPPM	Lenovo ThinkCentre A70z	0401R6US1V7768	Christine Wesolowski
SCR002-INVENTOR	Lenovo ThinkCentre M92z	MJTYXAN	Charles Cancelleri
SCR002-LAB2	Lenovo ThinkCentre M71Z	1761B3UMJGHPZA	Laboratory Office User
SCR002-MAINT	Lenovo ThinkCentre M71Z	1761B3UMJGHPYZ	Vito Lalli
SCR002-MIPP1	Lenovo ThinkCentre M92z	MJTYXAK	MIPP Staff Admin WWTP Office
SCR002-OM	Lenovo ThinkCentre A70z	0401U1U S1R4982	Operations
MIPP-e93z	Lenovo ThinkCentre E93z	1S10B80058USMJ00DUJW	Sean Loughney
	Lenovo ThinkCentre A70z	0401R6US1V7695	Spare
AdminAsst	Lenovo ThinkCentre A72z	MJ745WE	Jim Mack Office
	Lenovo ThinkCentre E93z	MJ01B4YF	Spare

	Lenovo ThinkCentre E93z	MJ018Q2X	Spare
MasterElec	HP EliteBook 8570p	5CB33908Y9	Al Gillette
Dispatch	Lenovo ThinkCentre M71z	1761B3UMJGHPZB	Dispatch
	Lenovo ThinkCentre A70z	S1V7711	Bob Murray
	HP Compaq Pro 6305 SFF	MXL3310B12	Lab TKN
	Lenovo ThinkCentre A70z	S1V7502	Spare
scr002-PStation	HP EliteBook 8560p	5CB2113JV7	Pump Stations
Admin-CFO	HP/Compaq dc5000S	2UA4420HQR	Ray Alunni
DepDirCompliance	HP EliteBook 8570p		Joseph Nardone Office
ExDirHome	TravelMate P TMP276-MG-78KT	NXV9WAA002429199AF7600	Eugene Barrett Home
scr002-DDComp	HP EliteBook 8740w	CNU1283027	Jay Nardone
SCR002-INSPECT	HP EliteBook 8570p	5CB3310PP4	Andrew Marion Home
SCR002-PLANTM	HP EliteBook 850 G1	CNU40795SV	Christine Wesolowski Home
SCR002-VACTOR3	HP EliteBook 8570p	5CB3310PNW	James Mack Home
SSA-GIS	HP EliteBook 8540p	CND120D414	Jeremy Hull Home
scr002-ddops	Lenovo ThinkCentre M71Z	1761B3UMJGHPYR	Gene Skelton
Vactor 56	Microsoft Surface Pro 3	56825243353	In admin office
SCR002-CSSuper	HP ProBook 455 G2	CND4326HM8	Todd Hartman
	HP ProBook 455 G2	CND4326HNL	MIPP Staff Admin WWTP Office

5. Servers and Networks:

Equipment Type	Quantity	Manufacturer	Model
Servers	1	Dell	PowerEdge R320
	2	Dell	PowerEdge R610
	1	Dell	PowerEdge R810
Routers / Security	3	Cisco	ASA 5505
	1	Barracuda	Web Filter 210
	1	Cradlepoint	CBA750 v2
Switches	1	D-Link	DGS-1248T
	1	Linksys	SD208
	2	Cisco	WRVS4400N
	1	Linksys	SLM2048
	1	Cisco	Catalyst 2960-S
Network Attached Storage (NAS)	3	Buffalo	Terrastation TS-RXL
	2	Buffalo	Terrastation TS-RVHL
	2	Synology	RS812

March 2016 Network Attached Storage

N	Model	SN	Assigned Role	L	St	Storage
ffalo TeraStation	TS-RX4.0TL/R5	TSRX01C1731C	Old Camera	Network room	Currently offline,	4
nology	RS821+	D7LDN01131	Backup	Network room	Offline, repurpose	12
ffalo TeraStation	TS-RVH12TL/R6	9583902040064	Backup WWTP	Network closet	Online	12
ffalo TeraStation	TS-RX4.0TL/R5	TSRX01C172F3	Maps	Network closet	Offline, repurpose	4
nology	RS812+	D9LDN00514	Plant Camera NAS	Network closet	Online	12

March 2016 Network Appliance Inventory

Name	Model	SN	General Location	L	T
Sophos	SG 210	S20004A5D72DC8	Business Office	Network room business office	Web Filter
Cisco Catalyst	2960-S Series 10	F0C1602Y3EG	Business Office	Network room business office	Managed
Cisco ASA	5505	JMX1551407H	Business Office	Network room business office	Security
Cisco ASA	5505	JMX1339Z0ZA	Business Office	Network room business office	Security
Cisco ASA	5505	JMX1522Z17J	WWTP	Network closet WWTP admin	Security
Cisco 28 Port PoE	SG 500-28P	DNI19040RG5	WWTP	Network closet WWTP admin	Managed
Cisco 10 Port PoE	SG300-10PP	PSZ19341QFV	WWTP	2nd Floor Sludge Handling	Managed
Netgear (SCADA)	GS716T	2MD5285Y00124	WWTP	Admin building first floor	Network
Netgear (SCADA)	GS724T	2ME83B5T029BB	WWTP	Sludge handling building	Network
Netgear (SCADA)	GS716T	2MD62A51005F9	WWTP	Electrical room maintenance	Network

March 2016 Server Inventory

Nam	Model	S	Locat	Role
GIS1	PowerEdge R610	7PMHKS1	Network room at business office	GIS/Asset Management/SQL
DCFP2	PowerEdge R610	CRBNVH1	Network room at business office	Billing System/#2 Domain Controller VMWare Server "Acronis, Citrix1, DC Bedrock, Hydro Analysis"
SCADA Historian	PowerEdge R320	FWKXK02	Network Closet Plant Admin	SCADA Historian

New equipment acquired in connection with SSA Server/IT infrastructure upgrade project, which has not yet been delivered:

(a) Storage

Quantity	Description
1	EonStor DS 2000 2U/12bay, Dual Redundant controller subsystem including 2x6GB SAS EXP, Ports 8x1G iSCSI ports +2x host board slot(s), 2x2GB, 2x(PSU + FAN Module), 2x (Super capacitor + Flash module), 12xHDD trays and 1XRackmount kit
6	Seagate Enterprise (SED) 3.5" SAS 6Gb/s HDD, 4TB, 7200 RPM, 20 in one bundle package
1	Toshiba Enterprise 2.5" SAS 12Gb/s MLC SSD, 200GB
1	EonStor DS SSD Cache License
2	EonStor DS Host Board with 2 x 12 Gb/s SAS ports
2	SAS 12G external cable, pull type, SFF-8644 to SFF-8644 (12G to 12G), 120 centimeters
2	8 GB DDR-III Dim module for EonStor DS, EonNAS and ESVA subsystem
1	3 years PSP – 7/24 Help desk & 5x9 next business day parts and engineer onsite (includes HDDs purchased by Infortrend) BBU not included

(b) Server

Quantity	Description
1	PowerEdge R630 Server

(c) Software

Quantity	Description
7	Microsoft Windows Server 2012 R.2 Standard – License – Volume MOLP: Open Value – Price Level C – PC – Single Language
50	Microsoft Windows 2012 Remote desktop services – License – 1 Device CAL – Local Government, Volume - MOLP: Open License for Government – PC – English
50	Citrix XenDesktop Platinum Edition – License – 1 User/Device – Standard – PC - Retail
50	Microsoft Windows Server 2012 – License – 1 User CAL – Government Use – Volume, Local Government – MOLP: Open License for Government – PC – English
2	Citrix NetScaler VPX 10 Platinum Edition – License
1	VMware vSphere v6.0 Essentials Plus Kit – License – 3 Host, 2 Processors per Host – Commercial PC
1	VMware Production Support & Subscription – 1 year – Service – 24 x 7 x 30 Minute - Technical – Electronic Service

(d) Networking

Quantity	Description
2	Cisco Catalyst 2960X-24TD-L – Ethernet Switch – 24 Ports – Manageable – 24 x RJ-45 -2 x Expansion Slots – 10/100/1000Base-T – Desktop – Rack-mountable
2	Cisco Spare FlexStack – Plus Hot-Swappable Stacking module – For stacking
1	Incidentals

(e) Labor

Quantity	Description
160	Hourly labor (technical)

(f) Other

Quantity	Description
2	Easy 1 year SW MNT NetScaler VPX 10 MBPS Plat Ed (Citrix Annual Agreement for New System)

Leased Office Equipment (provided, that the following leased Equipment and Machinery shall only be included as an Acquired Asset to the extent the corresponding Contracts pursuant to which the Seller leases such equipment (and other Contracts related thereto) are included in the Acquired Assets as Assigned Contracts):

Mfg. Name	Base Model	Equip. Type	Accessories Include	Lease Term
Canon	IRC2501F	MFP	Color Tabletop MFP	63 Months
HP	P3015	Printer	Existing Front Desk Unit	63 Months
HP	M605DM	Printer	Printer	63 Months
Canon	1R14351F	MFP	Tabletop MFP	63 Months
Canon	1R14351F	MFP	Tabletop MFP	63 Months
Canon	1R14351F	MFP	Tabletop MFP	63 Months

	Make/Model/Accessories	Serial #
1.	LANIER MPC4503 COLOR COPIER W/ PB3160, BRIDGE SR3140, HOLE PUNCH	E175M411996
2.	LANIER MP6002SP W/ SR 4060, 2/3 HOLE, FAX	W865LA00204
3.	LANIER LD360SP – SERVICE AND SUPPLY ONLY	V6905601395

Model	Product #	Description	Lease Term
MP6002SP	415877	Lanier MP6002SP w/ DF, 3 Trays, Print, Scan	63 Months
Starter	TBS	Starter Kit	63 Months
SR4060	415901	Stapler Finisher	63 Months
TYPE3260	412209	2/3 Hole Punch	63 Months
TYPE9002	415912	Fax	63 Months
MPC4503	416518	Lanier MPC4503 w/ DF, 2 Trays, Print, Scan, Color	63 Months
Starter	TBS	Starter Kit	63 Months
PB3160	416544	2 Paper Trays (Total 4 Trays)	63 Months
BU3070	416551	Bridge Unit	63 Months
SR3140	416539	Stapler Finisher	63 Months
PU3050	416609	2/3 Hole Punch	63 Months

6. Tank Rentals

Rental Agreement dated September 28, 2011 between Adler Tank Rentals, I.L.C and Scranton Sewer Authority, which is in full force and effect and pursuant to which the Seller rents the following Equipment and Machinery (provided, that the following rented Equipment and Machinery shall only be included as an Acquired Asset to the extent such Contract pursuant to which the Seller rents such Equipment and Machinery is included in the Acquired Assets as an Assigned Contract and reflected on Schedule 2.01(c) as of the Closing):

	Identification	Serial No.	Model	Style
Tank	V-543 (spray	DMX25-V-679	DMX25-V-679	V-543

	Identification	Serial No.	Model	Style
	painted on the side of the tank)			
Tank	V-544 (spray painted on the side of the tank)	DMX25-V-680	DMX25-V-680	V-544

SCHEDULE 4.11

INTELLECTUAL PROPERTY ASSETS

1. Websites/Domain Names

ssauth.org

scrantonsewer.org

scrantonsewer.com

ssauth.net

ssauth.com

SCHEDULE 4.12(b)

SELLER'S PLANS AND SELLER'S BENEFIT OBLIGATIONS

1. Blue Care HMO (health care)
2. Davis Vision Sponsored by Blue Cross of Northeastern Pennsylvania (vision)
3. Delta Dental (dental)
4. Standard Life and Accident Insurance Company (supplemental insurance to major medical plan)
5. Prudential Group Insurance Policy (life, accidental death/dismemberment and disability coverage)
6. Scranton Sewer Authority Retirement Savings Plan – Master Money Purchase Pension Plan and Adoption Agreement – Non-Union Employees

SCHEDULE 4.12(c)

MULTIEMPLOYER PLANS

1.

[REDACTED]

[REDACTED]

SCHEDULE 4.12(d)

CERTAIN PLANS

1. Retired personnel are entitled to certain medical, health and life insurance benefits post retirement as per the Collective Bargaining Agreement.

SCHEDULE 4.12(f)

SEVERANCE ARRANGEMENTS

1. Employment Agreement dated March 4, 2005 between Scller and Raymond A. Alunni

SCHEDULE 4.13(a)

COLLECTIVE BARGAINING AGREEMENTS

1. Collective Bargaining Agreement dated April 1, 2013 for the period April 1, 2013 to March 31, 2017 between Seller and Teamsters Union Local 229.

SCHEDULE 4.13(b)(i)

NO LABOR STRIKE

None

SCHEDULE 4.13(b)(ii)
EMPLOYMENT COMPLIANCE

None

SCHEDULE 4.13(b)(iii)

NO UNFAIR LABOR PRACTICE CHARGE

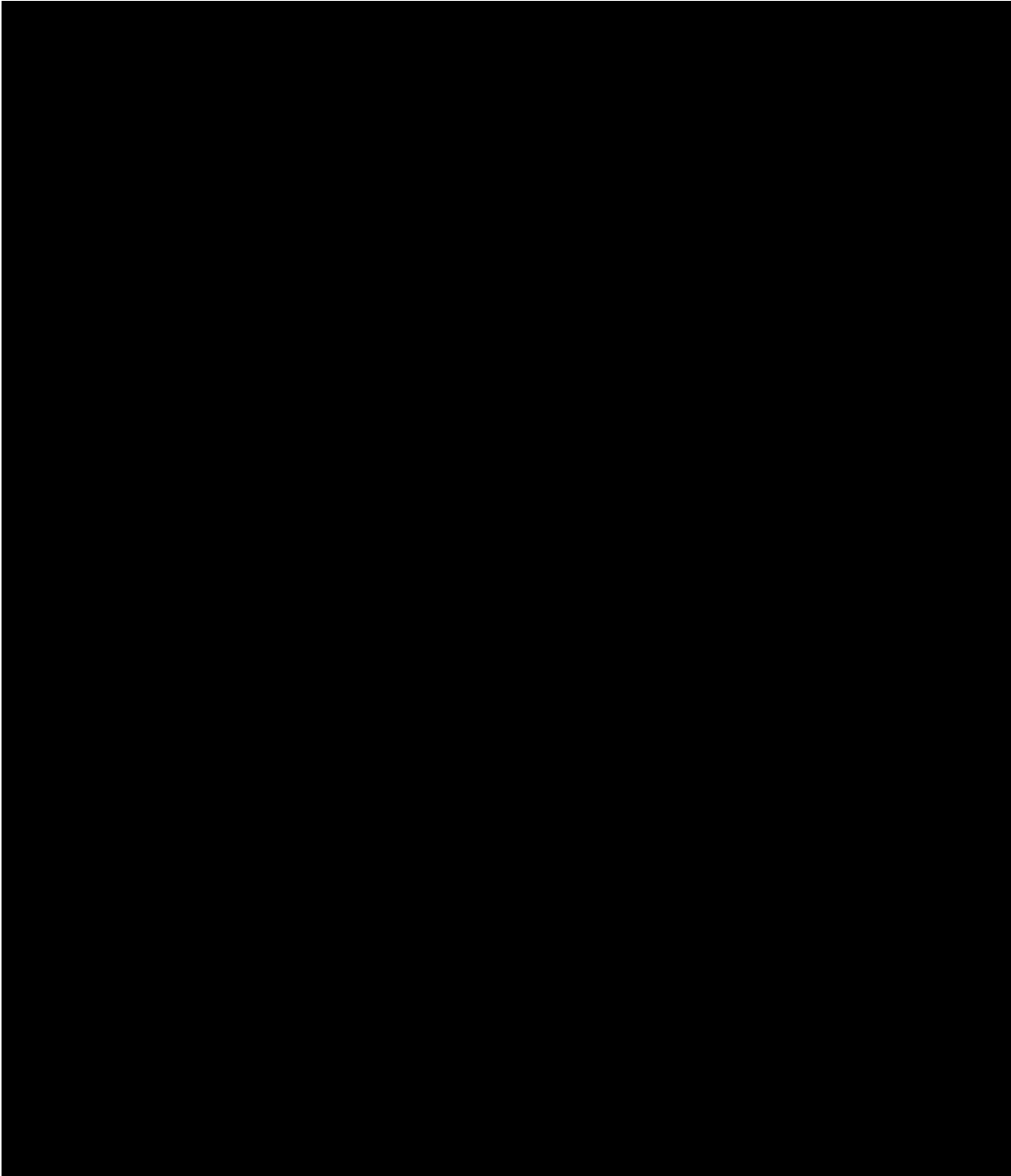
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SCHEDULE 4.13(c)
PAYMENT OF BENEFITS

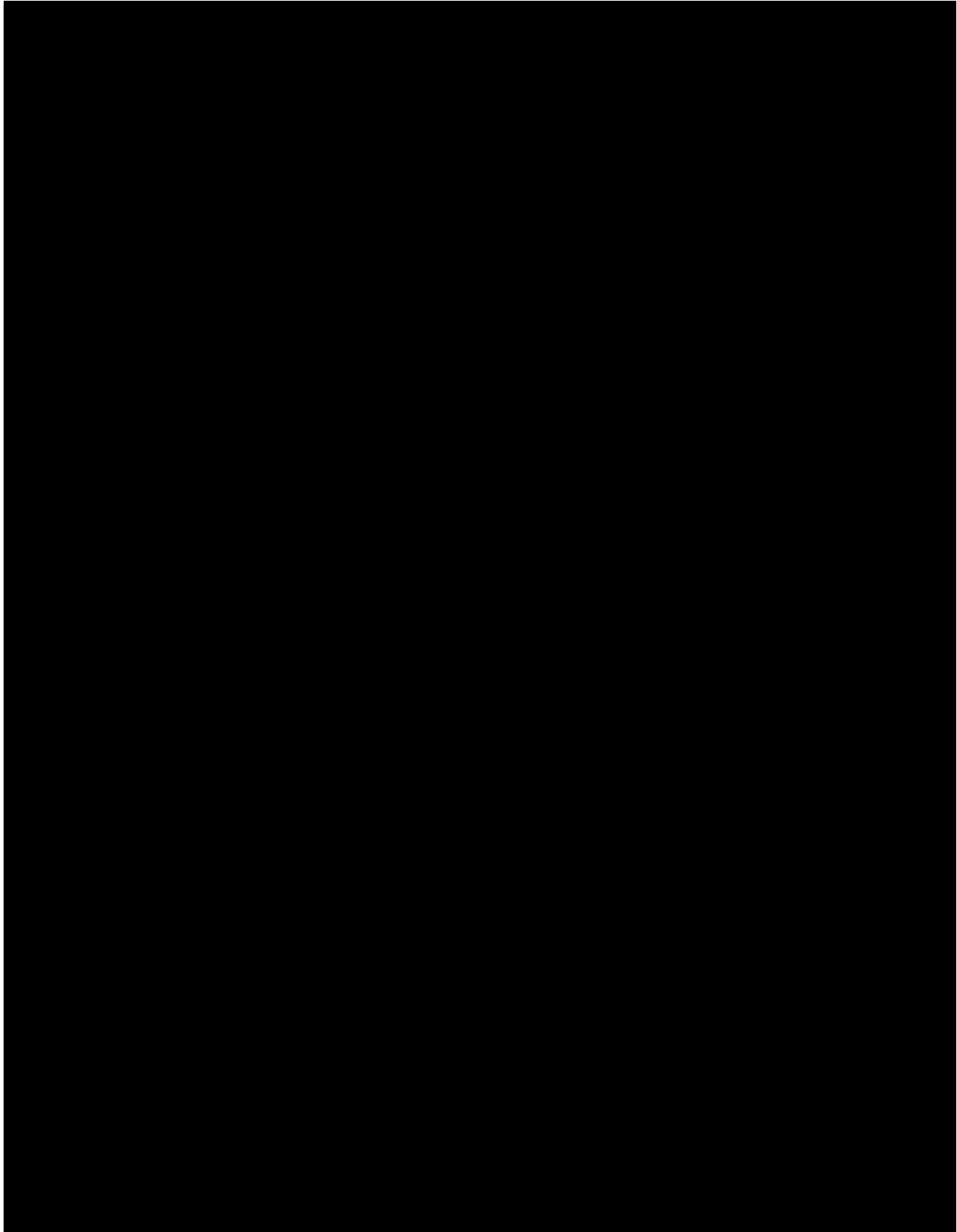
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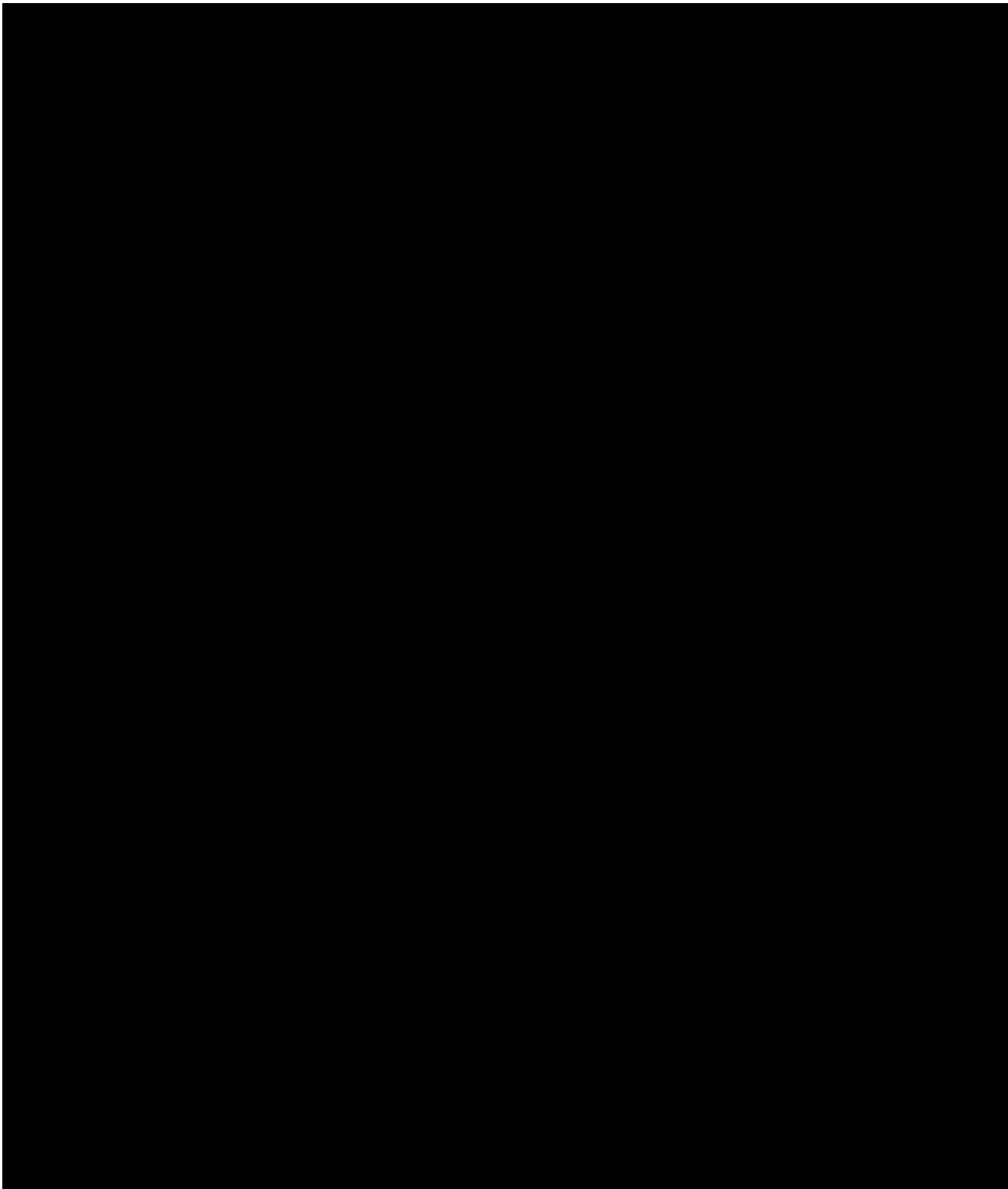
SCHEDULE 4.14

ENVIRONMENTAL COMPLIANCE



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SCHEDULE 4.16

LICENSES AND PERMITS

1. Pennsylvania Department of Environmental Protection Air Quality Program, State Only Operating Permit No: 35-00042 dated February 28, 2012, expires February 28, 2017 (renewal application must be submitted by August 28, 2016).
2. NPDES Permit No.: PA00026492 dated October 1, 2012. While the NPDES Permit expired on 9/30/14, it has been administratively continued by operation of law. Accordingly, Seller, in compliance with law, is permitted to operate under the Permit until the Permit is reissued, which Seller is actively pursuing.
3. Commonwealth of Pennsylvania Department of Environmental Protection Environmental Laboratory Accreditation – Accredited Laboratory Certificate No. 009-001, PaDEP Laboratory ID: 35-01259, dated 09/10/2015, expires October 31, 2016, Commonwealth of Pennsylvania Waste Transportation Safety Program Written Authorization (Various VINS).
4. Pennsylvania Department of Environmental Protection Water Quality Management Permit No. 3503404, dated March 9, 2004, for Myrtle Street Pumping Station, Dorothy Street Pumping Station and Froude Street Pumping Station.
5. Pennsylvania Department of Environmental Protection Water Quality Management Permit No. 3510401, dated August 31, 2010, for Wastewater Treatment Plan Upgrades.
6. Pennsylvania Department of Environmental Protection Water Quality Management Permit No. 3514401, dated January 29, 2015, for Combined Detention Basin for CSO's 19 and 20.
7. Pennsylvania Department of Environmental Protection Water Quality Management Permit No. 3514402, dated March 23, 2015, for Keyser Valley Pumping Station.
8. Pennsylvania Department of Environmental Protection Water Quality Management Permit No. 3515401, dated July 20, 2015, for Brown Avenue CSO #37.
9. Pennsylvania Department of Environmental Protection Water Quality Management Permit No. 3515402, dated August 24, 2015, for CSO#81 Pittston-Brook Storage Pipe.
10. Pennsylvania Department of Environmental Protection Water Quality Management Permit No. 3515403, dated November 19, 2015, for Von Storch Outfall #11 CSO Storage Facility.
11. Pennsylvania Department of Environmental Protection Water Quality Management Permit No. 3515404, dated November 20, 2015, for Drinker St. CSO #65 Off-Line Storage Conduit.

12. Pennsylvania Department of Environmental Protection Water Quality Management Permit No. 3516401, dated February 22, 2016, for CSO 078-Shawnee Avenue Facility.
13. Pennsylvania Department of Environmental Protection Water Quality Management General Permit for Sewer Extensions and Pump Stations Permit No. WQG02581501, issued August 11, 2015 for Leggetts Street CSO #72 Project.
14. Pennsylvania Department of Environmental Protection Ch. 105 General Permit Registration GP043514401 for Coverage Under General Permit GP-4, for Sanderson Avenue Stormwater Outfall, issued April 2, 2014 and related Coverage Under U.S. Army Corps of Engineers Pennsylvania State Programmatic General Permit PASPGP-4
15. Pennsylvania Department of Environmental Protection Storage Tank Registration/Permit Certificate, Id: 35-50063, expiration date of April 4, 2017, for Tanks 003A, 004A, 005A, 006A, 007A and 008A.
16. Pennsylvania Department of Environmental Protection Water Obstruction and Encroachment Permit (WOEP) No. E35-460 issued January 21, 2016 for Von Storch Outfall #11 CSO Facility and related Coverage Under U.S. Army Corps of Engineers Pennsylvania State Programmatic General Permit PASPGP-4.

SCHEDULE 4.17(a)**INSURANCE POLICIES**

Insurer/Policy Name	Policy Number	Effective Date	Expiration Date
Housing & Redevelopment Insurance Exchange – Workers Compensation	HWC307431611-16	01/01/2016	01/01/2017
Housing & Redevelopment Insurance Exchange – Commercial General Liability	HFP307431711-16	01/01/2016	01/01/2017
Housing & Redevelopment Insurance Exchange – Commercial Property	HFP307430111-16	01/01/2016	01/01/2017
Housing & Redevelopment Insurance Exchange – Commercial Auto	HCA307432011-16	01/01/2016	01/01/2017
Housing & Redevelopment Insurance Exchange – Inland Marine	HFP307430911-16	01/01/2016	01/01/2017
Housing & Redevelopment Insurance Exchange – Equipment Breakdown	HFP307430311-16	01/01/2016	01/01/2017
Housing & Redevelopment Insurance Exchange – Crime	HCR307432612-16	01/01/2016	01/01/2017
Housing & Redevelopment Insurance Exchange – Fidelity Bond	HFB307432312-16	01/01/2016	01/01/2017
American Alternative Insurance Corporation – Commercial Umbrella	60A2UB0003875-04	01/01/2016	01/01/2017
Ace/Westchester Fire – Public Officials	G24332792004	01/01/2016	01/01/2017
Travelers – Pension & Welfare	106014662	01/01/2016	01/01/2017

SCHEDULE 4.17(b)

SURETY BONDS

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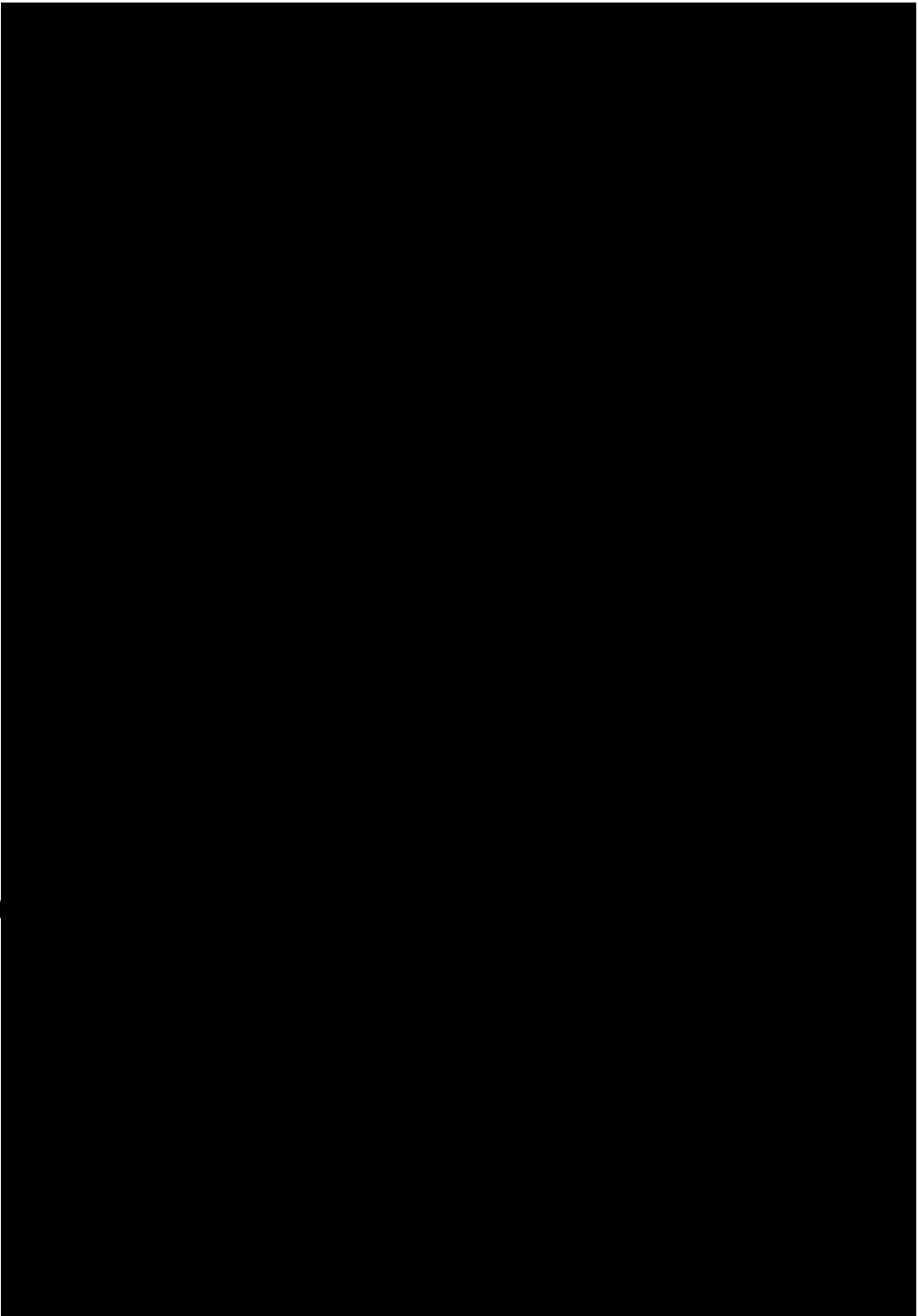
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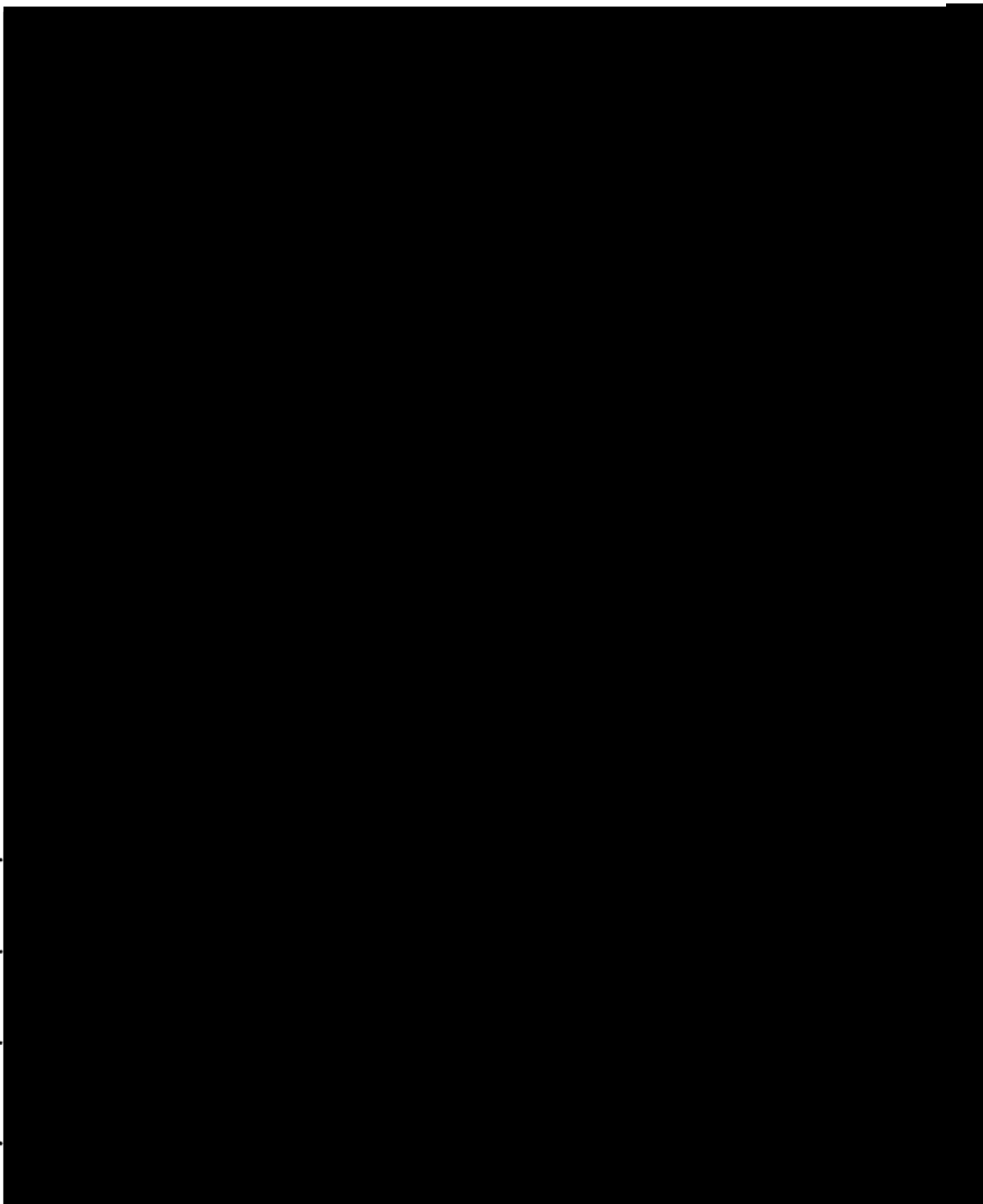
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SCHEDULE 4.18

CONTRACTS

Section 4.18(a)(i)

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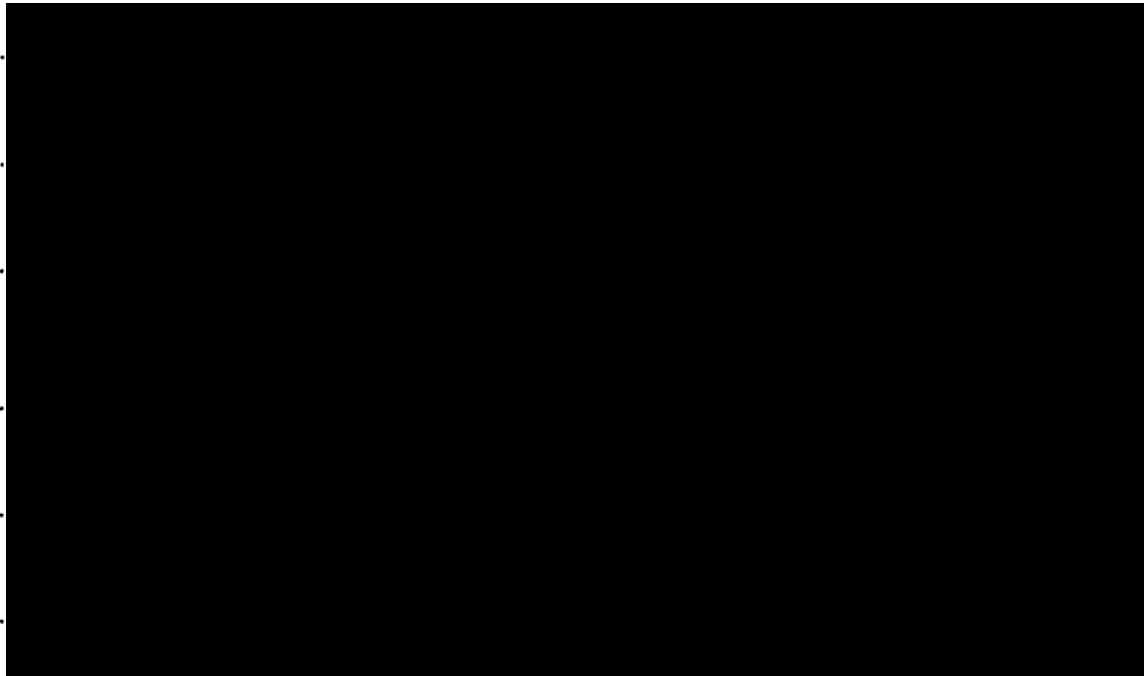
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Section 4.18(a)(ii)

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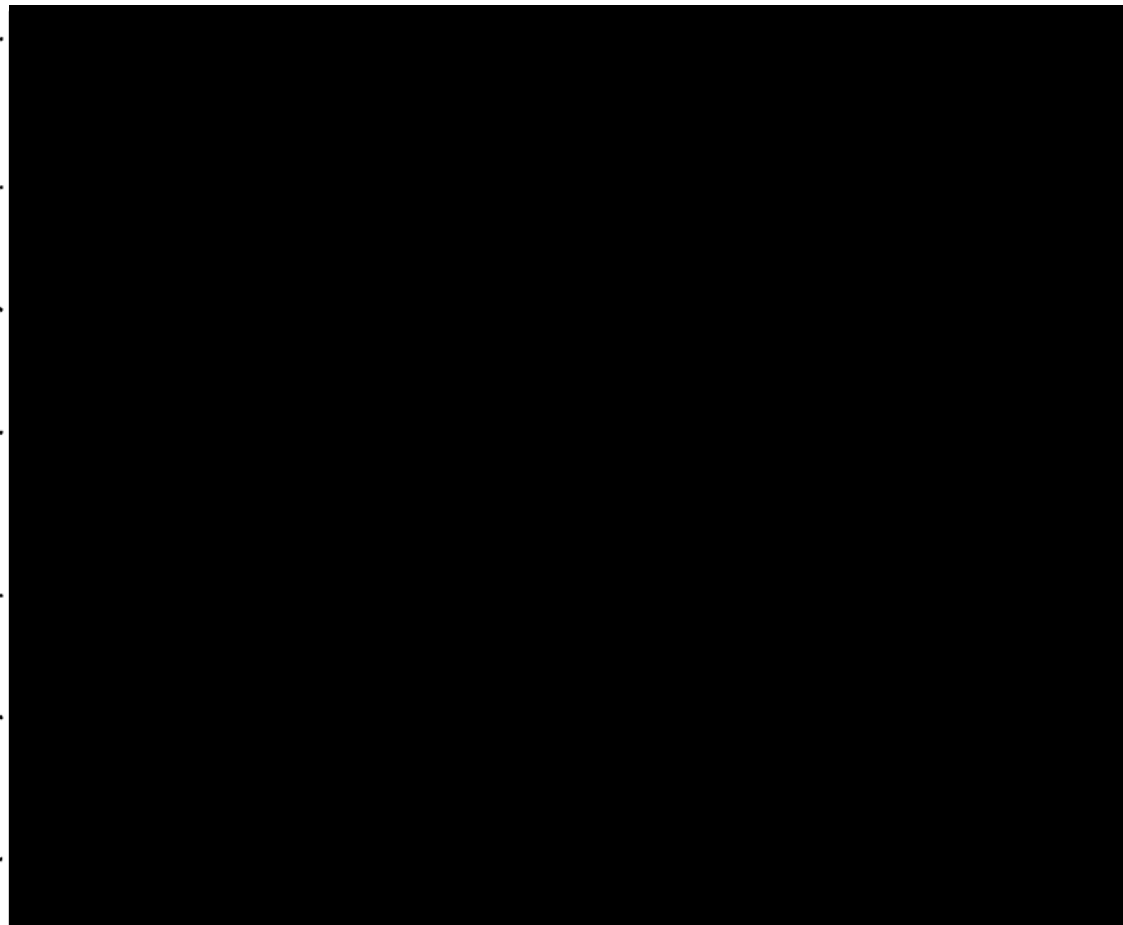
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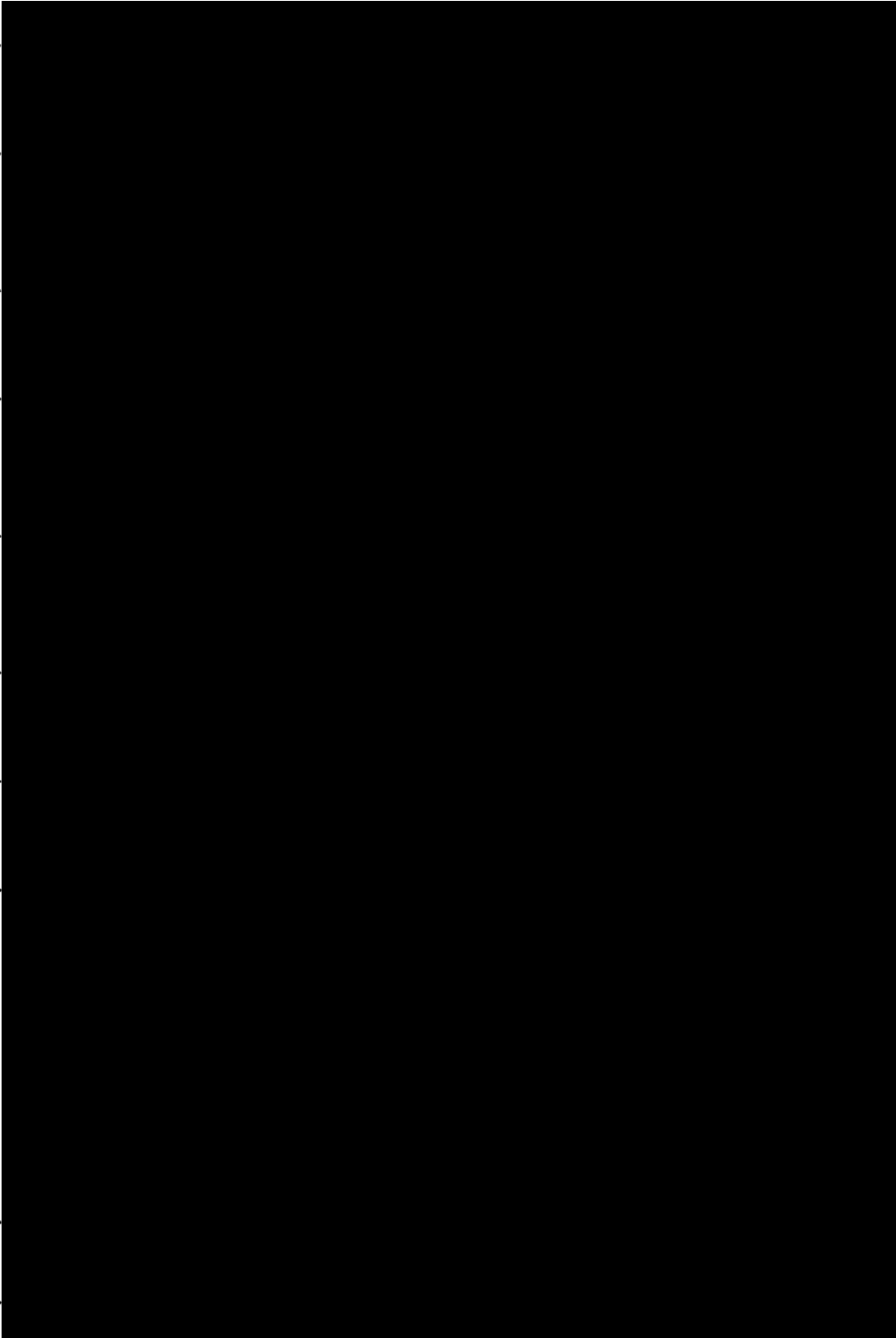
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Section 4.18(a)(iii)

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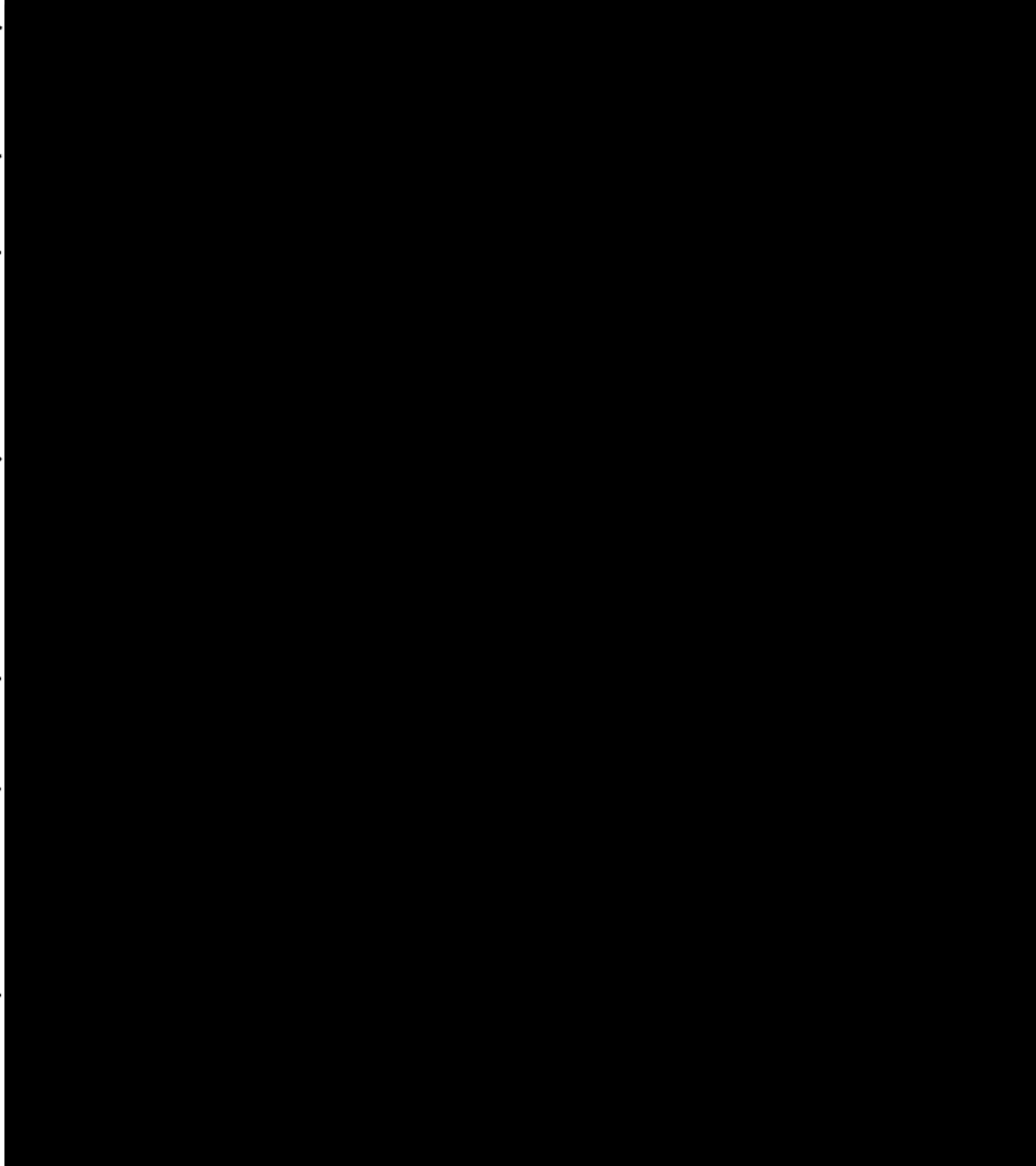
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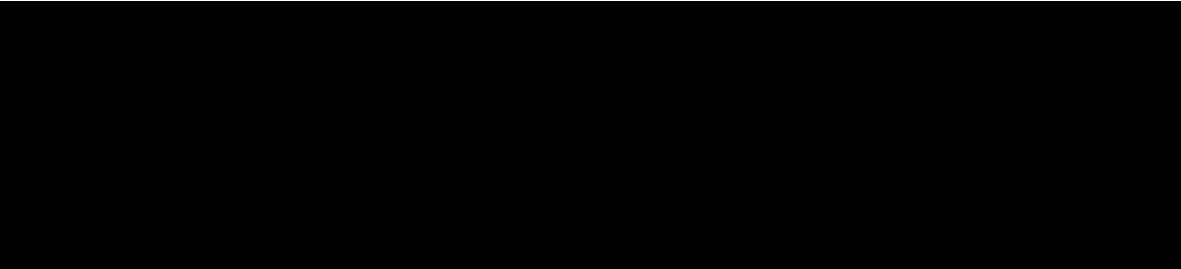
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Section 4.18(a)(vi)

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SCHEDULE 4.19

COMPLIANCE WITH LAW



SCHEDULE 4.20

LITIGATION

1.

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

3.

[REDACTED]

[REDACTED]

4.

[REDACTED]

[REDACTED]

SCHEDULE 4.21(a)

TITLE TO THE ACQUIRED ASSETS

The following Liens, all of which are granted to secure the Outstanding Indebtedness and all of which will be repaid and fully and unconditionally released, satisfied and discharged of record at the Closing (except to the extent securing only a portion of the Outstanding Indebtedness that is assumed by Buyer at Closing, as provided in the Agreement):

5. A lien on and security interest in all gross receipts and gross revenues, including any and all gross receipts and revenues generated from the operation of the System, to the extent permitted by law, in favor of Pennsylvania Infrastructure Investment Authority, relating to the following agreements:
 - a. Loan Agreement dated December 29, 2004 by and between The Sewer Authority of the City of Scranton and Pennsylvania Infrastructure Investment Authority, as modified on December 27, 2007
 - b. Loan Agreement dated October 3, 2002 by and between The Sewer Authority of the City of Scranton and Pennsylvania Infrastructure Investment Authority, as modified July 10, 2007
 - c. Loan Agreement dated March 5, 2002 by and between The Sewer Authority of the City of Scranton and Pennsylvania Infrastructure Investment Authority, as modified August 13, 2004
 - d. Loan Agreement dated December 18, 2003 by and between The Sewer Authority of the City of Scranton and Pennsylvania Infrastructure Investment Authority, as modified July 10, 2007
 - e. Loan Agreement dated November 7, 2007 by and between The Sewer Authority of the City of Scranton and Pennsylvania Infrastructure Investment Authority
 - f. Funding Agreement dated March 6, 2012 by and between The Sewer Authority of the City of Scranton and Pennsylvania Infrastructure Investment Authority.
 - g. Funding Agreement dated October 22, 2015 by and between The Sewer Authority of the City of Scranton and Pennsylvania Infrastructure Investment Authority.

6. A continuing and irrevocable lien upon and pledge of the receipts and revenues from the System, among other things, to secure the principal of, premium, if any, and interest on the following Bonds (as set forth in the Trust Indenture between The Sewer Authority of the City of Scranton and Pennstar Bank dated September 5, 2007; as amended and supplemented by the First Supplemental Indenture between The Sewer Authority of the City of Scranton and The Fidelity Deposit & Discount Bank dated June 1, 2011; as amended and supplemented by Second Supplemental Indenture between The Sewer Authority of the City of Scranton and The Fidelity Deposit & Discount Bank dated November 1, 2014; and as amended and supplemented by Third Supplemental Indenture between The Sewer Authority of the City of Scranton and The Fidelity Deposit & Discount Bank):
 - a. Sewer Revenue Bonds Series of 2007
 - b. Sewer Revenue Bonds, Series A of 2011
 - c. Sewer Revenue Bonds, Series B of 2011
 - d. Sewer Revenue Bonds, Series of 2014
 - e. Sewer Revenue Bonds, Series of 2015

7. Parity liens (with Pennsylvania Infrastructure Investment Authority and the Fidelity Deposit & Discount Bank) in favor of First National Community Bank on all of Seller's receipts and revenue re: \$4,000,000 and \$2,000,000 Lines of Credit.

SCHEDULE 4.22

BROKER'S AND FINDER'S FEES

1. Loop Capital

SCHEDULE 5.03

NO CONFLICT OR VIOLATIONS

1. The approvals and notices set forth in Schedule 5.04 are incorporated by reference herein.

SCHEDULE 5.04

CONSENTS AND APPROVALS

2. Approvals by the PaDEP to transfer and/or reissue to Buyer each of the Licenses and Permits and licenses issued by PaDEP listed in Schedule 4.16.
3. Submission to EPA and PaDEP of the Transition Plan described in Section 7.06(d) of the Agreement.
4. Agreement by DOJ, EPA and PaDEP to lodging of the Amended Consent Decree and issuance by the U.S. District Court of a Final Order approving the Amended Consent Decree, including approval of an amended Nine Minimum Controls Plan, as described in Section 7.06(d) of the Agreement.
5. Approvals by the PaPUC as described in Section 7.12(a) of the Agreement of a tariff supplement incorporating Buyer's Industrial Pretreatment Program applicable to the System into Buyer's tariff.
6. Approval of Buyer's Industrial Pretreatment Program, to the extent required, by PaDEP and EPA.

PLANT NAME	LATTITUDE	LONGITUDE
SCRANTON	41° 23' 18.986"	75° 41' 32.121"

NO.	NAME OF OUTFALL	LATITUDE	LONGITUDE
003	WWTP OVERFLOW AT CEDAR AVE AND BRECK ST	41° 23' 21.96"	75° 41' 26.037"
004	WELLS STREET	41° 26' 36.737"	75° 38' 34.575"
005	LOVE PLACE	41° 26' 8.235"	75° 39' 31.062"
006	GARDENER AVENUE	41° 25' 46.481"	75° 39' 37.207"
007	PHILO STREET	41° 25' 43.454"	75° 39' 39.228"
008	HAWK STREET	41° 25' 40.361"	75° 39' 39.464"
009	MEADE STREET	41° 25' 38.179"	75° 39' 39.289"
011	VON STORCH AVENUE	41° 25' 30.708"	75° 39' 31.392"
012	GROVE STREET	41° 25' 28.317"	75° 39' 31.092"
013	24" POPLAR STREET	41° 25' 20.889"	75° 39' 29.003"
014	90" POPLAR STREET	41° 25' 20.721"	75° 39' 29.189"
015	GORDON AVENUE	41° 24' 54.198"	75° 39' 50.992"
016	PETTIBONE STREET	41° 24' 51.216"	75° 39' 59.416"
017	VINE STREET	41° 24' 51.578"	75° 39' 55.478"
018	LOVE ROAD	41° 24' 49.704"	75° 40' 2.824"
019	LINDEN STREET	41° 24' 44.879"	75° 40' 6.713"
020	EAST LACKAWANNA AVENUE	41° 24' 39.447"	75° 40' 15.846"
021	WEST SCRANTON	41° 24' 38.087"	75° 40' 27.814"
022	WASHBURN STREET	41° 24' 30.46"	75° 40' 33.208"
023	LUZERNE STREET	41° 24' 7.983"	75° 40' 27.551"
024	HICKORY STREET	41° 24' 12.735"	75° 40' 14.697"
025	WILLOW STREET	41° 24' 2.692"	75° 40' 11.43"
026	WEST ELM STREET	41° 23' 57.922"	75° 40' 36.159"
027	SOUTH WASHINGTON AVENUE	41° 23' 49.417'	75° 40' 36.331"
028	FIG STREET	41° 23' 38.712"	75° 40' 38.416"
029	GENET STREET	41° 23' 32.903"	75° 40' 51.975"
030	PRESCOTT STREET	41° 24' 3.221"	75° 39' 8.011"
031	LEGGETTS CREEK	41° 26' 41.736"	75° 38' 36.036"
032	WATKINS STREET	41° 26' 39.067"	75° 38' 35.018"
033	WEST PARKER STREET	41° 26' 27.73"	75° 38' 32.036"
034	EAST PARKER STREET	41° 26' 22.846"	75° 38' 25.773"
035	SANDERSON AVENUE	41° 26' 3.33"	75° 38' 47.476"
036	TIOGA AVENUE	41° 26' 9.488"	75° 38' 51.717"
037	BROWN STREET	41° 26' 14.303"	75° 38' 53.79"
038	WURTZ AVENUE	41° 26' 17.342"	75° 38' 55.807"
040	WEST MARKET STREET	41° 26' 12.881"	75° 39' 22.066"
043	OLIVE STREET	41° 24' 57.132"	75° 39' 49.876"
044	EAST SCRANTON STREET	41° 24' 37.297"	75° 40' 26.912"
045	EMMETT STREET	41° 24' 18.051"	75° 40' 17.55"
047	BROADWAY STREET	41° 24' 14.924"	75° 40' 16.557"
048	ALDER STREET	41° 24' 7.888"	75° 40' 16.135"
049	RIVER STREET	41° 24' 8.746"	75° 39' 55.773"
050	SCHIMPPF COURT	41° 24' 8.519"	75° 39' 56.123"
051	BIRCH STREET	41° 23' 49.417"	75° 40' 36.331"
052	WYOMING AVENUE	41° 23' 49.417"	75° 40' 36.331"
053	CEDAR AVENUE	41° 23' 41.154"	75° 40' 23.938"

NO.	NAME OF OUTFALL	LATITUDE	LONGITUDE
055	DRINKER PLACE	41° 26' 3.609"	75° 38' 45.657"
056	BOULEVARD AVENUE	41° 26' 3.129"	75° 38' 46.293"
057	RICHMONT STREET	41° 26' 3.129"	75° 38' 46.293"
058	GRANDVIEW STREET	41° 26' 4.643"	75° 38' 43.444"
059	WOODLAWN STREET	41° 26' 7.62"	75° 38' 39.368"
060	PARK STREET	41° 26' 11.031"	75° 38' 35.118"
061	MOREL STREET	41° 26' 14.085"	75° 38' 30.242"
062	FISK STREET	41° 26' 15.365"	75° 38' 28.311"
063	OLYPHANT - SOUTH	41° 26' 15.733"	75° 38' 28.423"
065	DRINKER STREET	41° 24' 56.806"	75° 36' 31.642"
066	BURKE STREET	41° 24' 35.791"	75° 37' 54.013"
067	KEYSER AVENUE	41° 24' 53.284"	75° 41' 52.288"
068	SOUTH SIXTH AVENUE	41° 23' 49.126"	75° 41' 7.3"
069	CRANE STREET	41° 22' 59.884"	75° 42' 18.155"
070	SAND STREET	41° 24' 28.259"	75° 37' 42.99"
071	LAKE STREET	41° 24' 27.318"	75° 37' 33.839"
072	LEGGETT STREET REGULATOR CHAMBER	41° 26' 39.329"	75° 39' 39.947"
073	FRONT STREET CSO	41° 24' 10.108"	75° 39' 22.578"
074	MARION STREET CSO	41° 25' 38.357"	75° 39' 9.528"
075	CAPOUSE STREET CSO	41° 25' 37.459"	75° 38' 58.386"
076	SANDERSON AND MARION STREET CSO	41° 25' 38.841"	75° 39' 10.786"
077	MIDDLE STREET PUMPING STATION	41° 25' 15.863"	75° 39' 44.994"
077	MIDDLE STREET PUMPING STATION FORCED	41° 25' 16.063"	75° 39' 44.708"
078	SHAWNEE AVENUE PUMPING STATION	41° 26' 12.776"	75° 38' 35.086"
078	SHAWNEE AVENUE PUMPING STATION FORCED	41° 26' 12.788"	75° 38' 35.006"
079	MYRTLE STREET PUMPING STATION	41° 24' 21.755"	75° 38' 18.119"
080	KEYSER VALLEY PUMPING STATION	41° 24' 56.697"	75° 41' 56.825"
081	PITTSTON AVENUE	41° 23' 37.688"	75° 40' 19.326"
082	LOCUST AVENUE	41° 23' 40.423"	75° 40' 22.056"
083	MCNICHOLS	41° 23' 28.533"	75° 39' 52.74"
084	600 ELM EAST	41° 23' 35.061"	75° 40' 0.373"
085	600 ELM WEST	41° 23' 35.213"	75° 40' 0.521"
086	CEDAR/MAPLE	41° 23' 40.405"	75° 40' 22.017"
087	LEGGETTS/KELLY	41° 26' 43.255"	75° 39' 40.913"

NAME	LATITUDE	LONGITUDE
Shawnee Avenue	41° 26' 13.402"	75° 38' 35.318"
Dorothy Avenue	41° 25' 52.745"	75° 40' 59.711"
Middle Street	41° 25' 16.648"	75° 39' 46.64"
Keyser Valley	41° 24' 56.974"	75° 41' 57.206"
Parrott Avenue	41° 24' 2.974"	75° 41' 54.177"
Froude	41° 22' 52.707"	75° 39' 27.586"
Myrtle Street	41° 24' 22.125"	75° 38' 18.621"

PIN	PRMAP	OWNER NAME	ADDRESS	CITY/STATE	ZIPCODE	LOCATION	MAPBOOK NO.
5447527583	12403030012	PALERMO JAMES R	2807 MAIN AVE	SCRANTON, PA	18508	2730 N MAIN AVE	N4720-E2552
5447527587	12403030010	FEDERAL HOME LN MORTGAGE CORP	5000 PLANO PARKWAY	CARROLLTON, TX	75010	2802 2804 N MAIN AVE	N4720-E2552
5447637750	12403RRL001	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	SCRANTON- I 81 TO PARKFR ST	N4720-E2552
5447528801	12403030007	NORTHEAST ALUMINUM&VINYL PROD	2826 N MAIN AVE	SCRANTON, PA	18508	2826 N MAIN AVE	N4720-E2552
5446194758	13412070017	GIBLIN MARK	PO BOX 51	FLEETVILLE, PA	18420	1728 CHURCH	N4670-E2545
5446074856	13416020062	CSIGI STEVE V	1357 N MAIN AVE	SCRANTON, PA	18508	1357 N MAIN AVE	N4670-E2545
5446074879	13416020061	MONTORO JOSEPH J & MARIE A	1405 N MAIN AVE	SCRANTON, PA	18508	1401 N MAIN AVE	N4670-E2545
5446075903	13416020059	TAYLOR DANIEL	1749 MCDONOUGH AVE	SCRANTON, PA	18508	1407 N MAIN AVE L11	N4670-E2545
5446075937	13416020058	ELECTRIC CITY APARTMENTS LLC	1749 MCDONOUGH AVE	SCRANTON, PA	18508	1411 1413 N MAIN AVE L 10	N4670-E2545
5446074980	13416020060	MONTORO FRANK & PHILOMENA	1403 N MAIN AVE	SCRANTON, PA	18508	1403 N MAIN AVE	N4670-E2545
5446074822	13416020063	PEI PINATO ROBERT JR & BYRON D	1355 N MAIN AVE	SCRANTON, PA	18508	COR N MAIN & WOOD	N4670-E2545
5446198212	13412100001	LACKAWANNA VALLEY CONSERVANCY	2006 N MAIN AVE	SCRANTON, PA	18508	BET GREENRIDGE & F MKT	N4670-E2545
5447007563	13408020049	AZZARELLI NICHOLAS J	323 GREEN ST	SCRANTON, PA	18508	323 GREEN ST	N4670-E2545
5437920009	12319030002	OVERLOOK TOWERS	PO BOX 248	RIVERSIDE, CT	6878	KEYSER AVE	N4670-E2545
5446173998	13416060001	BONACUSE PETER	1420 SHORT AVE	SCRANTON, PA	18508	DIAMOND TO REAR GREENRIDGE	N4670-E2545
5447111899	13408050001	REAP JOHN	456 W MARKET ST	SCRANTON, PA	18508	456 W MARKET ST	N4670-E2545
5446195781	13412070019	BARONSKI JOSEPH & JOANN	1727 1729 N MAIN AVE	SCRANTON, PA	18508	1727 N MAIN	N4670-E2545
5447002278	13412020010	SHEA JAMES P JR	838 REAR PUTNAM ST	SCRANTON, PA	18508	336 REAR PUTNAM ST	N4670-E2545
5447001290	1341202001001	BOURGEOIS THOMAS	1517 1/2 LAFAYETTE ST	SCRANTON, PA	18504	336 PUTNAM ST	N4670-E2545
5437923017	12319030003	OVERLOOK TOWERS JUSTIN DEVELP	PO BOX 248	RIVERSIDE, CT	6878	KEYSER OAK SHOP CTR	N4670-E2545
5446182375	1341603000201	SANTARSIERO CHARLES & MARY P	705 NEWTON RD	SCRANTON, PA	18504	10 GREEN RIDGE ST	N4670-E2545
5446183233	1341603000202	SCRANTON SEWER AUTHORITY	312 ADAMS AVE	SCRANTON, PA	18503	REAR GILES ST	N4670-E2545
5447217989	12320060047	CITY OF SCRANTON	340 N WASHINGTON AVE 3RD FL	SCRANTON, PA	18503	ROCKWELL ST	N4670-E2545
5446175398	13420050003	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	NAY AUG	N4670-E2545
5446175494	13420050001	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	100 MARION ST	N4670-E2545
5446176224	13420050010	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	1413 GARDNER AVE	N4670-E2545
5446176303	13420050009	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	1417 1419 NAY AUG AVE	N4670-E2545
5437912473	13407030002	CITY OF SCRANTON	CITY HALL	SCRANTON, PA	18503	BLOOM	N4670-E2545
5446176662	13416040015	CITY OF SCRANTON	340 N WASHINGTON AVE 3RD FL	SCRANTON, PA	18503	1506 1508 ROSS AVE	N4670-E2545
5446176517	13416040013	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	101 MARION ST	N4670-E2545
5446176811	13416040012	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	1501 ROSS & NAY AUG	N4670-E2545
5446176956	13416040009						N4670-E2545
5446186082	1341604000801	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	1526 NAY AUG AVE	N4670-E2545
5446176942	13416040010	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1519 1521 ROSS AVE	N4670-E2545
5446176837	13416040011	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1503 ROSS AVE	N4670-E2545
5446072364	13420010007	GOLTHARDT SETH R & DARCY	548 E STATE ST	LARKSVILLE, PA	18651	1261 PROVIDENCE RD	N4670-E2545
5446394857	13509020025	LONG KEVIN & JENNIFER	3730 STATE ROUTE 2012	CLIFFORD, PA	18470	109 REAR E MARKET ST	N4670-E2545
5437919707	13407030001	BURDETT WILLIAM C	1801 BLOOM AVE	SCRANTON, PA	18508	1801 BLOOM AVE	N4670-E2545
5447401017	13509020043	HINKLEY JESSE J & ELAINE P	2501 CEDAR AVE	SCRANTON, PA	18505	100 REAR E MARKET ST	N4670-E2545
5447906143	13509020042	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	2001 ROSANNA AVE	N4670-E2545
5447307051	1350902004209	PISCUS MICHAEL G & LEWIS JOHN T	2001 ROSANNA AVE	SCRANTON, PA	18509	2003 ROSANNA AVE L 2	N4670-E2545
5447402301	1350902004302	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	SOUTH OF LACKA RIVER & WURTT ST	N4670-E2545
5447004363	13412020032	TIMLIN ROBERT J & PAT	825 WARREN ST	SCRANTON, PA	18508	325 WARREN ST	N4670-E2545
5447004358	13412020033	SEWAK MICHAEL J & LORI A	329 WARREN ST	SCRANTON, PA	18508	329 WARREN ST	N4670-E2545
5447003354	13412020034	SEWAK MICHAEL J & LORI A	329 WARREN ST	SCRANTON, PA	18508	CAYUGA ST	N4670-E2545
5447407252	13509030001	COLLINS TODD P & JENNY LOUISE	2209 A&B AMELIA AVE	SCRANTON, PA	18509	2208 AMELIA AVE	N4670-E2545
5446071189	13420010005	FRATELLI PIZZA & PASTA HOUSE	1249 PROVIDENCE RD	SCRANTON, PA	18508	1239 1253 PROVIDENCE RD	N4670-E2545
5446186048	13416040006	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	1531-33 NAY AUG AVE	N4670-E2545
5446186157	13416040002	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	2 GR RIDGE ST & NAY AUG AVE	N4670-E2545
5446392956	1350902002501	COTTONE JOSEPH TRUSTEE	1504 CAPOUSE AVE	SCRANTON, PA	18509	E MARKET ST	N4670-E2545
5447308076	1350902002504	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	E MARKET ST	N4670-E2545
5437900271	13411030008	CLAY LINDA A	542 THEODORE ST	SCRANTON, PA	18508	542 THEODORE ST	N4670-E2545
5447407360	13509RRL001	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	SCRANTON-DEPOT ST TO GREENRIDGE	N4670-E2545
5446188412	13416050005	MARK DUNMORE ASSOCIATES LP	580 THIRD AVE	KINGSTON, PA	18704	GREEN RIDGE & ROSS	N4670-E2545
5446173709	13416030022	SMITH BARNEY J & DOROTHY	1419 DIAMOND AVE	SCRANTON, PA	18508	901 CLEARVIEW	N4670-E2545
5446198090	13416050001	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	VON STORCH COLLIERY	N4670-E2545
5446298525	13509020007	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	183 NAY AUG AVE	N4670-E2545
5446297571	13509020008	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1820 NAY AUG AVE	N4670-E2545
5446294970	13412080022	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	25 W MARKET	N4670-E2545
5446296854	13509010001	MARCIANO RUDOLPH D JR & BARBARA	417 SPRING ST	MOOSIC, PA	18507	9 W MARKET ST	N4670-E2545
5446296585	1350902000501	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	NAY AUG AVE	N4670-E2545
5446970440	13519010001	FOREST HILL CEMETERY ASSO	1830 JEFFERSON AVE	SCRANTON, PA	18509	1830 JEFFERSON AVE	N4670-E2552
5446793746	13510080039	REZA SALIM	914 HOPE ST	PITTSBURGH, PA	15261	1008 FISK ST	N4670-E2552
5446792694	13510080026	SCRANTON HOUSING AUTHORITY	CITY HALL	SCRANTON, PA	18503	MOREL ST	N4670-E2552
5446793774	13510080040	BOYLAN SEAN E	1010 FISK ST	SCRANTON, PA	18509	1010 FISK ST L 16	N4670-E2552
5446796789	13511010093	SANDONE CAROL A	1039 FISK ST	SCRANTON, PA	18509	1039 FISK ST	N4670-E2552
5446794740	13510080042	CHIARO RICHARD & ANN	1028 FISK ST	SCRANTON, PA	18509	1028 FISK ST	N4670-E2552
5446798711	13511010036	OBRIEN MICHAEL J	1115 FISK ST	SCRANTON, PA	18509	1115 FISK ST	N4670-E2552
5446799658	13511010038	ROCHE WILLIAM C&LUBUKAS M J	2415 N WASHINGTON AVE	SCRANTON, PA	18509	2415 N WASHINGTON AVE	N4670-E2552
5446799634	13511010039	DUFFY EDWARD C & EILEEN	2407 N WASHINGTON AVE	SCRANTON, PA	18509	2407 N WASHINGTON AVE	N4670-E2552
5446794702	13510080041	MOSES ANTHONY R & MEGAN M	1012 FISK ST	SCRANTON, PA	18509	1012 FISK ST L 17	N4670-E2552
5446794687	13510080043	STEFKO JOSEPH JR	1369 LACKAWANNA TRL	CLARKS SUMMIT, PA	18411	1030 FISK ST	N4670-E2552
5446798649	13511010037	CAPUTO JOSEPH F & MARY ANN	1123 FISK ST	SCRANTON, PA	18509	1123 FISK ST	N4670-E2552
5446797773	13511010035	MESSINA ALBERT J & DONNA R	906 JUSTUS BLVD	SCOTT TWP, PA	18447	1107 1109 FISK ST	N4670-E2552
5446797736	13511010034	LAMEO BROCK M	502 CYPRESS ST	THROOP, PA	18512	FISK ST	N4670-E2552
5447900024	13502030010	MARYWOOD COLLEGE	2300 ADAMS AVE	SCRANTON, PA	18509	BOWMAN TRACT	N4670-E2552
5446966671	1351008001904	SCRANTON HOUSING AUTHORITY	408 ADAMS AVE	SCRANTON, PA	18510	2800 R BLK BLVD AVE	N4670-E2552
5447618115	13501090035	ADVANCED TEXTILE COMPOSITES	700 E PARKER ST	SCRANTON, PA	18509	700 E PARKER ST	N4670-E2552
5446681828	13510040044	CITY OF SCRANTON	CITY HALL	SCRANTON, PA	18503	SHAWNEE	N4670-E2552
5447604247	13510050052	HEIFER DEBORAH & RICHARD	620 GRACE ST	SCRANTON, PA	18509	2517 SHAWNEE AVE	N4670-E2552
5447604289	1351005005201	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18509	COR SHAWNEE & GRACE	N4670-E2552
5447603250	13510050044	DIPPRE H CHAS & HELEN J	629 BATES ST	SCRANTON, PA	18509	629 BATES ST	N4670-E2552
5446797970	13515020043	HADLEY ROBERT & ANN MARIE	2110 JEFFERSON AVE	SCRANTON, PA	18509	2110 JEFFERSON AVE	N4670-E2552
5446873636	13515020036	WILLIAMS GERRARD J & CRISTINA C	1422 WOODLAWN ST	SCRANTON, PA	18509	1422 WOODLAWN ST	N4670-E2552
544679626	13515020044	DWYER MARY KAY	2108 JEFFERSON AVE	SCRANTON, PA	18509	2108 JEFFERSON AVE	N4670-E2552
544679795	13515020042	CUCHARA DOMINIC & LEAH	2112 JEFFERSON AVE	DUNMORE, PA	18512	2112 JEFFERSON AVE L 4	N4670-E2552

PIN	PRMAP	OWNER NAME	ADDRESS	CITY/STATE	ZIPCODE	LOCATION	MAPBOOK NO.
544677595	13515020045	RUANE JOSEPH & AUDREY	2106 JEFFERSON AVE	SCRANTON, PA	18509	2106 JEFFERSON AVE	N4670-E2552
5446872658	13515020037	KEPIC ANN K	1420 WOODLAWN ST	SCRANTON, PA	18509	1420 WOODLAWN AVE	N4670-E2552
5446871752	13515020038	MEEHAN JOHN & ELIZABETH	1205 MID VALLEY DR	JESSUP, PA	18434	1414 WOODLAWN AVE	N4670-E2552
5446593025	13510020013	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FL	SCRANTON, PA	18503	RACE STR SANDERSON AVE	N4670-E2552
5446583968	13510020016	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	RACE ST	N4670-E2552
5447611953	13501030001	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	2520 AMELIA	N4670-E2552
5446770257	13518030033	MARYWOOD UNIVERSITY	2300 ADAMS AVE	SCRANTON, PA	18509	COR WASHINGTON & ELECTRIC ST	N4670-E2552
5446583779	13514010011	J D & B INC	421 POPLAR ST	SCRANTON, PA	18509	2013 2031 BLVD AVE	N4670-E2552
5446774415	13518050001	ST JOSEPHS CENTER	2010 ADAMS AVE	SCRANTON, PA	18509	2010 ADAMS AVE	N4670-E2552
5446585975	1351401001401	MILLER RALPH C & KRIS R	2214 BOULEVARD AVE	SCRANTON, PA	18509	2033 BOULEVARD AVE L 21123	N4670-E2552
5436477466	13413030002	POLY HI SOLIDUR INC	900 N SOUTH RD	SCRANTON, PA	18504	900 NORTH SOUTH RD	N4670-E2538
5436773547	1341402000204	WOLK FRANCINE M	1710 THACKERY ST	SCRANTON, PA	18504	THACKERY PLACE-5	N4670-E2538
5447028953	12320010041	THETA LAND CORP	1004 EKETER AVE	EXETER, PA	18643	19 IN THE DLED	N4720-E2545
5447039175	12320010040	FAIRWAY CONSUMER DISCOUNT CO	8 MARION ST	LUZERNE, PA	18709	21 LOOP ST	N4720-E2545
5447120955	12320010039	PENN ANTH COLLIERIES CO	1635 NAY AUG AVE	SCRANTON, PA	18509	2201 KELLY AVE	N4720-E2545
5447121202	12320040013	PALUMBO VINCENT	513 LEGGETT ST	SCRANTON, PA	18508	513 LEGGETT ST	N4720-E2545
5447120258	1232004001201	LOPEZ ALBERT C	523 LEGGETT ST	SCRANTON, PA	18508	LEGGETT ST	N4720-E2545
5447038322	12320010030	FAIRWAY CONSUMER DISCOUNT CO	8 MARION ST	LUZERNE, PA	18709	12 LOOP AVE	N4720-E2545
5447033650	12315040037	O S C COMPANY	PO BOX 190	SCRANTON, PA	18501	856 REAR W MARKET ST	N4720-E2545
5447036424	12320010028	CITY OF SCRANTON	348 N WASHINGTON AVE	SCRANTON, PA	18503	WINONA ST	N4720-E2545
5447111948	12320040015	WADOVSKY LINDA	506 W MARKET ST	SCRANTON, PA	18508	506 W MARKET ST	N4720-E2545
5447121182	12320040014	KELLY GENEVIEVE S	515 LEGGETT ST	SCRANTON, PA	18508	515 LEGGETT ST	N4720-E2545
5447043115	12316030003	LAZOR WILLIAM & MARY ANN	677 MARY ST	SCRANTON, PA	18508	677 MARY ST	N4720-E2545
5447426437	12417010050	MARVINE DUTCH GAP BOOSTR ASSOC	100 BLK OF WELLS ST	SCRANTON, PA	18508	100 BLK WELLS ST	N4720-E2545
5447137890	12316020025	SCRANTON HOUSING AUTHORITY	400 ADAMS AVE	SCRANTON, PA	18503	WALES ST	N4720-E2545
5447043542	12316020035	CITY OF SCRANTON	348 N WASHINGTON AVE	SCRANTON, PA	18503	600 BLK MARY ST	N4720-E2545
5447025528	12320040003	CITY OF SCRANTON	CITY HALL	SCRANTON, PA	18508	W MARKET ST	N4720-E2545
5447044782	12316020002	MCKEE ANNA C C/O JONVILLE ANN	3300 N STATE RD 7 UNIT F472	HOLLYWOOD, FL	33021	WALES ST	N4720-E2545
5447029392	12320040012	KOZLANSKY GEORGE J	521 LEGGETT ST	SCRANTON, PA	18508	521 LEGGETT ST	N4720-E2545
5447032715	12316030020	CITY OF SCRANTON	348 N WASHINGTON AVE	SCRANTON, PA	18503	WINONA ST	N4720-E2545
5447024539	12320040002	M C G RENTALS LLC	1314 FAIR ST	SCRANTON, PA	18504	620 W MARKET ST	N4720-E2545
5447046957	12316010001	GRADY PHILLIP	C/O HOTEL HOLLAND	SCRANTON, PA	18503	660 WALES	N4720-E2545
5447023662	12320040001	ZYMBLOSKY GERALD P	3 COUNTRY CLUB PL	CLARKS SUMMIT, PA	18411	630 W MARKET ST	N4720-E2545
5447023731	12320010017	PIASECKI LYNNEL K	718 W MARKET ST	SCRANTON, PA	18508	718 722 W MARKET ST	N4720-E2545
5447032944	12316030019	CITY OF SCRANTON	348 N WASHINGTON AVE	SCRANTON, PA	18503	LOOP	N4720-E2545
5446226156	14568010018	DPS OF WILLIAMSPORT L P	814 WYOMING AVE	SCRANTON, PA	18509	814 WYOMING AVE	N4620-E2545
5446227203	14661010002	DPS OF WILLIAMSPORT L P	814 WYOMING AVE	SCRANTON, PA	18509	422 NEW	N4620-E2545
5446226004	14568010022	FRANKOWSKI JAMES M	188 TINKER BROOK RD	CLIFFORD TWP, PA	18421	405 GIBSON ST	N4620-E2545
5446226100	14568010020	WILLIAMS & WILLIAMS REAL ESTATE	PO BOX 3655	SCRANTON, PA	18505	806 WYOMING AVE	N4620-E2545
5446226123	14568010019	WILLIAMS & WILLIAMS REAL ESTATE	PO BOX 3655	SCRANTON, PA	18505	810 WYOMING AVE	N4620-E2545
5436823439	1451502000104	BEACON SUMMIT AT SCRANTON LLC	1436 EAST ELIZABETH AVE	LINDEN, NJ	7036	521 MT PLEASANT DR L4	N4620-E2545
5446165430	13420050030	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	NAY AUG & ALBRIGHT	N4620-E2545
5446378031	13517020054	DIPALO FRANK	7 BLUFFVIEW CT	MILLER PLACE, NY	11764	1607 SANDERSON AVE	N4620-E2545
5446334131	14609010044	SCRANTON PREPARATORY SCHOOL	1000 WYOMING & ASH ST	SCRANTON, PA	18509	1000 WYOMING & ASH ST	N4620-E2545
5446325807	14653020018	HESSER JUDITH A INSURANCE TR A	9011 MIDNIGHT PASS RD APT 331	SARASOTA, FL	34242	1000 N WASHINGTON & ASH	N4620-E2545
5446325929	14653020019	SCRANTON REDEV AUTHORITY	340 N WASHINGTON AVE	SCRANTON, PA	18503	REAR 1001 N WASHINGTON AVE	N4620-E2545
5446165273	1342006001701	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	ALBRIGHT & NAY AUG AVE	N4620-E2545
5446431104	14609030038	PPL ELECTRIC UTILITIES CORP	2 N 9TH ST	ALLENTOWN, PA	18101	N WASHINGTON AVE	N4620-E2545
5446138919	14512030002	AJT PROPERTIES LLC	PO BOX 20051	SCRANTON, PA	18502	WARD AVE	N4620-E2545
5446442566	1460507004918	BILLEK ANDREW W	915 WYOMING AVE APT 1	SCRANTON, PA	18509	1325 WYOMING AVE	N4620-E2545
5446162309	13420040031	FISCUS MICHAEL & LEWIS JACK	2001 ROSANNA AVE	SCRANTON, PA	18509	1215 MEADE AVE	N4620-E2545
5446162388	1342007000102	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	EXT MEADE ST PT R R BED	N4620-E2545
5446356145	14605020062	CITY OF SCRANTON	1300 CAPOUSE AVE	SCRANTON, PA	18509	1335 CAPOUSE AVE	N4620-E2545
5446255411	14508060003	KEYSTONE CONCRETE BLOCK&SUPPLY	600 GLEN ST	SCRANTON, PA	18509	GLEN ST	N4620-E2545
5446243736	1450806000402	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	POPLAR ST	N4620-E2545
5446144389	14508050066	KAHANOWITZ LOUIS & PHILMORE	825 TAYLOR AVE	SCRANTON, PA	18510	POPLAR ST	N4620-E2545
5446048016	14512010028	SCRANTON SEWER AUTHORITY	312 ADAMS AVE	SCRANTON, PA	18503	CORNER MIDDLE & BARRING AVE	N4620-E2545
5446049048	1451201002603	CITY OF SCRANTON	340 N WASHINGTON AVE 3RD FLR	SCRANTON, PA	18503	REAR BARRING AVE & MIDDLE ST	N4620-E2545
5446131855	14512030006	STOWERS PACKING CO	GREEN PL	SCRANTON, PA	18503	GREEN PL	N4620-E2545
5446441638	14605070035	JONES JOHANNA ROGO	1324 PENN AVE REAR	SCRANTON, PA	18509	1324 PENN AVE	N4620-E2545
5446349832	14605030037	HART EDWARD	1325 PENN AVE	SCRANTON, PA	18509	1325 PENN AVE	N4620-E2545
5446348912	14605030007	MARTIN DONALD E & PATRICIA A	2216 COMEGYS AVE	SCRANTON, PA	18509	1324 1326 CAPOUSE AVE	N4620-E2545
5446169437	13420060017						N4620-E2545
5446282141	1451603000102	LACKAWANNA COLLEGE	501 VINE ST	SCRANTON, PA	18509	OLIVE ST & LACKA RIVER	N4620-E2545
5446336245	14609010048	SCRANTON PREPARATORY SCHOOL	1000 WYOMING AVE	SCRANTON, PA	18509	WYO POPLAR & WASH	N4620-E2545
5446026278	14516010003	BRT ICE L P	3 WEST OLIVE ST, SUITE 205	SCRANTON, PA	18508	215 W OLIVE ST	N4620-E2545
5436961411	1341904003602	YARINA MARGARET A	1120 EUREKA AVE	SCRANTON, PA	18508	1120 EUREKA AVE	N4620-E2545
5436962344	13419040038	RUBY JOHN J	1045 N MAIN AVE	SCRANTON, PA	18508	1045 N MAIN AVE	N4620-E2545
5436843838	14507030061	SCRANTON REDEV AUTHORITY	SCRANTON LIFE BLDG	SCRANTON, PA	18503	894 896 898 N MAIN AVE	N4620-E2545
5436843820	14507030062	S R A	SCRANTON LIFE BLDG	SCRANTON, PA	18503	896 N MAIN ST	N4620-E2545
5446328535	14654010007	ASH STREET ASSOCIATES INC	21 FRANKLIN ST	JERMYN, PA	18433	1001 ADAMS AVE	N4620-E2545
5446322238	14609010039	SCRANTON PREPARATORY SCHOOL	1001 WYOMING AVE	SCRANTON, PA	18509	WYOMING & POPLAR	N4620-E2545
5446328644	14653030011	ASH STREET ASSOCIATES INC	21 FRANKLIN ST	JERMYN, PA	18433	517 519 521 ASH ST	N4620-E2545
5446161267	13420040032	FISCUS MICHAEL & LEWIS JACK	2001 ROSANNA AVE	SCRANTON, PA	18509	1209 1211 1213 MEADE AVE	N4620-E2545
5446421593	14654010010	LINDEN ST DEVELOPMENT INC	21 FRANKLIN ST	JERMYN, PA	18433	1000 ADAMS AVE	N4620-E2545
5446423660	14613060002	LINDEN ST DEVELOPMENT INC	21 FRANKLIN ST	JERMYN, PA	18433	ADAMS AVE	N4620-E2545
5436842589	14511020002	S R A	340 N WASHINGTON AVE	SCRANTON, PA	18503	858 N MAIN	N4620-E2545
5436843726	14507030063	SCRANTON REDEV AUTHORITY	SCRANTON LIFE BLDG	SCRANTON, PA	18503	890 N MAIN AVE	N4620-E2545
5436843712	14507030064	SCRANTON REDEV AUTHORITY	SCRANTON LIFE BLDG	SCRANTON, PA	18503	886 888 N MAIN	N4620-E2545
5436842694	14511020001	THOMAS ROBERT	858 N MAIN AVE	SCRANTON, PA	18504	858 N MAIN AVE	N4620-E2545
5436843607	14507030065	SCRANTON REDEV AUTHORITY	340 N WASHINGTON AVE	SCRANTON, PA	18503	N MAIN AVE L 17	N4620-E2545
5446250329	1450806000401	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	ERIE LACKA RR	N4620-E2545
5446326925	14653030012	PANTUSO ALFRED D JR & FRANCESCA	991 N WASHINGTON AVE	SCRANTON, PA	18509	520 ASH ST	N4620-E2545
5446324367	14653030004	GANZ JEFFREY & HADASSAH	947 CLAY AVE APT 2	SCRANTON, PA	18510	922 WASHINGTON AVE	N4620-E2545
5446229208	14661010005	DUFFY THOMAS E & MARIE	429 NEW ST	SCRANTON, PA	18509	429 NEW ST	N4620-E2545
5446322396	14653010029	PANTUSO ALFRED & JUDITH	991 N WASHINGTON AVE	SCRANTON, PA	18509	919 WASH & PHELPS	N4620-E2545

PIN	PRMAP	OWNER NAME	ADDRESS	CITY/STATE	ZIPCODE	LOCATION	MAPBOOK NO.
5446321373	14653010030	PANTUSO ALFRED JR	931 N WASHINGTON AVE	SCRANTON, PA	18509	917 WASHINGTON AVE	N4620-E2545
5446321329	14653010027	BALENDY CHARLES & KENDRA	1406 GARDNER AVE	SCRANTON, PA	18505	442 PHELPS ST	N4620-E2545
5446320347	14653010025	DAVIS JACK & LYNNE	436 PHELPS ST	SCRANTON, PA	18509	436 PHELPS ST	N4620-E2545
5446228370	14653010013	SMERTZ ALAN & GARY	912 WYOMING AVE	SCRANTON, PA	18509	425 427 NEW ST	N4620-E2545
5446321218	14661010009	COMMONWEALTH MEDICAL COLLEGE	525 PINE ST	SCRANTON, PA	18509	915 N WASHINGTON AVE	N4620-E2545
5446778482	14653010017	SMERTZ ALAN & GARY	912 WYOMING AVE	SCRANTON, PA	18509	916 WYOMING AVE	N4620-E2545
5446165765	1342005002801	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	GLEN ST & HAY AVE	N4620-E2545
5446359506	14605020007	DEPIETRO FRANK J & ANN M	910 RICHMOND ST	SCRANTON, PA	18509	1346 SANDERSON AVE	N4620-E2545
5446354424	14605020030	ROPKO DANIEL M	450 LAUREL ST	SCRANTON, PA	18508	1343 1345 MONSEY AVE	N4620-E2545
5446251307	14508060002	CITY OF SCRANTON	340 N WASHINGTON AVE THIRD FLR	SCRANTON, PA	18503	VON STORCH	N4620-E2545
5446162724	13420040017	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1250 1252 BLAIR AVE	N4620-E2545
5446162830	13420040016	CITY OF SCRANTON	340 N WASHINGTON AVE MUNCI BLD	SCRANTON, PA	18503	1254 1256 BLAIR	N4620-E2545
5446162612	13420040019	CICCO EUGENE	1248 BLAIR AVE	SCRANTON, PA	18508	1246 1248 BLAIR AVE	N4620-E2545
5446162712	13420040018	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1250 BLAIR	N4620-E2545
5446161675	1342004002001	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	BLAIR AVE PT L 2 3 4	N4620-E2545
5446162632	13420040020	CICCO EUGENE & SHARON A	1248 BLAIR AVE	SCRANTON, PA	18508	1244 BLAIR AVE	N4620-E2545
5446162585	1342007000103	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1248 N BLAIR AVE	N4620-E2545
5446120566	14516030001	LACKAWANNA COLLEGE	501 VINE ST	SCRANTON, PA	18509	BETWEEN RIVER & D & H R R	N4620-E2545
5446043416	14508040027	ANDRUSKEVICH ANTHONY & DOLORES	905 ALBRIGHT AVE	SCRANTON, PA	18508	905 ALBRIGHT	N4620-E2545
5446165498	1342005002901	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1325 ALBRIGHT AVE	N4620-E2545
5446165573	13420050029	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1228 MAY AVE	N4620-E2545
5446165530	1342005003001	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	MAY AVE	N4620-E2545
5446165486	1342005002902	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1323 ALBRIGHT AVE	N4620-E2545
5446350596	14605010002	FOSTER ELIZABETH P	1759 FOREST DR	WILLIAMSTOWN, NJ	8094	1335 37 39 GLEN & S	N4620-E2545
5446324322	14653030003	ROSA CARL & ELIZABETH	1231 MAIN ST	AVOCA, PA	18641	918 N WASHINGTON AVE	N4620-E2545
5446323276	14653030001	PANTUSO ALFRED JR	931 N WASHINGTON AVE	SCRANTON, PA	18509	910 N WASHINGTON AVE	N4620-E2545
5446323299	14653030002	GOLDEN ANTHONY J III & TINA M	1301 MONROE AVE	DUNMORE, PA	18509	916 N WASHINGTON AVE L 4	N4620-E2545
5446158322	14508050015	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	306 308 324 GROVE	N4620-E2545
5446228341	14653010012	SMERTZ GARY & ALAN	912 WYOMING AVE	SCRANTON, PA	18509	423 NEW ST	N4620-E2545
5446228323	14653010011	SMERTZ ALAN & GARY	912 WYOMING AVE	SCRANTON, PA	18509	419 421 NEW ST	N4620-E2545
5446227375	14653010010	SMERTZ ALAN & GARY	912 WYOMING AVE	SCRANTON, PA	18509	900 WYOMING AVE & NEW ST	N4620-E2545
5446354448	14605020031	MCGURRIN ROBERT L & DAVID P	1347 MONSEY AVE	SCRANTON, PA	18509	1347 1349 MONSEY AVE	N4620-E2545
5446439030	14609050002	PPL ELECTRIC UTILITIES CORP	2 N 9TH ST	ALLENTOWN, PA	18101	N WASHINGTON AVE	N4620-E2545
5455394902	1470301000101	F & L REALTY CORP	400 MILL ST	DUNMORE, PA	18512	DINGS & LUTZ & WURTZ TRS	N4570-E2559
5456416159	1470301000202	F & L REALTY CORP	400 MILL ST	DUNMORE, PA	18512	ALONG ROARING BROOK	N4570-E2559
5455297464	15702030001	DENAPLES DOMINICK & MARY ANN	400 MILL ST	DUNMORE, PA	18512	125 BUSH ST	N4570-E2559
5456515311	1470301000204	PAWC	800 HERSHEY PARK DR	HERSHY, PA	17033	DUNMORE #7 RES & PUMP STAT	N4570-E2559
5455295270	15708030024	DENAPLES DOMINICK	400 MILL ST	DUNMORE, PA	18512	BUSH ST	N4570-E2559
5456310933	14713030015	IEZZI DOMINICK	403 ROSS ST	DUNMORE, PA	18512	ROSS & TERRACE	N4570-E2559
5456210170	1462004000616	MICHALCZYK MARK & DIANE	29 NICOLE DR	DUNMORE, PA	18512	29 NICOLE DR L 16	N4570-E2559
5456212001	1462004000618	MICNICHOLS BRIAN & MICHELLE	33 NICOLE DR	DUNMORE, PA	18512	NICOLE DR L 18	N4570-E2559
5456211036	1462004000617	FERGUSON MICHAEL	136 E PINE ST	DUNMORE, PA	18512	NICOLE DR L 17	N4570-E2559
5456511984	1470301000201	GILLETTE NICHOLAS & AUDRA	1 RESERVOIR DR	DUNMORE, PA	18512	REAR DRINKER ST ALONG ROAR BRK	N4570-E2559
5456622030	14714020032	PETERS ANTHONY A & BARBARA A	1140 ERIE ST	DUNMORE, PA	18512	1140 ERIE ST	N4620-E2559
5456528562	14714020037	PRESBISH MARY JANE	1111 ERIE ST	DUNMORE, PA	18512	1111 ERIE ST	N4620-E2559
5456226734	1471301002501	SECKARY NICHOLAS J & ALBINA	200 HILL ST	DUNMORE, PA	18512	200 HILL ST	N4620-E2559
5456225692	14713010025	MARRAZZO FRANCES A	212 HILL ST	DUNMORE, PA	18512	212 214 HILL ST	N4620-E2559
5456524524	1471402003801	GILLETTE NICHOLAS & AUDRA	1 RESERVOIR DR	DUNMORE, PA	18512	900 BLK REAR E DRINKER ST	N4620-E2559
5456524440	14714020038	GILLETTE NICHOLAS & AUDRA	1 RESERVOIR DR	DUNMORE, PA	18512	1 RESERVOIR RD	N4620-E2559
5456625505	14714010026	SILEO THOMAS & LYNN	139 ROSS ST	DUNMORE, PA	18512	1011 E DRINKER ST	N4620-E2559
5456567547	13603020004	KEYSTONE LANDFILL	400 MILL ST % F & L REALTY	DUNMORE, PA	18512	GILBERT DUNNING TRACT	N4620-E2559
5456568074	1470101000501	KEYSTONE LANDFILL	400 MILL ST % F & L REALTY	DUNMORE, PA	18512	DUNHAM DR SVC RD #2	N4620-E2559
5456750544	14701010002	KEYSTONE LANDFILL	400 MILL ST % F & L REALTY	DUNMORE, PA	18512	GILBERT DUNNING TRACT	N4620-E2559
5456746727	14701010005	KEYSTONE LANDFILL	400 MILL ST % F & L REALTY	DUNMORE, PA	18512	DUNHAM DR	N4620-E2559
5456627616	14714030001	GENTILE ERNEST P & MARK A	718 S BLAKELY ST	DUNMORE, PA	18510	E DRINKER ST	N4620-E2559
5456620372	1471402003400	GILLETTE NICHOLAS & AUDRA	1 RESERVOIR RD	DUNMORE, PA	18512	1126 BRANCH ST	N4620-E2559
5456529388	14714020036	CAPOCCI SALVATORE	1126 BRANCH ST REAR	DUNMORE, PA	18512	1126 N BRANCH ST	N4620-E2559
5446005548	1458301000101	LACKAWANNA INDUST FUND ENTRPS	222 MULBERRY ST	SCRANTON, PA	18503	222 MULBERRY ST	N4570-E2545
5446212241	14576020022	SCRANTON HOUSING AUTHORITY	400 ADAMS AVE	SCRANTON, PA	18503	N WASHINGTON	N4570-E2545
5435842367	15641010046	SCRANTON HOUSING AUTHORITY	400 ADAMS AVE	SCRANTON, PA	18503	EMMETT ST	N4570-E2545
5446111574	14516020007	AMERICAN COLOR CO	OLIVE	SCRANTON, PA	18508	OLIVE	N4570-E2545
5446117852	14568010005	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	600 BLK CAPOUSE AVE	N4570-E2545
5446115596	14568010004	DEGOL BROTHERS	3229 PLEASANT VALLEY BLVD	ALTOONA, PA	16602	PENN & OLIVE	N4570-E2545
5436803352	14519010027	LACKAWANNA VALLEY CONSERVANCY	2006 N MAIN AVE	SCRANTON, PA	18508	W LACKAWANNA AVE	N4570-E2545
5436903509	14582010001	INVERT ALBERT & PEARL	535 PRESCOTT AVE	SCRANTON, PA	18510	UNDR LINDEN ST BRDG	N4570-E2545
5436916071	145199RL001	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	MULBERRY ST TO LACKA AVE	N4570-E2545
5445280057	1564401000201	UNIVERSITY OF SCRANTON		SCRANTON, PA	18510	LAUREL LINE DR	N4570-E2545
5446002575	14583010001	SAROI HOTELS INC	320 FRANKLIN AVE	SCRANTON, PA	18503	MULBERRY & PENN	N4570-E2545
5445382116	15737010032	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	300 BLK CLAY & 1100 BLK LINDEN	N4570-E2545
5435993883	15626010005	PASQUALICHO BROS INC	115 FRANKLIN AVE	SCRANTON, PA	18503	FRANKLN CNTR MIFFLIN	N4570-E2545
5446113791	14516030063	FIEGLEMAN WILLIAM J & LAURIE E	1006 OAKMONT RD	CLARKS SUMMIT, PA	18411	601 CAPOUSE & OLIVE	N4570-E2545
5445373291	15745020001	POLY HI SOLIDUR INC	900 N SOUTH RD	SCRANTON, PA	18504	LAUREL LINE DR	N4570-E2545
5435875803	15641010048	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	BROADWAY ST	N4570-E2545
5446122677	14516020001	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	GREEN PL TO MULBERRY ST	N4570-E2545
5446214981	14568010025	SCRANTON DUNLOP INC	734 WYOMING AVE	SCRANTON, PA	18509	736 738 WYOMING AVE	N4570-E2545
5446215954	14568010023	SCRANTON DUNLOP INC	730 WYOMING AVE	SCRANTON, PA	18509	GIBSON ST	N4570-E2545
5446212698	14568010029	GREAT PENNA TIRF CO LLC	222 MULBERRY ST	SCRANTON, PA	18503	704 WYOMING AVE	N4570-E2545
5446213890	14568010028	SANDONE BTRY & TIRE SVC	722 WYOMING AVE	SCRANTON, PA	18509	722 WYOMING AVE	N4570-E2545
5446214846	14568010026	SCRANTON DUNLOP INC	734 WYOMING AVE	SCRANTON, PA	18509	732-734 WYOMING AVE	N4570-E2545
5436919568	1451903000601	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	LOVE RD	N4570-E2545
5445374645	15745030025	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	222 N WEBSTER AVE	N4570-E2545
5445376501	1574503003701	WEBSTER REALTY CO	PO BOX 1429	SCRANTON, PA	18501	1219 RIDGE ROW	N4570-E2545
5436810044	1451901002302	AMERCO REAL ESTATE CO	2727 N CENTRAL AVE STE 500	PHOENIX, AZ	85004	8TH AVENUE & LACKA AVE	N4570-E2545
5435883926	15625020001	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	LACKA AVE TO HICKORY ST	N4570-E2545
5435896832	15625020002	COMMONWEALTH OF PA	515 N OFFICE BLDG DEPT OF GEN SR	HARRISBURG, PA	17125	CLIFF ST	N4570-E2545
5435899765	1562502000301	STEAMTOWN MALL PARTNERS LP	4500 PERKIOEMEN AVE	READING, PA	19606	LACKAWANNA AVE	N4570-E2545

PIN	PRMAP	OWNER NAME	ADDRESS	CITY/STATE	ZIPCODE	LOCATION	MAPBOOK NO.
5435897868	15625020003	COMMONWEALTH OF PA	515 NORTH OFFICE BLDG	HARRISBURG, PA	17125	2-32 LACKA AVE	N4570-E2545
5446108787	14584010010	SCRANTON HOUSING AUTHORITY	400 ADAMS AVE	SCRANTON, PA	18503	500 BLK N WASHINGTON AVE	N4570-E2545
5436804084	1562507000101	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	COR BRIDGE & CLIFF STS	N4570-E2545
5445389980	15705010037	THE JEWISH HOME FOR THE FRIEND	712 HARRISON AVE	SCRANTON, PA	18510	CLAY & QUINCY	N4570-E2545
5436804887	1451902003602	CENTRAL NEW JERSEY R R STA LLP	315 S MAIN ST	SCRANTON, PA	18504	400 N 6TH AVE	N4570-E2545
5436900489	14519020036	G H SCRANTON ASSOCIATES L P	106 LORI LANE	BOILING SPRGS, PA	17007	W LINDEN & N 6TH AVE	N4570-E2545
5436819308	1451903000201	G H SCRAN ASSOCCKEYLSIAN PARTNR	106 LORI LANE	BOILING SPRGS, PA	17007	7TH AVE & LINDEN ST	N4570-E2545
5435875861	15649010037	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	1ST & BROADWAY	N4570-E2545
5446103560	14583030003	FINCH TOWER ASSOCMGMAC COMM MT	116 WELSH RD	HORSHAM, PA	19044	434 436 WYOMING AVE	N4570-E2545
5446102347	14583030004	HANNON MOST REV JEROME D	400 WYOMING AVE %DIOCESAN GUIL	SCRANTON, PA	18503	400-10-14 WYOMING	N4570-E2545
5435879886	15611010004	MII EWSKI MICHAEL	2300 WASHBURN ST	SCRANTON, PA	18504	S WYOMING	N4570-E2545
5435884095	15641010047	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	EMMETT ST	N4570-E2545
5435995069	15607010002	STEAMTOWN MALL PARTNERS L P	4500 PERKIOMEN AVE	READING, PA	19606	726 LACKA AVE	N4570-E2545
5446001846	14575010001	TOBYHANNA ARMY DEPOT FED CR UN	300 MULBERRY ST	SCRANTON, PA	18503	MULBERRY FRANKLIN	N4570-E2545
5446001701	14582020010	TOBYHANNA ARMY DEPOT FED CR UN	315-331 FRANKLIN AVE	SCRANTON, PA	18503	315 331 FRANKLIN AVE	N4570-E2545
5436804444	1451901002501	COMMUNITY BANK & TRUST CO	%FIRST NATL BK OF PA%PAK 2ND FL	HERMITAGE, PA	16148	LACKAWANNA AVE	N4570-E2545
5446205816	14576020023	TCS-I	670 ADAMS AVE	SCRANTON, PA	18510	ADAMS AVE	N4570-E2545
5446009576	14583020015	KKM LIMITED PARTNERSHIP	PO BOX 64	WAVERLY, PA	18471	313 MULBERRY ST	N4570-E2545
5445183034	1564303000301	UNIVERSITY OF SCRANTON	LINDEN & MONROE AVE	SCRANTON, PA	18510	CEDAR AVE & LAUREL AVE	N4570-E2545
5446406557	14678020018	D & K REAL ESTATE INC	231 PRESCOTT AVE	SCRANTON, PA	18510	814 QUINCY AVE L 4	N4570-E2545
5446406533	14678020019	GIRIKRUPA LLC	501 HIGHLAND AVE	S ABINGTON TWP, PA	18411	812 QUINCY AVE L 3	N4570-E2545
5446406445	14678020023	GROMER LEE & FRIMI	1015 E GIBSON ST	SCRANTON, PA	18510	1013-1015 GIBSON ST	N4570-E2545
5445380472	15737010001	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	QUINCY AVE & MULBERRY	N4570-E2545
5446016668	14516020008	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	GORDON AVE	N4570-E2545
5445086375	1564301001001						N4570-E2545
5445084580	15643010002	COPPOLA HERITAGE LIMITED	1856 SANDERSON AVE	SCRANTON, PA	18509	514 LACKA AVE	N4570-E2545
5446408299	14678030007	MADAJESKI RONALD E & MARIE J	800 CLAY AVE	SCRANTON, PA	18510	800 CLAY AVE	N4570-E2545
5435878772	15611010005	SCRANTON REDEV AUTHORITY	340 N WASHINGTON AVE	SCRANTON, PA	18503	HICKORY ST	N4570-E2545
5446103296	14584010008	MULBERRY APARTMENTS REALTY LLC	101 JFK PKWY%INVESTORS SVGS BK	SHORT HILLS, NJ	7078	COR WASHINGTON & MULBERRY%VINE	N4570-E2545
5445286783	15729010021	UNIVERSITY OF SCRANTON	MONROE AVE & LINDEN ST	SCRANTON, PA	18510	MONROE AVE	N4570-E2545
5436911413	14519030002	COMMONWLTH OF PA%G H SCR ASSOC	106 LORI LANE	BOILING SPRGS, PA	17007	600 W LINDEN	N4570-E2545
5435991502	15626010012	COMMONWEALTH OF PA	515 NORTH OFFICE BLDG	HARRISBURG, PA	17125	100 BLK LACKA AVE	N4570-E2545
5435872319	15649010030	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	2ND & BROADWAY	N4570-E2545
5435873384	15649010091	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	2ND & BROADWAY	N4570-E2545
5445476123	15709060066	VASQUEZ JUDITH M	1025 MARK AVE	SCRANTON, PA	18510	315 SCHULTZ CT	N4570-E2545
5445476047	15709060068	VASQUEZ DINORAH J	PO BOX 8206	UNION CITY, NJ	7087	307 309 HARRISON AVE L 12	N4570-E2545
5445476184	15709060065	ONEILL EUGENE T	PO BOX 1695	SCRANTON, PA	18501	311 321 HARRISON AVE	N4570-E2545
5446017695	14516020026	LITWINSKY JOHN S	530 GORDON AVE	SCRANTON, PA	18508	530 GORDON AVE	N4570-E2545
5446019653	14516020024	LA COMMERCIAL SERVICES LLC	251 E GROVE ST	CLARKS GREEN , PA	18411	111 ANTHONY ST	N4570-E2545
5446110622	14516020035	LA COMMERCIAL SERVICES LLC	251 E GROVE ST	CLARKS GREEN, PA	18411	116 OLIVE ST	N4570-E2545
5446110627	14516020034	LA COMMERCIAL SERVICES LLC	251 E GROVE ST	CLARKS GREEN, PA	18411	114 OLIVE ST	N4570-E2545
5446018655	14516020027	GUSE MICHAEL & MICHELE	536 GORDON AVE REAR	SCRANTON, PA	18508	536 REAR GORDON ST	N4570-E2545
5446018672	1451602002702						N4570-E2545
5445376539	15745030015	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	1222 LINDEN ST	N4570-E2545
5446017702	14516020007	WALSH BRIDGET EST	529 GORDON AVE	SCRANTON, PA	18508	529 GORDON AVE	N4570-E2545
5446101785	14583020016	INT BRTHRD OF ELEC WKRS LCL 8	431 WYOMING AVE	SCRANTON, PA	18503	431 WYOMING AVE	N4570-E2545
5446101627	14583020017	UNITED CEREBRAL PALSY OF NE PA	230 LACKAWANNA AVE	SCRANTON, PA	18503	425 427 WYOMING AVE	N4570-E2545
5445288622	15729010022	UNIVERSITY OF SCRANTON	QUINCY AVE & LINDEN ST	SCRANTON, PA	18510	COR MULBERRY ST&QUINCY AVE	N4570-E2545
5446014187	14575010004	EATON ROAD COMPANY	1146 WYOMING AVE	SCRANTON, PA	18503	421 425 FRANKLIN AVE	N4570-E2545
5446013005	14575010003	ONE MULBERRY STREET CORP	299 MAIN ST	OLYPHANT, PA	18447	119 125 MULBERRY ST	N4570-E2545
5445477239	15709060057	DELACRUZ VICTOR%SANTANA BELXIS	1503 HARDING PARK	BRONX, NY	10473	1520 1522 MULBERRY ST	N4570-E2545
5446217032	14669010006	FLORENCE APARTMENTS LTD	670 ADAMS AVE	SCRANTON, PA	18510	PINE ST	N4570-E2545
5446000199	1458203000204	KERRY BRIAN C	105 HEATHER DR	CLARKS SUMMIT, PA	18411	231 PENN AVE	N4570-E2545
5446000133	14582030002	MUNLEY ROBERT W & BERNADINE	227 PENN AVE	SCRANTON, PA	18503	233 PENN AVE BLDG C	N4570-E2545
5446013398	14516020013	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	GORDON AVE	N4570-E2545
5446210606	14568010017	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	600 WYOMING AVE	N4570-E2545
5446000215	14582030001	F & L REALTY INC	400 MILL ST	DUNMORE, PA	18512	COR FRANKLIN & LINDEN	N4570-E2545
5445476346	15709060025	HUNT JOSEPH A JR	990 BUSH ST	THROOP, PA	18512	328 330 PRESCOTT AVE	N4570-E2545
5446214988	1456801002301	SCRANTON DUNLOP INC	730 WYOMING AVE	SCRANTON, PA	18509	COR WYO & GIBSON	N4570-E2545
5435971305	15611010008	THE SALVATION ARMY	120 W 14TH ST 190	NEW YORK, NY	10011	500-514 S WASHINGTON	N4570-E2545
5445186600	15636020015						N4570-E2545
5445189581	15636020016	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	LINDEN ST	N4570-E2545
5446102822	14575020012	DRUG & ALCOHOL TREATMENT SERVC	441 WYOMING AVE	SCRANTON, PA	18503	443 WYOMING AVE	N4570-E2545
5446201501	14584010012	LACKAWANNA JUNIOR COLLEGE	BEECH & PROSPECT STS	SCRANTON, PA	18505	VINE & WASHINGTON	N4570-E2545
5445274344	15652030001	FRATAMNICO FRANK & ARTHUR	913 S WEBSTER AVE	SCRANTON, PA	18505	1-3 PROSPECT AVE	N4570-E2545
5445284817	15696020032	UNIVERSITY OF SCRANTON	LINDEN & MONROE	SCRANTON, PA	18510	802 MAD-MULB	N4570-E2545
5445084552	15649010001	CHANG LIANG SHU	509 BOGART COURT UNIT 203	SCRANTON, PA	18503	509 BOGART COURT UNIT-203	N4570-E2545
5446002109	14583040001	GEORGE MARILEE	220 LINDEN ST APT 607 FORUM T	SCRANTON, PA	18503	220 LINDEN ST	N4570-E2545
5456067642	13504010002	CEMETERY ASSOCIATION OF DUNMOR	N BLAKELY ST	DUNMORE, PA	18512	N BLAKELY ST	N4620-E2552
5456055377	14608020017	KERRY BRIAN C	105 HEATHER LANE	CLARKS SUMMIT, PA	18411	402 N BLAKELY ST	N4620-E2552
5456057352	14608020019	GIBBS SHAUN%COMMODOARIO JAIME	102 JESSUP AVE	JESSUP, PA	18434	115 E WARREN ST L 52	N4620-E2552
5456057287	14608020020	CARR THOMAS JR & SHEILA	609 BOYLE ST	DUNMORE, PA	18512	401 403 N APPLE ST	N4620-E2552
5456057315	14608020018	FRANK MARTIN G	113 E WARREN ST	DUNMORE, PA	18512	113 E WARREN ST	N4620-E2552
5446737585	1464902000701						N4620-E2552
5446639505	14610040008	DUNMORE BORO	MONROE AVE	DUNMORE, PA	18512	MONROE AVE	N4620-E2552
5446647180	14610040002	MONAHAN DONNA & MICHAEL E	1454 MONROE AVE	DUNMORE, PA	18509	1454 MONROE AVE L 3	N4620-E2552
5446649089	14610040044	CASCIO MARY% CHARLES A & JOAN A	1616 MARION ST	DUNMORE, PA	18509	1600 BLOCK MARION ST	N4620-E2552
5446647053	14610040004	NEALON JOHN A	1312 MARION ST	DUNMORE, PA	18509	1450 DUNMORE	N4620-E2552
5446647076	14610040003	KNIGHT JAMES R & SUSAN J	1452 MONROE AVE	SCRANTON, PA	18509	1452 MONROE AVE	N4620-E2552
5446649052	14610040006	SWIERBENSJO ROBERT & PAMELA	1456 MONROE AVE	SCRANTON, PA	18509	QUINCY AVE	N4620-E2552
5446631154	14610040019	RITTER JOHN JR & CYNTHIA	1129 ALBRIGHT AVE	SCRANTON, PA	18508	201 W GROVE ST	N4620-E2552
5446632136	14610040017	HOBAN FRANK D & CYNTHIA A	1512 QUINCY AVE	SCRANTON, PA	18509	1308 MONROE AVE	N4620-E2552
5446632114	14610040018	FANGIO MARTIN R & JULIE%COREY M	PO BOX 331	MOSCOW, PA	18444	1306 MONROE AVE	N4620-E2552
5446947065	14642030014	SARATO PETER A & THERESA M	127 S BLAKELY ST R	DUNMORE, PA	18512	BONE CT	N4620-E2552
5446948034	14642030015	REDEV AUTHORITY OF LACKA	122 CHESTNUT ST	DUNMORE, PA	18512	122 CHESTNUT ST	N4620-E2552
5446948050	14642030016	KRIB LLC	303 HILLSIDE DR	MOSCOW, PA	18444	126 128 CHESTNUT ST	N4620-E2552

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5446633098	14610040075	MCDONNELL TERRENCE P	1303 QUINCY AVE	SCRANTON, PA	18510	1303 QUINCY AVE	N4620-E2552
5446634122	14610040026	MCDONNELL TERRENCE P	1303 QUINCY AVE	DUNMORE, PA	18512	1305 QUINCY AVE L 14	N4620-E2552
5446539174	14610030040	WELLER MARGARET M P	3253 COYNE AVE	SCRANTON, PA	18505	GROVE & MONROE	N4620-E2552
5446539112	14610030041	PATEL JAIMEK G	1241 MONROE AVE	DUNMORE, PA	18509	1241 MONROE AVE L 7	N4620-E2552
5446538099	14610030044	SULLIVAN DANIEL T & TIMOTHY B	1239 MONROE AVE	DUNMORE, PA	18509	1239 MONROE AVE	N4620-E2552
5446538043	14610030045	WOELKERS PAUL & IRENE	1229 MONROE AVE	DUNMORE, PA	18512	1235 MONROE AVE	N4620-E2552
5446527985	14610030050	WOELKERS PAUL & IRENE	1229 MONROE AVE	SCRANTON, PA	18509	1229 MONROE AVE	N4620-E2552
5446538087	146100300401	SULLIVAN DANIEL T & TIMOTHY B	1239 MONROE AVE	DUNMORE, PA	18509	1237 MONROE AVE	N4620-E2552
5446946047	14642030017	SABATO THERESA & PETER	127 S BLAKELY ST	DUNMORE, PA	18512	127 S BLAKELY ST	N4620-E2552
5446945090	14642030019	GROCHOWSKI WILLIAM P & ROSEMARY	425 W DRINKER ST	SCRANTON, PA	18509	131 S BLAKELY ST	N4620-E2552
5446946005	14642030018	GENOVESE JEROME & SUSAN	112 POTTER ST	DUNMORE, PA	18512	129 S BLAKELY ST	N4620-E2552
5446732669	14610040045	MCDONALD RICHARD X & NANCY O	1502 CLAY AVE	SCRANTON, PA	18509	COUNCIL ST	N4620-E2552
5446536044	14610030049	PCW WOELKERS REALTY LLC	1229 MONROE AVE	DUNMORE, PA	18509	1302 MADISON AVE	N4620-E2552
5446927619	14615060030	ST MARYS CONVENT	CHESTNUT ST	DUNMORE, PA	18512	CHESTNUT ST	N4620-E2552
5446813762	14615020045	ONE THOUSSAND TWO HUN WHEELER	319 S BLAKELY ST	DUNMORE, PA	18512	614 3RD ST	N4620-E2552
5446929853	14615060029	MECCA SALVATORE A JR & SHARON	PO BOX 196	DUNMORE, PA	18512	326 CHESTNUT ST	N4620-E2552
5446635052	14614030001	FERGUSON BARBARA	303 W GROVE ST	SCRANTON, PA	18510	303 W GROVE ST	N4620-E2552
5446628914	14614030009	SWARTZ ROBERT J JR	321 W GROVE ST	DUNMORE, PA	18512	1301 CLAY AVE	N4620-E2552
5446627828	14614030007	KING CHRISTOPHER M & MAUREEN M	317 W GROVE ST	SCRANTON, PA	18510	317 W GROVE ST	N4620-E2552
5446625989	14614030002	MCHALE DAVID M	113 SHOFMAKER ST	DUNMORE, PA	18512	307 W GROVE ST	N4620-E2552
5446626981	14614030005	RIONI ALFONSO JR TRUSTEE	210 MAIN ENTRANCE DR	PITTSBURGH, PA	15228	313 W GROVE ST	N4620-E2552
5446627900	14614030006	SUCK GLENN	177 CENTER ST	CARBONDALE, PA	18407	315 W GROVE ST	N4620-E2552
5446626927	14614030003	FIRONE WILLIAM	309 W GROVE ST	SCRANTON, PA	18510	309 W GROVE	N4620-E2552
5446626963	14614030004	KINSEY CARLTON JR & CHERYL ANN	311 W GROVE ST	SCRANTON, PA	18510	311 W GROVE ST	N4620-E2552
5446723698	14614030032	NICOLAIS LAWRENCE L	1328 N WEBSTER AVE	SCRANTON, PA	18510	1328 N WEBSTER AVE	N4620-E2552
5446726632	14615010001	CORRADO MICHAEL & ROBERT & RONALD	622 S BLAKELY ST	SCRANTON, PA	18510	S BLAKELY & 1332 WEBSTER	N4620-E2552
545059875	14608020006	RUDDY ROBERT F & MARY LYNN T	1911 ELECTRIC ST	DUNMORE, PA	18512	506 N BLAKELY ST	N4620-E2552
5456162265	13520010007	WOROBAY JOSEPH M & RONALD J	606 N BLAKELY ST	DUNMORE, PA	18512	606 N BLAKELY ST	N4620-E2552
5456162241	13520010008	GLEASON THOS & MARILYN	PO BOX 346	DUNMORE, PA	18512	604 N BLAKELY ST	N4620-E2552
5456150943	14608020004	RIGGI VINCENT S & JOAN	420 N BLAKELY ST	DUNMORE, PA	18512	512 N BLAKELY ST	N4620-E2552
5456162126	13520010009	HAIKES DEANA E	602 N BLAKELY ST	DUNMORE, PA	18512	602 N BLAKELY ST L34	N4620-E2552
5456150809	14608020005	CIPRIANO ANN & RICCARDO RICHARD	508 N BLAKELY ST	DUNMORE, PA	18512	508 N BLAKELY ST	N4620-E2552
5456161034	14608020001	RUBBARSO JOSEPH & MARY	518 N BLAKELY ST	DUNMORE, PA	18512	518 N BLAKELY ST	N4620-E2552
5456150976	14608020003	SIMRELL THOMAS J DR	514 N BLAKELY ST	DUNMORE, PA	18512	514 N BLAKELY ST	N4620-E2552
5456161000	14608020002	MARKET SHARE REALTY LLC	926 CLEARVIEW RD	MOSCOW, PA	18444	516 N BLAKELY ST L31	N4620-E2552
5446629897	14614030016	DEMPSY UNIFORM & LINEN SUPPLY	1200 MID VALLEY DR	JESSUP, PA	18434	1306 CLAY AVE	N4620-E2552
5446722706	1461403002001	CZANKNER JEFFREY J & SHERI	1309 N WEBSTER AVE	SCRANTON, PA	18510	1309 WEBSTER AVE	N4620-E2552
5446721904	14614030017	DEMPSY TEXTILE RENTAL SERV IN	1200 MID VALLEY DR	JESSUP, PA	18434	1310 CLAY AVE	N4620-E2552
5446629880	14614030015	DEMPSY UNIFORM & LINEN SUPPLY	1200 MID VALLEY DR	JESSUP, PA	18434	1302 CLAY AVE	N4620-E2552
5446722830	1461403001910	DREWES ANGAIL P	1315 N WEBSTER AVE	DUNMORE, PA	18510	1315 WEBSTER AVE	N4620-E2552
5446720789	1461403001601	DEMPSY UNIFORM & LINEN SUPPLY	1200 MID VALLEY DR	JESSUP, PA	18434	REAR CLAY AVE	N4620-E2552
5446923864	14615060017	CELANO MARK V & DIANE	214 GREEN ST	DUNMORE, PA	18512	214 GREEN ST	N4620-E2552
5446924801	1461506001801	PANE SAMUEL & JANE	218 GREEN ST	DUNMORE, PA	18512	216 GREEN ST	N4620-E2552
5446924749	14615060018	PANE SAMUEL & JANE	216 GREEN ST	DUNMORE, PA	18512	218 GREEN ST	N4620-E2552
5446824559	14657030001	SHERIDAN CHARLOTTE & JAMES J	501 S BLAKELY ST	DUNMORE, PA	18512	104 DUDLEY ST	N4620-E2552
5446635506	14610040010	BOROUGH OF DUNMORE	400 S BLAKELY ST	DUNMORE, PA	18512	MONROE AVE	N4620-E2552
5446728456	14615010002	CORRADO MICHAEL & ROBERT & RONALD	622 S BLAKELY ST	DUNMORE, PA	18510	614 620 S BLAKELY ST	N4620-E2552
5446921756	14615060009	RUPE SHARON A TRUSTEE	147 E PINE ST	DUNMORE, PA	18512	139 E PINE ST	N4620-E2552
5446922703	14615060010	RUPE SHARON A TRUSTEE	147 E PINE ST	DUNMORE, PA	18512	147 E PINE ST	N4620-E2552
5446824244	14657030009	KALINOWSKI ELIZ & SAMPLE DAVID	522 2ND ST	DUNMORE, PA	18512	522 SECOND ST L 1	N4620-E2552
5446922812	14615060011	HARDING MATTHEW	329 SPRING ST	DUNMORE, PA	18512	329 SPRING ST	N4620-E2552
5446634328	14610040011	BEAVERS OREN J & JOAN BEVERLY	1322 MONROE AVE	SCRANTON, PA	18509	1322 MONROE AVE	N4620-E2552
5446633350	14610040013	BARRETT PATRICK & MARYANN	1318 MONROE AVE	SCRANTON, PA	18509	1316 1318 MONROE AVE	N4620-E2552
5446633384	14610040012	WEBB RONALD F	1739 JEFFERSON AVE APT 2	SCRANTON, PA	18509	1320 MONROE AVE	N4620-E2552
5446633216	14610040014	SMITH LINDA	1314 MONROE AVE	SCRANTON, PA	18509	1314 MONROE AVE	N4620-E2552
5446632282	14610040015	SMOLSKIS JOHN & ELLEN	1312 MONROE AVE	SCRANTON, PA	18509	1312 MONROE AVE	N4620-E2552
5446729416	14615010003	D & L REALTY	400 MILL ST	DUNMORE, PA	18512	612 BLAKELY ST	N4620-E2552
5446729379	14615010005	D & L REALTY	400 MILL ST	DUNMORE, PA	18512	606 608 S BLAKELY ST	N4620-E2552
5446729319	14615010004	DUNMORE BOROUGH	224 S BLAKELY ST	DUNMORE, PA	18512	618 S BLAKELY ST	N4620-E2552
5446820925	14615010006	FRENZE CORPORATION	3 OAK LN	SCRANTON, PA	18505	600 & 604 S BLAKELY S	N4620-E2552
5445583625	15706020042	MCANDREW MAUREEN	89 VALLEY VIEW DR	FACTORYVILLE, PA	18419	617 REAR PRESCOTT AVE	N4570-E2552
5445583601	15706020041	MCANDREW MAUREEN	89 VALLEY VIEW DR % GOIDA M	FACTORYVILLE, PA	18419	612 FARBET CT	N4570-E2552
5445786675	15707020017	SCRANTON SEWER AUTHORITY	312 ADAMS AVE	SCRANTON, PA	18509	RICHTER & MYRTLE	N4570-E2552
5456012980	14616020049	IANNIELI TERESA ANN	500 CHESTNUT ST	DUNMORE, PA	18512	500 CHESTNUT ST	N4570-E2552
5446904216	14619030040	F & L REALTY CORP	400 MILL ST	DUNMORE, PA	18512	MILL ST	N4570-E2552
5446517852	14614020011	ONE THOUSAND ONE HUN ONE CLAY	1303 53RD ST STE 284	BROOKLYN, NY	11219	QUINCY & POPLAR STS	N4570-E2552
5446529032	14614020010	QUINCY AVE OFFICES INC	21 FRANKLIN ST	JERMYN, PA	18433	1141 CLAY AVE	N4570-E2552
5455099215	15708020030	THE BOROUGH OF DUNMORE	400 S BLAKELY ST	DUNMORE, PA	18512	REAR ERIC ST	N4570-E2552
5455098259	15708020029	U S ELECTRIC INC	91 ELMHURST BLVD	SCRANTON, PA	18505	REAR ERIC ST	N4570-E2552
5445790568	15706060032	CANNOLL RICHARD & SCHMIDT A	929 WHEELER AVE	SCRANTON, PA	18510	929 WHEELER AVE	N4570-E2552
5446705610	14618080010	LAKE KENNETH & MARY ELLEN F	621 CLAY AVE	SCRANTON, PA	18510	ENGLE CT	N4570-E2552
5446704780	14618100034	MCGRAW JENNIFER	820 SECOND ST	DUNMORE, PA	18510	820 SECOND ST L 2 4	N4570-E2552
5445894755	15707020001	DEPIETRO CONNIE	2348 DEER PATH DR MBARNES DONNA	WARRINGTON, PA	18976	ASH ST & UNION AVE	N4570-E2552
5445584726	15706020048	MARINO JOSEPH N & JEANNE M	2462 N W 89TH DR	CORAL SPRINGS, FL	33065	631 FARBET CT	N4570-E2552
5445583685	15706020044	SIX HUNDRED NINETEEN PRESCOTT	947 QUINCY AVE	SCRANTON, PA	18510	619 621 PRESCOTT AVE L 18	N4570-E2552
5445583793	15706020047	CHASE MANHATTAN BANK	PO BOX 65250 % FAIRBANKS CAP C	SALT LAKE CITY, UT	84165	FARBET COURT	N4570-E2552
5446816238	14619020003	RICCARDO SALVATORE & BETTE	714 4TH ST	DUNMORE, PA	18512	401 MILL ST & 4TH ST	N4570-E2552
5445790656	15706060020	KOLATIS PHILIP J & JESSIE M	935 WHEELER AVE	SCRANTON, PA	18510	935 WHEELER AVE	N4570-E2552
5445699781	15706060022	PHILLIPS MICHAEL & DANIA M	928 HARRISON AVE	SCRANTON, PA	18510	928 HARRISON AVE	N4570-E2552
5446815425	14619020001	CONWAY C & LADYKA M & MECCA A	309 311 MILL ST	DUNMORE, PA	18512	309 311 MILL ST	N4570-E2552
5446814579	14615020047	RICCARDO ROCCO T	714 4TH ST % RICCARDO S & B	DUNMORE, PA	18512	301 09 MILL ST	N4570-E2552
5446815379	14619020002	RICCARDO ROCCO T & ROGERS J	312 BUTLER ST	DUNMORE, PA	18512	714 4TH ST & MILL ST	N4570-E2552
5446802827	14619010032	F & L REALTY	400 MILL ST	DUNMORE, PA	18512	WHEELER AVE & WILLIAM	N4570-E2552
5445896547	15707020002	F & L REALTY INC	400 MILL ST	DUNMORE, PA	18512	2001 ASH ST	N4570-E2552
5445898709	1570702000201	F & L REALTY INC	400 MILL ST	DUNMORE, PA	18512	LACKA RR SCRANTON-DUNMORE LINE	N4570-E2552
5445898815	15707060001	F & L REALTY INC	400 MILL ST	DUNMORE, PA	18512	2001 REAR ASH ST	N4570-E2552

PIN	PRMAP	OWNER NAME	ADDRESS	CITY/STATE	ZIPCODE	LOCATION	MAPBOOK NO.
5446806497	15707090001	RAIL REALTY	400 MILL ST	DUNMORE, PA	18512	OLD ERIE LACKA RR BID	N4570-E2552
5456119230	1462004000614	CLARK THOMAS & MOLLY	25 NICOLE DR	DUNMORE, PA	18512	NICOLE DR L 14	N4570-E2552
5445584787	15706020050	MARINO JOSEPH N & JEANNE M	2462 N W 89TH DR	CORAL SPRINGS, FL	33065	637 PRESHOTT AVE	N4570-E2552
5436029574	14416010012	MILEWSKI MICHAEL	2300 WASHBURN ST	SCRANTON, PA	18504	200 S DEWEY AVE	N4570-E2538
5436519112	14518020055	WANBUSKIRK DAVID W & DANNA R	117 N HYDE PARK AVE	SCRANTON, PA	18504	117 N HYDE PARK AVE	N4570-E2538
5436517087	14518020052	JACKSON ST BAPTIST CHURCH	1200 JACKSON ST	SCRANTON, PA	18504	1218 WYMBES CT	N4570-E2538
5436314373	14517010002	GONZALEZ LEONARDO ANTONIO II	1809 WASHBURN ST	SCRANTON, PA	18504	1809 WASHBURN ST	N4570-E2538
5436718154	14519010014	OLDE GOOD THINGS INC	400 GILLIGAN ST	SCRANTON, PA	18508	9TH & LACKAWANNA	N4570-E2538
5435483061	15609040043	LEWIS JAMES E	1122 W ELM ST	SCRANTON, PA	18504	1122-24 W ELM	N4570-E2538
5436316683	14513060035	PITTELLI JOFIN	300 CORLUS AVE	JOHNSON CITY, NY	13790	138 140 S FILMORE AVE	N4570-E2538
5436315467	14513060039	MERRIGAN MICHELE	1812 WASHBURN ST	SCRANTON, PA	18504	1812 WASHBURN ST	N4570-E2538
5436316559	14513060036	GALLARDO ELIZABETH A	PO BOX 188	BARTONSVILLE, PA	18321	142 144 S FILMORE AVE	N4570-E2538
5436316516	14513060037	WILLSON BRYAN	148 S FILMORE AVE	SCRANTON, PA	18504	148 S FILMORE AVE	N4570-E2538
5436606174	1560603000114	SCRANTON HOUSING AUTHORITY	406 ADAMS AVE	SCRANTON, PA	18510	MERIDIAN ST	N4570-E2538
5436501409	14518040018	GEIER CRAIG W & MICHELLE L	2907 BANCROFT AVE	BRISTOL, PA	19007	1224 WASHBURN ST	N4570-E2538
5435420581	1564101004601	CENTRAL R R OF N J	JERSEY CITY TERMINAL TAX AGENT	JERSEY CITY, NJ	7306	326 EMMETT	N4570-E2538
5435490420	15605040001	SCRANTON SCHOOL DISTRICT	LUZERNE ST & 13TH AVE	SCRANTON, PA	18504	13TH & LUZERNE	N4570-E2538
5436701353	14518080034	DDRC REALTY COMPANY	354 N MAIN ST	TAYLOR, PA	18517	MERIDIAN ST & NINTH ST	N4570-E2538
5436312142	1451701001101	GALLIA JOSEPH & MARY LOU	1820 DIVISION ST	SCRANTON, PA	18504	1820 DIVISION ST & ACADEMY ST	N4570-E2538
5436216410	14416020030	HYDE PARK CEMETERY CO	PO BOX 24 % LACKA MANAG INC	CLARKS SUMMIT, PA	18411	1800-1900-2000 BLK WA	N4570-E2538
5435692763	15606030001	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	OXFORD ST PCL 23	N4570-E2538
5435791529	1562401000103	SPACE SAVER SELF STORAGE LLC	210 S 7TH AVE	SCRANTON, PA	18505	210 S 7TH STREET	N4570-E2538
5435391036	15605020028	SCRANTON SCHOOL DISTRICT	FELLOWS ST	SCRANTON, PA	18504	FELLOWS&13TH W SIDE MIDDLE SCH	N4570-E2538
5435870442	15649010029	UNIVERSITY OF SCRANTON	LINDEN ST & MONROE AVE	SCRANTON, PA	18510	OCONNOR CT	N4570-E2538
5436507468	14518040062	NORTHEASTERN NATL BK & TRUST CO	303 E WACKER DR STE 1040% N TX	CHICAGO, IL	60601	136 S MAIN AVE	N4570-E2538
5436507460	14518040063	F & E REALTY LLC	142 S MAIN AVE	SCRANTON, PA	18504	142 S MAIN AVE	N4570-E2538
5435598873	1560602003000	AUDI MANAGEMENT LLC	464 S FARMIN ST	WILKES BARRE, PA	18702	10TH & WASHBURN	N4570-E2538
5436604624	14518030007	SPINDLER GEORGE	1005 1007 SCRANTON ST	SCRANTON, PA	18504	1024 JACKSON ST	N4570-E2538
5435774433	15648020016	RICHMOND ROBERT & DENISE	425 RAILROAD AVE	SCRANTON, PA	18505	425 RAILROAD AVE	N4570-E2538
5435774443	15648020017	RAYVIN ALEXANDER & LYUDMILA	2165 84TH ST FLOOR 2	BROOKLYN, NY	11214	429 431 RAILROAD AVE	N4570-E2538
5435774506	15648020015	FOX THOMAS M & ROBERT F JR	976 SCOTT RD	CLARKS SUMMIT, PA	18411	415 417 RAILROAD ST	N4570-E2538
5435776371	15649010014	HENDERSON JOHNIE & DEBRA C	415 4TH AVE	SCRANTON, PA	18505	415 FOURTH AVE	N4570-E2538
5435775450	15648020029	ANMBRUSTER MARGUERITE	414 4TH AVE	SCRANTON, PA	18505	414 4TH	N4570-E2538
5435792243	15632020001	LACKAWANNA HERITAGE VALLEY ATY	213 S 7TH AVE	SCRANTON, PA	18504	209 213 RAILROAD AVE	N4570-E2538
5435476324	15609090021	COOLICAN JOHN P	803 S MAIN AVE	SCRANTON, PA	18504	801 S MAIN AVE	N4570-E2538
5435695713	1560603000106	SCRANTON HOUSING AUTHORITY	400 ADAMS AVE	SCRANTON, PA	18510	MERIDIAN AVE	N4570-E2538
5435696686	1560603000205	WARD LAURA	101 HOPE WAY	SCRANTON, PA	18504	101 HOPE WAY L 5	N4570-E2538
5435697774	1560603000208	WHEELER STEPHANIE	107 HOPE WAY	SCRANTON, PA	18504	107 HOPE WAY L 8	N4570-E2538
5436118245	14420020018	TRAN QUE	201 S BLAKELY ST #180	DUNMORE, PA	18512	2020 LUZERNE ST L11	N4570-E2538
5436117289	14420020017	PANTLE WM & ALBERTA	2024 LUZERNE ST	SCRANTON, PA	18504	2024 LUZERNE ST	N4570-E2538
5435582976	15610010002	MILLER PATRICK J	443 10TH AVE	SCRANTON, PA	18504	443 S 10TH ST	N4570-E2538
5436719150	14519010017	SCRANTON REDEV AUTHORITY	340 N WASHINGTON AVE	SCRANTON, PA	18503	LACKAWANNA AVE	N4570-E2538
5436605915	14518030042	CITY OF SCRANTON	CITY HALL	SCRANTON, PA	18503	142-44 N MAIN	N4570-E2538
5436605995	14518030045	CITY OF SCRANTON	CITY HALL	SCRANTON, PA	18503	1033 PRICE ST	N4570-E2538
5436606861	14518030025	EASTMAN JOHN & PAULINE	1417 CLEARVIEW ST	SCRANTON, PA	18508	136 HENNESSY CT	N4570-E2538
5435679015	15610050036	WILSON DALE P & ROSE T	129 GRZYBOWSKI RD	SCOTT TWP, PA	18447	501 HAMPTON & MERIDIA	N4570-E2538
5436317608	14513060034	DIXON D R & REGAN M A & K G	136 S FILMORE AVE	SCRANTON, PA	18504	136 S FILMORE AVE	N4570-E2538
5436317777	14513060030	SCOTT HAROLD & MARIE	124 S FILMORE AVE	SCRANTON, PA	18504	124 S FILMORE	N4570-E2538
5436317755	14513060031	SCOTT HAROLD & MARIE	124 S FILMORE AVE	SCRANTON, PA	18504	126 S FILMORE AVE	N4570-E2538
5436317731	14513060033	STRANIERI SARA & JOHN J III	813 W ELM ST	SCRANTON, PA	18504	132 S FILMORE AVE L 25	N4570-E2538
5436317880	14513060029	DUKALSKAS JOSEPH J & ANNA T	120 122 S FILMORE AVE	SCRANTON, PA	18504	120 122 S FILMORE AVE	N4570-E2538
5436317743	14513060032	KATHALYNAS WM & BARBARA	130 S FILMORE AVE	SCRANTON, PA	18504	130 S FILMORE	N4570-E2538
5436313236	14517010010	ROOT RICHARD G & AARON J	1814 ACADEMY ST	SCRANTON, PA	18504	1814 ACADEMY ST	N4570-E2538
5436313264	14517010009	PHANEUF DAVID W & FRANCES	1812 ACADEMY ST	SCRANTON, PA	18504	1812 ACADEMY ST	N4570-E2538
5436314323	14517010001	GONZALEZ LEONARDO ANTONIO H	1809 WASHBURN ST	SCRANTON, PA	18504	1813 WASHBURN ST	N4570-E2538
5435777242	15649010018	BAZUR ROBERT P & JANET J	414 3RD AVE	SCRANTON, PA	18505	414 3RD AVE	N4570-E2538
5435777288	15649010019	MAYERNICK JOSEPH C & LOIS F	410 3RD AVE	SCRANTON, PA	18505	410 412 3RD AVE	N4570-E2538
5436728344	14515010019	FOKYS INC	1315 N MAIN AVE	SCRANTON, PA	18504	MT PLEASANT COLLIERY L-1A	N4620-E2538
5436727248	1451501001902	KRYSEK RAYMOND	600 SCOTT RD	CHINCHILLA, PA	18410	PLEASANT AVE	N4620-E2538
5436727200	14515010020						N4620-E2538
5436726572	14515010015	UKRAINIAN NATL E RITE CH OF ST	1006 HOWELL ST	SCRANTON, PA	18504	S MAIN & HOWELL	N4620-E2538
5436725660	1451501001401	MOLETSKY MICHAEL & JUDITH	550 N MAIN AVE	SCRANTON, PA	18504	N MAIN	N4620-E2538
5436727477	14515010018	ST MICHAELS UK ORTHODOX CHURCH	1006 HOWELL ST	SCRANTON, PA	18504	500 BLK PLEASANT	N4620-E2538
5436676010	13418040001	CITY OF SCRANTON	CITY HALL	SCRANTON, PA	18503	DOROTHY ST	N4620-E2538
5436721111	14514070041	JGG SUPER MARKETS LLC	810 MAIN ST	MOOSIC, PA	18507	441 451 N MAIN AVE	N4620-E2538
5436720265	14514070036	JGG SUPER MARKETS LLC	810 MAIN ST	MOOSIC, PA	18507	1117 1119 SWETLAND ST	N4620-E2538
5436720112	14514070042	SHEELEYS DRUG STORE INC	307 HARPER ST	DUNMORE, PA	18512	429-39 N MAIN#441-45-28 N DECK	N4620-E2538
5436521837	14514010006	DAQUINO DEBRA P	332 N GARFIELD AVE	SCRANTON, PA	18504	332 N GARFIELD AVE	N4620-E2538
5436528796	14514030007	COLACICCO NICHOLAS JR&ADAM N	121 BEN GAR DR	SCRANTON, PA	18505	352 354 N LINCOLN AVE	N4620-E2538
5436632955	14510020036	FITCH FRED F	536 N LINCOLN AVE	SCRANTON, PA	18504	536 N LINCOLN	N4620-E2538
5436624507	14514040022	DACRUZ EDUARDO O	361 N BROMLEY AVE	SCRANTON, PA	18504	361 363 365 N BROMLEY AVE	N4620-E2538
5436534000	14510010051	SNYDER MARGARET MARY	353 N REBECCA AVE	SCRANTON, PA	18504	353 N REBECCA AVE L 5	N4620-E2538
5436523975	14510010050	SOUTHARD ROBERT & ANN MARIE	347 N REBECCA AVE	SCRANTON, PA	18504	347 N REBECCA AVE	N4620-E2538
5436525846	14514010040	HASHEM THOMAS JR	348 N REBECCA AVE	SCRANTON, PA	18504	348 N REBECCA AVE	N4620-E2538
5436525859	14514010041	SOWKA STEVEN J & THERESA M	350 N REBECCA AVE	SCRANTON, PA	18504	350 N REBECCA AVE	N4620-E2538
5436720670	14514080012	CAMPAGNA JOSEPH	522 N HYDE PARK AVE	SCRANTON, PA	18504	522 N HYDE PARK AVE	N4620-E2538
5436448933	14509020001	CATHEDRAL CEMETERY	1708 ORAM ST	SCRANTON, PA	18504	PETTEBONE ST	N4620-E2538
5436620760	14514030034	DELAK EDWARD	364 N MAIN ST	TAYLOR, PA	18517	359 N SUMNER AVE	N4620-E2538
5436620627	14514030035	GAWRONSKI VICTORIA	353 N SUMNER AVE	SCRANTON, PA	18504	353 N SUMNER AVE	N4620-E2538
5436622519	14514040030	SCRANTON SCHOOL DISTRICT	N SUMNER AVE	SCRANTON, PA	18508	SWETLAND & SUMNER	N4620-E2538
5436641412	14510030001	CADDEN EUGENE T & MARY ALICE	655 N GARFIELD AVE	SCRANTON, PA	18504	N GARFIELD AVE L 13PI B 18	N4620-E2538
5436242687	14409060055	GAGLIARDI JOS & ROLANDO JR&ROBT	701 N SOUTH RD	SCRANTON, PA	18504	701 NORTH SOUTH RD	N4620-E2538
5436721631	14514080011	SCHULP ELLA	526 N HYDE PARK AVE	SCRANTON, PA	18504	526 N HYDE PARK AVE	N4620-E2538
5436722512	14514080029	PASSARELLO CAROL A	1304 ACADEMY ST	SCRANTON, PA	18504	1111 HOWELL ST	N4620-E2538
5436721545	14514080013	MACEDONIA MICHAEL & CAROL	518 N DECKER CT	SCRANTON, PA	18504	520 N DECKER CT	N4620-E2538
5436235113	14412050027	CITY OF SCRANTON	340 N WASHINGTON AVE/CITY HALL	SCRANTON, PA	18503	N SOUTH RD PCL I	N4620-E2538

PIN	PRMAP	OWNER NAME	ADDRESS	CITY/STATE	ZIPCODE	LOCATION	MAPBOOK NO.
5436230578	14412050031	CITY OF SCRANTON	CITY HALL	SCRANTON, PA	18503	JACKSON & PRICE	N4620-E2538
5436235503	14412060001	CITY OF SCRANTON	340 N WASHINGTON AVE/CITY HALL	SCRANTON, PA	18503	N SHERMAN AVE PCL B	N4620-E2538
5436527825	14514010056	MARINCHIAK DIANE	355 N LINCOLN AVE	SCRANTON, PA	18504	355 N LINCOLN AVE	N4620-E2538
5436526891	14514010057	THOMAS SUZANNE	349 N LINCOLN AVE	SCRANTON, PA	18504	349-351 N LINCOLN	N4620-E2538
5434179067	1760803004001	KURAN HANIFE & FATMA	1660 E 21ST ST	BROOKLYN, NY	11210	3268 3270 PITTSBURG AVE	N4470-E2538
5434179033	17608030040	ZAKRESKI SHANON T & JOSEPH	3279 BIRNEY AVE	SCRANTON, PA	18505	PITTSBURG AVE	N4470-E2538
5434169909	17608030041	POPLAWSKI MATTHEW & RAVAIOLU B	3277 PITTSBURG AVE	SCRANTON, PA	18505	3276 PITTSBURG AVE	N4470-E2538
5435314542	16709010001						N4470-E2538
5435009399	16710RR1001						N4470-E2538
5434288117	16717020002	MONTE DEVELOPMENT CO LLP	1 CVS DR %OCCUPANCY EXPENSE DP	WOONSOCKET, RI	2895	3020 3029 BIRNEY AVE&509 DAVIS	N4470-E2538
5435502871	1671401000102	BURNS WILLIAM J & PAULETTE E	2429 CEDAR AVE	SCRANTON, PA	18505	2429 CEDAR AVE	N4470-E2538
5435514171	1671001000109	WRIGHT NANCY J	2305 CEDAR AVE	SCRANTON, PA	18505	2305 CEDAR AVE	N4470-E2538
5435503965	1671401000105	CASWELL MICHAEL & SANDRA	2351 CEDAR AVE	SCRANTON, PA	18505	2351 CEDAR AVE	N4470-E2538
5434286086	16717020001	FIRST OF JERMYN REALTY CO INC	645 WASHINGTON AVE	JERMYN, PA	18433	3101 BIRNEY AVE	N4470-E2538
5434276974	17705010001	FIRST OF JERMYN REALTY CO	5790 WIDEWATERS PKWY % COMM BK	SYRACUSE, NY	13214	3200 BLK PITTSBURG AVE	N4470-E2538
5434276842	17705010002	OSTROSKI JOHN JR & HENRIETTA	104 JOMAR DR 2	MOSCOW, PA	18444	3206 PITTSBURG AVE	N4470-E2538
5434781736	16718030009	SCRANTON HOUSING AUTHORITY	607 LINCOLN TRUST BLDG	SCRANTON, PA	18503	5 WEBSTER SAGINAW (HILL TOP)	N4470-E2538
5434270464	17608030024	WONGS WELLA	50 BAYARD ST APT 40	NEW YORK, NY	10013	3251 BIRNEY AVE	N4470-E2538
5434275776	17608020041	BONE MICHAEL D DMD	3210 PITTSBURG AVE	SCRANTON, PA	18505	3210 PITTSBURG AVE	N4470-E2538
5434275702	17608020040	ROBB GERALD JR & THERESA M	914 W GROVE ST	CLARKS SUMMIT, PA	18411	3214 PITTSBURG AVE	N4470-E2538
5434274624	17608020039	ROBB GERALD JR & THERESA M	914 W GROVE ST	CLARKS SUMMIT, PA	18411	3218 GREENWOOD AVE	N4470-E2538
5434292804	1661602000101	MCCARTHY STREET PROPERTY LLC	2 NORTH LASALLE ST	CHICAGO, IL	60602	2983 MCCARTHY ST L 1	N4470-E2531
5435205365	16710010019	D & L REALTY	400 MILL ST	DUNMORE, PA	18512	CEDAR AVE	N4470-E2531
5434085643	16620020008	WORLEY A M	3234 VIPOND AVE	SCRANTON, PA	18505	COR VIPOND & GILROY	N4470-E2531
5434085069	17608010001	REE INC	932 ST ROUTE 502	SPRINGBROOK 1WP, PA	18444	COREY VIPOND & COYNE	N4470-E2531
5434086373	16620020011	CELUCQ ROBERT	102 WINCHESTER WAY	SCRANTON, PA	18504	VIPOND PHINNEY & COY	N4470-E2531
5434085290	1662002001102	FLOROVITO BRIAN A & LORRAINE A	425 HUDSON ST	JERMYN, PA	18433	VIPOND AVE	N4470-E2531
5434086087	17608010049	OMALLEY JEFFREY & ELIZABETH	24 COYNE AVE	SCRANTON, PA	18505	24 COYNE AVE	N4470-E2531
5435762344	15656010029	WADKHA JOHN WILLIAM & KATHRYN	548 3RD AVE	SCRANTON, PA	18505	548 3RD & REGAN PL	N4520-E2538
5435653879	15614030050	PATCHOSKI WILLIAM J & JOHN P	2409 WASHBURN ST	SCRANTON, PA	18504	BAKER COLLIERY	N4520-E2538
5435662458	15614030033	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	5 6TH & W ELM & W LOCUST	N4520-E2538
5435566875	15614010014	AGEL COAL CO	611 W LOCUST ST	SCRANTON, PA	18504	W LOCUST	N4520-E2538
5435669642	15614030011	TALLO GERALD M	401 EYNON ST	SCRANTON, PA	18504	401 EYNON & MERIDIAN	N4520-E2538
5435742287	1561803000501	D & S AUTO SALES INC	1202 SOUTH WASHINGTON AVE	SCRANTON, PA	18505	1202 SOUTH WASHINGTON AVE	N4520-E2538
5435742430	15618030005	CITY OF SCRANTON	340 N WASHINGTON AVE CITY HALL	SCRANTON, PA	18503	5 WASHINGTON AVE	N4520-E2538
5435526771	16706010001	LAFIN PARTNERS	1 PASSAN DR	WILKES BARRE, PA	18702	GENET	N4520-E2538
5435755374	15618030002	SOUTHSIDE STATE LLC	99 HAWTHORNE AVE%WIENER DANIEL	VALLEY STREAM, NY	11580	121 E LOCUST ST L7A	N4520-E2538
5435752296	15618030004	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	100-102 E ELM ST N	N4520-E2538
5435755005	15618030003	SOUTHSIDE STATE LLC	99 HAWTHORNE AVE%WIENER DANIEL	VALLEY STREAM, NY	11580	1114 S WASHINGTON AVE L7B	N4520-E2538
5435761098	15664010009	ROSSELL NICHOLAS	607 3RD AVE	SCRANTON, PA	18505	607 3RD AVE	N4520-E2538
5435751931	15664010010	SANSKY DANIEL & MARY ANN	426 CORTEZ RD	LAKE ARIEL, PA	18436	201 W ELM ST	N4520-E2538
5435457307	15617080016	BALON JULIE A	1236 ACKER AVE	SCRANTON, PA	18504	1236 ACKER AVE	N4520-E2538
5435456475	15617080017	DUFFY PHIL & SALLY	709 SMITH ST	SCRANTON, PA	18504	709 SMITH ST	N4520-E2538
5435459311	15617080021	DOMMES FREDERICK	1212 LONI LANE	OLD FORGE, PA	18518	607 SMITH ST	N4520-E2538
5435459249	15617080022	CHAMBERS TODD L & KATHLEEN M	402 BEDFORD ST	CLARKS SUMMIT, PA	18411	601 SMITH AVE	N4520-E2538
543545467	15617080009	MCDERMOTT WILLIAM R & MARJORIE	1241 SNYDER AVE	SCRANTON, PA	18504	1241 SNYDER AVE	N4520-E2538
5435457413	15617080018	WASILEWSKI JOSEPH J & ROSEMARY	705 SMITH ST	SCRANTON, PA	18504	705 707 SMITH ST	N4520-E2538
5435453463	15617040018	MCGURGAN JOHN & CAROLE	1252 1254 SNYDER AVE	SCRANTON, PA	18504	1252 1254 SNYDER	N4520-E2538
5435454543	15617080010	ROGERS JAMES & ANN	1245 SNYDER AVE	SCRANTON, PA	18504	1243 1245 SNYDER AVE	N4520-E2538
5435458365	15617080020	HOWARTH MARGARET J & ROSANNE	609 11 SMITH & ACKER AVE	SCRANTON, PA	18504	609 11 SMITH & ACKER	N4520-E2538
5435462575	15613040025	RAVAIOLU CHRISTINE M & ROBERT	1102 SAINT ANN ST	SCRANTON, PA	18504	1022 S MAIN AVE	N4520-E2538
5435462696	15613040024	ISDOR LLC % CVS CAREMARK	1 CVS DR%KOSTNER ACTING DEPT	WOONSOCKET, RI	2895	1018 SO MAIN AVE	N4520-E2538
5435528710	16706RR1001	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	CHERRY ST TO BRECK ST	N4520-E2538
5435626969	16706010018	DIMARE FLORIDA REALTY	301 GENET ST % HOLMES P	SCRANTON, PA	18505	301 GENET ST	N4520-E2538
5435748801	15619010005	BYRNE WILLIAM L III JOHN & PAUL	1200 REMINGTON AVE	SCRANTON, PA	18505	1200 REMINGTON 1&2&3&2	N4520-E2538
5435463966	1560907002001	SUCHTER FRANCES A	501 N REBECCA AVE	SCRANTON, PA	18504	S MAIN AVE L 4	N4520-E2538
5435473070	15609070020	EMBURY METHODIST CHURCH	509 S MAIN AVE	SCRANTON, PA	18504	S MAIN	N4520-E2538
5435746348	15619010007	OLDE GOOD THINGS INC	400 GILLIGAN ST	SCRANTON, PA	18508	300 BROOK ST REM & CHERRY	N4520-E2538
5435463745	15613040022	MILFORD MICHELE C	1002 S MAIN AVE	SCRANTON, PA	18504	1000 1002 S MAIN AVE	N4520-E2538
5435456143	15617040026	REVILYO WM % VENICE & SERINO J&C	384 WOOD ST	OLD FORGE, PA	18518	100 COLAN COURT	N4520-E2538
5435456261	15617040028	HORAN CAROL & JONES SUZETTE H	1256 ACKER AVE	SCRANTON, PA	18504	1256 ACKER AVE	N4520-E2538
5435458255	15617080023	KOWALSKI JEANNE & JILL	1246 1248 S 6TH ST	SCRANTON, PA	18504	1246 1248 S 6TH ST	N4520-E2538
5435458129	15617080024	SKORTOWSKI JOHN E & DOLORES	12206 ASHTON GLEN CT	RICHMOND, VA	23238	1250-52 S 6TH ST	N4520-E2538
5435456157	15617040027	MRFIT PROPERTIES LLC	720 N BROMLEY AVE	SCRANTON, PA	18504	1258 1260 ACKER ST	N4520-E2538
5435454195	15617040025	ZELENOWSKI DAVID	1273 SNYDER AVE	TAYLOR, PA	18504	1273 SNYDER AVE	N4520-E2538
5435463950	15609070021	EMBURY CHURCH PARS	S MAIN & BRYN MAWR	SCRANTON, PA	18504	S MAIN & BRYN MAWR	N4520-E2538
5435356195	15617070024	MINER LAWRENCE T JR & MARILYN T	81 W PALM ST	OLYPHANT, PA	18447	1116 RUNDLE ST	N4520-E2538
5435621428	16710010014	DEPARTMENT OF TRANSPORTATION	TRANSPORTATION & SAFETY BLDG	HARRISBURG, PA	17120	BRECK	N4520-E2538
5435757014	15619010001	BMC REAL ESTATE HOLDINGS LLC	203 SALLINGER CLOSE	MOOSIC, PA	18507	1111 S WASHINGTON AVE	N4520-E2538
5435669758	15614030010	PATCHOSKI ALBERT & MARGT	406 EYNON & MERIDIAN AVE	SCRANTON, PA	18504	406 EYNON&MERIDIAN	N4520-E2538
5435450035	15617050001	PAROBY DANIEL & MARGARET	108 PELLER AVE	SCRANTON, PA	18505	1300 BLK MAIN COLAN	N4520-E2538
5435850565	15619RR1001	PA NORTHEAST REG RAILROAD AUTH	280 CLIFF ST	SCRANTON, PA	18503	MAPLE ST TO CHERRY ST	N4520-E2538
5445112481	16712040007	CONRAIL RAILROAD CO	81 WEST UNION % POCONO N E R/W	WILKES BARRE, PA	18701	WARD LINE	N4470-E2545
5445111588	16712040003	JONES CYNTHIA A	1309 STAFFORD AVE	SCRANTON, PA	18505	1309 STAFFORD AVE	N4470-E2545
5435907411	16704010015	SCRANTON HOUSING AUTHORITY	S IRVING AVE & PEAR ST	SCRANTON, PA	18505	PEAR ST (VALLEY VIEW TERRACE)	N4470-E2545
5444297407	1670403005701	CASTANZO MICHAEL M & JOANNE M	1525 FROUDE AVE	SCRANTON, PA	18505	1525 FROUDE AVE	N4470-E2545
5445111709	16712020050	REHLY THERESA	1302 STAFFORD AVE	SCRANTON, PA	18505	1302 STAFFORD AVE	N4470-E2545
5445775209	1571007000400	CITY OF SCRANTON	ARTHLUR AVE	SCRANTON, PA	18503	ARTHLUR AVE(NAU AUG PK)	N4520-E2552
5445740645	15718020002	TEMKO CHARLES E TRUSTEE	545 5TH AVE	NEW YORK, NY	10017	LAUREL AVE	N4520-E2552
5445649559	1571802000301	F & L REALTY CORP	400 MILL ST	DUNMORE, PA	18512	LAUREL AVE	N4520-E2552
5445741793	15718020009	TEMKO CHARLES E TRUSTEE	545 5TH AVE	NEW YORK, NY	10017	PARK AVE	N4520-E2552
5445742974	15718020001	TEMKO CHARLES E TRUSTEE	545 5TH AVE	NEW YORK, NY	10017	PARK AVE (ELMHURST BLVD)	N4520-E2552
5445368837	1574502000102	UNIVERSITY OF SCRANTON	MONROE AVE & LINDEN ST	SCRANTON, PA	18510	REAR RIDGE ROW	N4520-E2545
5445462568	15754010027	THOMAS DONALD D & DOROTHY E	211 HARRISON AVE	SCRANTON, PA	18510	209 HARRISON AVE	N4520-E2545
5445087003	16708020053	SCRANTON SCHOOL DISTRICT	425 N WASHINGTON AVE	SCRANTON, PA	18503	ELM ST	N4520-E2545
5435962814	15615010002	MTM REAL ESTATE LLC	501 503 S WASHINGTON AVE	SCRANTON, PA	18505	501 503 S WASHINGTON AVE	N4520-E2545

PIN	PRMAP	OWNER NAME	ADDRESS	CITY/STATE	ZIPCODE	LOCATION	MAPBOOK NO.
5435866399	15615010001	TLC PROPERTIES INC	PO BOX 66338	BATON ROUGE, LA	70896	BIRCH ST	N4520-E2545
5435758986	15665010003	SOUTHSIDE REAL ESTATE LP	276 POST RD W SU 201KPARAGON M	WESTPORT, CT	6880	5 WASH S WYO ELM	N4520-E2545
5435862101	15665010002	FRANCHISE RLTY INTER STATE COR	104 S STATE ST % MUELLER A & C	CLARKS SUMMIT, PA	18411	5 WASHINGTON AVE	N4520-E2545
5435861133	1566501000301	FRANCHISE REALTY INVESTMENT TP	PO BOX 66207 AMF DHARE	CHICAGO, IL	60666	5 WASHINGTON AVE & BEECH ST	N4520-E2545
5435865243	15665010006	QUALITY RESIDENCES LLC	9617 OAK RIDGE TRL	HOPKINS, MN	55305	BIRCH ST	N4520-E2545
5445028500	16712010039	PHILLIPS MAX	1200 CROWN AVE	SCRANTON, PA	18505	1200 CROWN	N4520-E2545
5435855951	15665010007	HENNINGSEN COLD STORAGE CO	21435 NW CHERRY LN	HILLSBORO, OR	97124	50 WASH	N4520-E2545
5445120927	16708030003	UNKNOWN OWNER		SCRANTON, PA	18505	LOG RD	N4520-E2545
5445040120	16708010008	PONTOSKY CHESTER & DIANE	108 STERLING GARDENS DR	MOSCOW, PA	18444	618 MAPLE ST	N4520-E2545
5435960321	15615010005						N4520-E2545
5445367240	15761030040	HUMANO NANCY & CHRISTINE	4 CROWN AVE	SCRANTON, PA	18505	4 CROWN AVE L 23	N4520-E2545
5435849752	15619040025	SPARANAY VINCENT	1025 CFDAR AVE	SCRANTON, PA	18505	1025 CEDAR AVE	N4520-E2545
5435969202	15615010032	LEYH GLADYS R & TODD	302 WILLOW ST REAR	SCRANTON, PA	18505	302 REAR WILLOW ST L 15	N4520-E2545
5445122430	16712030013	ANDRES ROBERT E	1109 CROWN AVE	SCRANTON, PA	18505	E LOCUST ST	N4520-E2545
5445120543	16712030011	CONRAIL RAILROAD CO	81 WEST UNION % POCDNO N E R/W	WILKES BARRE, PA	18701	CROWN AVE	N4520-E2545
5435999607	16707050073	KOLODZIESKI GERALD	532 N IRVING AVE	SCRANTON, PA	18510	634 REAR ELM ST	N4520-E2545
5435938619	16707050074	SWETZ GEORGE	624 E ELM ST REAR	SCRANTON, PA	18505	624 REAR ELM ST	N4520-E2545
5435936674	16707050053	CONFLITTI MICHAEL A ETAL	913 JOHN DR	MOOSIC, PA	18507	615 E LOCUST	N4520-E2545
5445128144	16712050028	HEISLER MARK E & KATHLEEN	1018 E ELM ST	SCRANTON, PA	18505	1018 E ELM ST	N4520-E2545
5445368192	15762010001	CITY OF SCRANTON	CITY HALL	SCRANTON, PA	18503	HARRISON & CROWN	N4520-E2545
5435845280	15619040001	HILL GERALD & JAMES	615 N BROMLEY AVE	SCRANTON, PA	18504	1209-11 CEDAR AVE	N4520-E2545
5435846202	15619040002	HILL GERALD & JAMES	615 N BROMLEY AVE	SCRANTON, PA	18504	1207 CEDAR AVE	N4520-E2545
5435845018	15619040050	CITY OF SCRANTON	340 N WASHINGTON AVE	SCRANTON, PA	18503	1200 BLK CEDAR&BROOK&PITSTON	N4520-E2545
5435939663	16707050072	KOLZNETSOV NINA	642 E ELM ST	SCRANTON, PA	18505	642 ELM ST	N4520-E2545
5435940712	15619040026	ORLOWSKY JOS & R M	1021 CEDAR AVE	SCRANTON, PA	18505	1021 CEDAR	N4520-E2545
5435940708	15619040027	ADRIAN DONNA M	1017 CEDAR AVE	SCRANTON, PA	18505	1017 CEDAR AVE	N4520-E2545
5435940768	15619040029	PYERON THOMAS N JR & PAULA M	1015 CEDAR AVE REAR	SCRANTON, PA	18505	1015 CEDAR AVE	N4520-E2545
5445305125	16708020024	SCRANTON SCHOOL DISTRICT	425 N WASHINGTON AVE	SCRANTON, PA	18503	1106 S IRVING	N4520-E2545
5445305260	16708020023	SCRANTON SCHOOL DIST	425 N WASHINGTON AVE	SCRANTON, PA	18503	1102 S IRVING AVE	N4520-E2545
5435937762	16707050075	KILVITIS JACOB & MARY	416 15TH AVE	SCRANTON, PA	18504	615 REAR E LOCUST ST	N4520-E2545
5435932674	16707050006	TORRES HECTOR & CARMEN	1210 PROSPECT AVE	SCRANTON, PA	18505	1210 PROSPECT AVE	N4520-E2545
5435933638	16707050007	TIMLIN JAMES MOST REV	1217 PROSPECT AVE	SCRANTON, PA	18505	1208 PROSPECT AVE	N4520-E2545
5435932641	16707050005	LUCIANI MICHAEL & DEBRA	1216 PROSPECT AVE	SCRANTON, PA	18505	1216 PROSPECT AVE	N4520-E2545
5445367263	15761030039	CONWAY CATHERINE A	2 CROWN AVE	SCRANTON, PA	18505	2 CROWN AVE	N4520-E2545
5435839646	16707030050	GYURISKA GEORGE & GEORGINA J	517 519 BROOK ST	SCRANTON, PA	18505	517 519 BROOK ST	N4520-E2545
5435930663	16707030046	GRUDZINSKI GARY & LORI ANN	529 BROOK ST	SCRANTON, PA	18505	529 BROOK ST	N4520-E2545
5435930690	16707030045	THEOBALD PAUL C	531 BROOK ST	SCRANTON, PA	18505	531 BROOK ST	N4520-E2545
5435839674	16707030048	WENDOLOWSKI EUGENE	107 BEVERLY DR	EYNOW, PA	18403	521 BROOK ST	N4520-E2545
5435930701	16707030049	GYURISKA GEORGE & GEORGINA J	517 519 BROOK ST	SCRANTON, PA	18505	HAMM CT	N4520-E2545
5435930635	16707030047	LAU MATTHEW G & SEI YAN S	63 CHESTNUT AVE APT 3A	JAMAICA, MA	2130	525 BROOK ST L 14	N4520-E2545
5445473010	15709030039	PONCAVAGE JOHN	242 PRESCOTT AVE	SCRANTON, PA	18510	242 PRESCOTT AVE	N4520-E2545
5445462988	15754010009	SAROSKY PAUL A	240 PRESCOTT AVE	SCRANTON, PA	18510	240 PRESCOTT AVE	N4520-E2545
5445462992	15754010008	MAYDOCK EILEEN	236 PRESCOTT AVE	SCRANTON, PA	18510	236 PRESCOTT ST L 4	N4520-E2545
5445463967	15754010010	WOLFGANG FRED	1512 LINDEN ST	SCRANTON, PA	18510	1510 1512 LINDEN	N4520-E2545
5435838752	16707030052	PANTALEON ANGEL R	511 BROOK ST	SCRANTON, PA	18505	511 BROOK ST	N4520-E2545
5435838689	16707030051	NETO FRANCISCO B & ROZEANE A B	810 MOOSIC ST	SCRANTON, PA	18505	513 BROOK ST	N4520-E2545
5445452864	15762010026	MARTIN JOHN C	8 STAFFORD AVE	SCRANTON, PA	18505	8 STAFFORD AVE	N4520-E2545
5436729238	1451501001901						N4620-E2538
5447425176	12417010054	CITY OF SCRANTON	340 N WASHINGTON AVE 3RD FL	SCRANTON, PA	18503	WELLS ST	N4720-E2545
5435749750	15619010019	OML PROPERTIES LP	2101 CENTRE AVE % FROMM ELECT	READING, PA	19605	302 E LOCUST	N4520-E2545
5435473084	15609070019	CARR EDMUND	1952 NEWTON RANSOM BLVD	CLARKS SUMMIT, PA	18411	928 930 S MAIN AVE	N4570-E2538
5435796454	15625010002	UGI PENN NATURAL GAS INC	PO BOX 13578 %ACCOUNTS PAYABLE	READING, PA	19612	BRIDGE ST	N4570-E2538
5456210104	1462004000615	SOHNS THOMAS & LINDA	27 NICOLE DR	DUNMORE, PA	18512	27 NICOLE DR L 15	N4570-E2552
5445463995	15754010011	HERNANDEZ DOMINGO	1511 CEDAR AVE	SCRANTON, PA	18505	1516 LINDEN ST	N4520-E2545

LATITUDE	LONGITUDE	MAPBOOK NO.
41° 26' 38.116	75° 38' 36.172	N4720-E2552
41° 26' 34.144	75° 40' 20.379	N4670-E2545
41° 25' 52.758	75° 40' 13.803	N4670-E2545
41° 26' 15.941	75° 40' 4.446	N4670-E2545
41° 26' 16.448	75° 38' 55.705	N4670-E2545
41° 25' 48.644	75° 39' 14.051	N4670-E2545
41° 25' 48.822	75° 39' 14.408	N4670-E2545
41° 25' 48.862	75° 39' 14.488	N4670-E2545
41° 25' 48.553	75° 39' 13.870	N4670-E2545
41° 26' 8.752	75° 40' 5.779	N4670-E2545
41° 25' 48.632	75° 39' 14.049	N4670-E2545
41° 25' 48.814	75° 39' 14.407	N4670-E2545
41° 25' 48.854	75° 39' 14.487	N4670-E2545
41° 25' 48.541	75° 39' 13.868	N4670-E2545
41° 26' 8.301	75° 39' 9.497	N4670-E2545
41° 26' 28.889	75° 38' 36.818	N4670-E2552
41° 25' 51.794	75° 40' 59.369	N4670-E2538
41° 25' 51.785	75° 40' 59.351	N4670-E2538
41° 25' 1.657	75° 40' 23.459	N4620-E2545
41° 25' 19.445	75° 39' 26.685	N4620-E2545
41° 25' 36.529	75° 39' 25.783	N4620-E2545
41° 25' 19.361	75° 39' 26.759	N4620-E2545
41° 25' 35.077	75° 39' 22.531	N4620-E2545
41° 25' 0.314	75° 39' 24.232	N4620-E2545
41° 24' 57.433	75° 39' 26.710	N4620-E2545
41° 25' 36.638	75° 40' 17.706	N4620-E2545
41° 25' 30.315	75° 40' 16.981	N4620-E2545
41° 25' 29.811	75° 39' 10.785	N4620-E2545
41° 25' 13.058	75° 39' 16.829	N4620-E2545
41° 25' 33.050	75° 39' 18.387	N4620-E2545
41° 25' 33.306	75° 39' 11.421	N4620-E2545
41° 25' 13.221	75° 39' 16.736	N4620-E2545
41° 25' 13.221	75° 39' 16.736	N4620-E2545
41° 24' 54.661	75° 36' 35.833	N4620-E2559
41° 24' 54.791	75° 36' 35.768	N4620-E2559
41° 25' 15.972	75° 36' 3.118	N4620-E2559
41° 25' 11.704	75° 36' 10.294	N4620-E2559
41° 25' 7.936	75° 36' 15.372	N4620-E2559
41° 24' 55.891	75° 41' 56.944	N4570-E2531
41° 24' 35.075	75° 40' 11.102	N4570-E2545
41° 24' 44.654	75° 40' 5.889	N4570-E2545
41° 24' 14.428	75° 40' 13.309	N4570-E2545
41° 24' 16.868	75° 40' 2.499	N4570-E2545
41° 24' 16.690	75° 40' 2.696	N4570-E2545
41° 24' 16.305	75° 40' 3.124	N4570-E2545
41° 24' 16.782	75° 40' 2.594	N4570-E2545

LATITUDE	LONGITUDE	MAPBOOK NO.
41° 24' 15.742	75° 40' 13.770	N4570-E2545
41° 24' 22.008	75° 39' 56.779	N4570-E2545
41° 24' 21.916	75° 39' 56.883	N4570-E2545
41° 24' 21.492	75° 39' 57.365	N4570-E2545
41° 24' 34.853	75° 40' 11.702	N4570-E2545
41° 24' 54.440	75° 39' 50.382	N4570-E2545
41° 24' 54.283	75° 39' 50.182	N4570-E2545
41° 24' 50.275	75° 39' 51.738	N4570-E2545
41° 24' 50.345	75° 39' 51.927	N4570-E2545
41° 24' 50.429	75° 39' 52.155	N4570-E2545
41° 24' 14.438	75° 40' 13.312	N4570-E2545
41° 24' 17.631	75° 39' 50.147	N4570-E2545
41° 24' 39.140	75° 40' 15.872	N4570-E2545
41° 24' 16.646	75° 40' 2.158	N4570-E2545
41° 24' 16.472	75° 40' 2.359	N4570-E2545
41° 24' 16.096	75° 40' 2.796	N4570-E2545
41° 24' 16.565	75° 40' 2.252	N4570-E2545
41° 24' 21.325	75° 39' 56.921	N4570-E2545
41° 24' 52.781	75° 39' 44.554	N4570-E2545
41° 24' 50.062	75° 39' 52.916	N4570-E2545
41° 24' 50.120	75° 39' 52.924	N4570-E2545
41° 24' 50.253	75° 39' 52.940	N4570-E2545
41° 24' 39.716	75° 40' 22.994	N4570-E2545
41° 24' 39.597	75° 40' 23.367	N4570-E2545
41° 24' 39.542	75° 40' 23.529	N4570-E2545
41° 24' 39.598	75° 40' 23.365	N4570-E2545
41° 24' 14.577	75° 40' 13.348	N4570-E2545
41° 24' 51.300	75° 39' 54.618	N4570-E2545
41° 24' 50.984	75° 39' 53.702	N4570-E2545
41° 24' 53.823	75° 39' 32.132	N4570-E2545
41° 24' 53.895	75° 39' 32.279	N4570-E2545
41° 24' 13.520	75° 40' 13.140	N4570-E2545
41° 24' 14.204	75° 40' 13.256	N4570-E2545
41° 24' 44.089	75° 40' 3.742	N4570-E2545
41° 24' 44.172	75° 40' 4.051	N4570-E2545
41° 24' 56.376	75° 39' 28.368	N4570-E2545
41° 24' 56.376	75° 39' 28.409	N4570-E2545
41° 24' 31.152	75° 37' 43.142	N4570-E2552
41° 24' 58.251	75° 41' 54.354	N4570-E2538
41° 24' 47.552	75° 40' 25.057	N4570-E2538
41° 24' 47.494	75° 40' 24.880	N4570-E2538
41° 24' 38.882	75° 40' 36.794	N4570-E2538
41° 24' 34.680	75° 40' 39.460	N4570-E2538
41° 24' 36.167	75° 40' 25.880	N4570-E2538
41° 24' 17.589	75° 40' 38.228	N4570-E2538
41° 25' 35.719	75° 41' 24.251	N4620-E2538

LATITUDE	LONGITUDE	MAPBOOK NO.
41° 25' 14.098	75° 41' 37.464	N4620-E2538
41° 23' 36.016	75° 40' 40.706	N4520-E2538
41° 23' 29.444	75° 40' 47.707	N4520-E2538
41° 23' 29.631	75° 40' 47.859	N4520-E2538
41° 23' 29.758	75° 40' 47.963	N4520-E2538
41° 23' 38.050	75° 40' 37.254	N4520-E2538
41° 23' 38.058	75° 40' 37.271	N4520-E2538
41° 23' 37.954	75° 40' 37.063	N4520-E2538
41° 24' 3.011	75° 40' 39.224	N4520-E2538
41° 23' 38.329	75° 40' 36.554	N4520-E2538
41° 23' 48.076	75° 40' 29.550	N4520-E2538
41° 23' 25.272	75° 40' 53.283	N4520-E2538
41° 23' 25.678	75° 40' 53.050	N4520-E2538
41° 23' 26.046	75° 40' 52.839	N4520-E2538
41° 23' 19.705	75° 41' 25.617	N4520-E2538
41° 24' 4.477	75° 39' 6.566	N4520-E2545
41° 24' 4.357	75° 39' 6.697	N4520-E2545
41° 24' 0.906	75° 40' 19.954	N4520-E2545
41° 23' 22.208	75° 39' 47.105	N4520-E2545

NAME	LATITUDE	LONGITUDE
Road leading to wastewater treatment plant is city owned	41° 23' 19.708"	75° 41' 25.605"

SCHEDULE 7.06
COMPLIANCE SCHEDULE

See attached.

Scranton Sewer Consent Decree Schedule for Phase A Projects

ID	Task Name	Start	Finish	Duration	2013				2014				2015				2016				2017				2018
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
1	066 Burke St.	Fri 11/1/13	Fri 12/1/17	1066 days																					
2	Prepare Conceptual Des.	Fri 11/1/13	Sat 3/15/14	97 days																					
3	Procure Des. Eng.	Fri 11/1/13	Thu 6/5/14	155 days																					
4	Survey and Design	Fri 6/6/14	Tue 5/31/16	518 days																					
5	VE and Constr. Rev.	Fri 4/1/16	Tue 4/26/16	18 days																					
6	Permit and Prop Acq.	Mon 12/15/14	Tue 5/31/16	382 days																					
7	Regulatory Review	Tue 12/1/15	Tue 5/31/16	131 days																					
8	Bid	Thu 6/2/16	Fri 7/8/16	27 days																					
9	Construction and Startup	Mon 8/1/16	Fri 12/1/17	350 days																					
10	067, 080 Keyser Val. PS and Cr.	Fri 11/1/13	Tue 10/4/16	763 days																					
11	ID Site and Verify Size (Con. Des.)	Fri 11/1/13	Sat 3/15/14	97 days																					
12	Procure Des. Eng.	Fri 11/1/13	Thu 6/5/14	155 days																					
13	Survey and Design	Fri 6/6/14	Fri 5/1/15	235 days																					
14	VE and Constr. Rev.	Wed 4/1/15	Fri 5/1/15	23 days																					
15	Permit and Prop Acq.	Mon 8/1/14	Tue 6/2/15	197 days																					
16	Regulatory Review	Sun 3/1/15	Thu 8/4/15	70 days																					
17	Bid	Mon 7/13/15	Wed 8/19/15	28 days																					
18	Construction and Startup	Thu 10/1/15	Tue 10/4/16	264 days																					
19	087 Leggetts - Kelly	Fri 11/1/13	Sat 7/30/16	716 days																					
20	ID Site and Verify Size (Con. Des.)	Fri 11/1/13	Fri 3/28/14	106 days																					
21	Procure Des. Eng.	Fri 11/1/13	Thu 6/5/14	155 days																					
22	Survey and Design	Fri 6/6/14	Mon 12/14/15	397 days																					
23	VE and Constr. Rev.	Sun 3/1/15	Sun 3/15/15	12 days																					
24	Permit and Prop Acq.	Fri 8/29/14	Mon 12/14/15	337 days																					
25	Regulatory Review	Mon 8/31/15	Wed 9/30/15	23 days																					
26	Bid	Wed 12/16/15	Tue 1/28/16	30 days																					
27	Construction and Startup	Thu 3/31/16	Sat 7/30/16	88 days																					
28	072 Leggetts St.	Fri 11/1/13	Sat 7/30/16	716 days																					
29	Prepare Conceptual Des.	Fri 11/1/13	Fri 5/16/14	141 days																					
30	Procure Des. Eng.	Fri 11/1/13	Tue 9/30/14	238 days																					
31	Survey and Design	Wed 10/1/14	Mon 9/21/15	254 days																					
32	VE and Constr. Rev.	Thu 10/1/15	Tue 11/3/15	24 days																					
33	Permit and Prop Acq.	Sun 11/1/15	Mon 11/30/15	22 days																					
34	Regulatory Review	Thu 10/1/15	Fri 12/11/15	52 days																					
35	Bid	Mon 12/21/15	Tue 2/2/16	32 days																					
35	Construction and Startup	Thu 3/31/16	Sat 7/30/16	88 days																					

Scranton Phase A Projects	Task		Project Summary		Inactive Milestone		Manual Summary Rollup		Deadline	
Date: Tue 3/29/16	Split		External Tasks		Inactive Summary		Manual Summary		Progress	
	Milestone		External Milestone		Manual Task		Start-only			
	Summary		Inactive Task		Duration-only		Finish-only			

Scranton Sewer Consent Decree Schedule for Phase A Projects

ID	Task Name	Start	Finish	Duration	2013				2014				2015				2016				2017				2018
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
37	065 Drinker St.	Fri 11/1/13	Thu 12/1/16	805 days																					
38	ID Site and Verify Size (Con. Des.)	Fri 11/1/13	Fri 2/28/14	86 days																					
39	Procure Des. Eng.	Fri 11/1/13	Thu 6/5/14	155 days																					
40	Survey and Design	Thu 6/5/14	Thu 3/31/16	476 days																					
41	Permit and Prop Acq.	Wed 9/17/14	Thu 3/31/16	402 days																					
42	Regulatory Review	Fri 1/1/16	Mon 3/14/16	52 days																					
43	Bid	Mon 4/4/16	Fri 5/13/16	30 days																					
44	Construction and Startup	Wed 6/15/16	Thu 12/1/16	122 days																					
45	035 Sanderson Ave. Sewer Sep.	Mon 6/3/13	Mon 12/1/14	391 days																					
46	Design	Mon 6/3/13	Sat 5/31/14	261 days																					
47	VE and Constr. Rev.	Fri 11/1/13	Fri 11/15/13	11 days																					
48	Permitting/ Easements/ Land Ac.	Fri 11/15/13	Sun 6/1/14	141 days																					
49	Regulatory Review	Wed 1/1/14	Wed 5/28/14	106 days																					
50	Bid	Mon 6/2/14	Fri 7/11/14	30 days																					
51	Construction	Fri 8/1/14	Mon 12/1/14	87 days																					
52	037 Brown Ave.	Fri 11/1/13	Thu 12/1/16	805 days																					
53	Prepare Conceptual Des.	Fri 11/1/13	Sat 3/1/14	87 days																					
54	Procure Des. Eng.	Fri 11/1/13	Mon 10/26/15	517 days																					
55	Survey and Design	Thu 6/5/14	Mon 9/14/15	333 days																					
56	VE and Constr. Rev.	Wed 7/1/15	Mon 8/3/15	24 days																					
57	Permit and Prop Acq.	Fri 5/1/15	Mon 8/31/15	87 days																					
58	Regulatory Review	Mon 6/1/15	Thu 9/10/15	74 days																					
59	Bid	Tue 10/27/15	Mon 12/7/15	30 days																					
60	Construction and Startup	Thu 3/31/16	Thu 12/1/16	176 days																					
61	011 Von Storch Ave.	Fri 11/1/13	Thu 12/1/16	805 days																					
62	Prepare Conceptual Des.	Fri 11/1/13	Sat 3/1/14	87 days																					
63	Procure Des. Eng.	Fri 11/1/13	Thu 6/5/14	155 days																					
64	Survey and Design	Thu 6/5/14	Mon 11/30/15	388 days																					
65	VE and Constr. Rev.	Tue 9/1/15	Wed 9/30/15	22 days																					
66	Permit and Prop Acq.	Wed 10/1/14	Mon 2/22/16	364 days																					
67	Regulatory Review	Sat 8/1/15	Thu 1/21/16	125 days																					
68	Bid	Tue 3/1/16	Mon 4/11/16	30 days																					
69	Construction and Startup	Fri 4/15/16	Thu 12/1/16	165 days																					
70	017 Vine St.	Fri 11/1/13	Thu 12/1/16	805 days																					
71	Prepare Conceptual Des.	Fri 11/1/13	Tue 4/1/14	108 days																					
72	Procure Des. Eng.	Fri 11/1/13	Thu 6/5/14	155 days																					

Scranton Phase A Projects
Date: Tue 3/29/16

Task		Project Summary		Inactive Milestone		Manual Summary Rollup		Deadline	
Split		External Tasks		Inactive Summary		Manual Summary		Progress	
Milestone		External Milestone		Manual Task		Start-only			
Summary		Inactive Task		Duration-only		Finish-only			

SCHEDULE 7.07(d)

VARIANCE ADJUSTMENT CALCULATION

Schedule 7.07(d)

Calculation of Variance Adjustment

1. Determine Base Year 0 Wastewater Annual Revenue and Billing Determinants from Scranton System Wastewater Customers at time of Closing Per Seller's Records = Year 0 Revenue Base at time of Closing. Billing determinants shall consist of a proof of revenues schedule for the 12 calendar months prior to Closing that includes, among other things, (i) the number of bills rendered for residential and non-residential customers; and (ii) number of gallons sold by rate block substantially in the format shown in Appendix A to this Schedule 7.07(d).
2. Calculate Wastewater Revenue from Scranton System Wastewater Customers at Year X (based on Year 0 billing determinants and PaPUC approved rates in Year X) = Year X Revenue
3. Multiply Year 0 Revenue Base by Cumulative CAGR for Year X = Year X CAGR Revenue
4. Subtract Year X CAGR Revenue from Year X Revenue = Annual Variance
5. Add Years 1 through 10 Annual Variances (negative or positive) = Variance Adjustment

Cumulative CAGR by Year		
Year	Annual CAGR	Cumulative CAGR
1	1.900%	1.900%
2	1.900%	3.836%
3	1.900%	5.809%
4	1.900%	7.819%
5	1.900%	9.868%
6	1.900%	11.955%
7	1.900%	14.083%
8	1.900%	16.250%
9	1.900%	18.459%
10	1.900%	20.710%

Hypothetical Example			
Year	Year X Revenues (PUC Approved Rates)	Year X CAGR Revenue (Cumulative CAGR)	Annual Variance
0		\$ 23,600,000	
1	\$ 23,600,000	\$ 24,048,000	\$ (448,000)
2	23,600,000	24,505,000	\$ (905,000)
3	24,190,000	24,971,000	\$ (781,000)
4	24,780,000	25,445,000	\$ (665,000)
5	24,780,000	25,929,000	\$ (1,149,000)
6	26,639,000	26,421,000	\$ 218,000
7	27,305,000	26,923,000	\$ 382,000
8	27,971,000	27,435,000	\$ 536,000
9	27,971,000	27,956,000	\$ 15,000
10	30,069,000	28,487,000	\$ 1,582,000
Variance Adjustment			\$ (1,215,000)

Non-Binding Assumptions in Hypothetical Example - For Illustrative Purposes Only

1. Year X Revenues Assumes Base Rate Increases of 7.5% in Years 6 and 10
2. Year X Revenues Assumes a DISC of 2.5% in Years 3 and 7 and a DISC of 5% in Years 4 and 8
3. A Purchase Price Adjustment will occur only if the Variance Adjustment is Positive at the end of Year 10

Appendix A
Schedule 7.07(d)

Sewer Authority of the City of Scranton

Example of billing determinants and proof of revenue

Date : XX/XX/XXXX

Residential - BI-Monthly Billing	No. of Bills (EDUs)	Usage in 1,000 gals	Rates	Revenues
Fixed Charge (Customer Charge)	190,872		\$ 39.00	\$ 7,444,008
Vol. Charge (Per 1,000 gallons)	<u> </u>	<u>1,675,884</u>	5.00	<u>8,379,420</u>
Total Residential	190,872	1,675,884		15,823,428
 Commercial Monthly				
<u> Apartments </u>				
Fixed Charge (Customer Charge)	8,448		19.50	164,736
Vol. Charge (Per 1,000 gallons)	<u> </u>	<u>94,938</u>	5.00	<u>474,690</u>
Subtotal	8,448	94,938		639,426
 <u> Commercial - Other than Apartments </u>				
Fixed Charge (Customer Charge)	37,560		19.50	732,420
Vol. Charge (Per 1,000 gallons)				
Rate Blocks (per 1,000 gallons)				
Up to 5		61,347	5.00	306,735
Over 5		<u>786,838</u>	7.75	<u>6,097,991</u>
Subtotal	37,560	848,185		7,137,146
Total Commercial	46,008	943,123		7,776,572
 Total Residential and Non Residential	 236,880	 2,619,007		 \$ 23,600,000

SCHEDULE 9.01(b)(vii)

CAPITAL EXPENDITURES BUDGET

Below is the adopted Capital Expenditures Budget for the fiscal year ending March 31, 2016 and proposed Capital Expenditures Budget for the fiscal year ending March 31, 2017.

**SCRANTON SEWER AUTHORITY
CAPITAL EXPENDITURES BUDGET
FOR THE FISCAL YEAR ENDING MARCH 31, 2016**

<u>PROPOSED CAPITAL EXPENDITURES</u>	<u>AMOUNT BUDGETED</u>
MISCELLANEOUS:	
Collection System Repairs	\$ 2,340,000
Incinerator Building Rehabilitation	2,500,000
BNR Project	350,000
LTCP CSO Project	13,600,000
Green Technology - Permeable Pavement, etc.	300,000
Capitalized interest on 2007 bond issue	-
Capitalized interest on 2011 bond issue	-
Capitalized interest on 2014 bond issue	-
SUB-TOTAL MISCELLANEOUS	19,090,000
PLANT:	
WWTP Upgrade (SCADA, PLCs, HMI, VFDs, Elec., etc.)	850,000
Additional Garage (Replace old removed by BNR)	500,000
Upgrade electrical to Maintenance building	80,000
Pave Plant Road	720,000
Pave Back Lot	175,000
Pave Miscellaneous areas (BNR)	275,000
Overhead doors and man doors	40,000
Roofs (thickener, sludge, admin, vestibule, up top, etc)	300,000
Address rear loading dock	50,000
Electric / forklift / pallet jack	28,000
Larger forklift	42,000
Plant HVAC Upgrades	650,000
Window Replacement	100,000
MCC replace heating and A/C	50,000
Entrance gates	100,000
Security Cameras/Entry Point Control and Access	100,000
Sludge Dewatering/Thickening/Conveying Upgrade	5,000,000
Headworks Upgrade for 60 MGD	4,000,000
Incinerator fire protection/plumbing	450,000
Actuators for the primary gates	150,000
Mobile drive for gate actuators	25,000
Disinfection Upgrade (Sodium Hypochlorite)	3,250,000
Sludge Building basement tankage containment	75,000
Stairs in Sludge Building	65,000
Macerator upgrade to BPF sludge lines	265,000

Polymer tank replacement	25,000
Chlorine/Utility water replace 10" to 16" CL2 tanks	150,000
Grit Settling box purchase	60,000
Grit Settling box building and implementation	125,000
Additional Plant Lighting	30,000
Grit Pump/Motor Rebuilds	25,000
Two plant utility vehicles / carts	40,000
Sludge Storage Tank/Mixer System Upgrades	1,500,000
Check valves / Fittings & install at main pumps	450,000
Composite Site Building (s) upgrade (s)	350,000
Two pickup trucks/small SUVs	65,000
Additional Scrubber / HVAC modifications (Headworks)	550,000
Primary tank drives (long and cross collectors)	60,000
Secondary tank drives (long and cross collectors)	175,000
Spray bar system for scum troughs	85,000
Facility/Tankage clean up, repairs and epoxy	75,000
ISCO Plant Meters (001, 003 and primary)	220,000
Influent Flowmeter Installation	50,000
Gas monitoring systems Upgrade	55,000
Sludge Dewatering Design Study	100,000
RMP	10,000
SCBA	6,000
SUB-TOTAL PLANT	21,546,000

PLANT MAINTENANCE:

Cl2 & SO2 system design study	100,000
Electrical Preventative Maintenance	40,000
Motor controls, stators, breakers, etc.	50,000
VFDs, PLCs, HMIs	40,000
Tools	25,000
AB Diagnostic PLC/Software	20,000
SCADA Diagnostic/Software	18,000
PLC repair/replace	75,000
Two Polyblend units	25,000
Misc System Integration	50,000
Rebuild Flyght Mixers	40,000
Sludge Tank Vacuum line	15,000
Spare parts for new grit channel	50,000
Spare parts for tankage	180,000
Bar Screen Rebuild / Replacement	900,000
Parkson Bar Screens/Rails	200,000
Sludge blender rebuilds (two unit)	40,000
Heating Units Misc	15,000
Spare Main Pump Motor and Drive	220,000
Boiler repairs & snorkel add'l to remove debris	25,000
Skytrack Lift / Manlift / Bucket Truck (used)	50,000
Metal working machines (Milling/Lathe/Punch)	50,000
Vertical bandsaw & Electric Hydraulic Arbor Press	18,000
SUB-TOTAL PLANT MAINTENANCE	2,246,000

CSO:

Tidflex Valve (estimate 5)	100,000
Tide Gates (estimate 5)	100,000
CSO flow meters (Replacements)	45,000
003 Flow meter replacement	38,000
Confined Space and Safety Equipment Upgrade	20,000
Solids and Floatables Baffles	25,000
CSO Regulator Upgrades	200,000
SUB-TOTAL CSO	528,000

PUMP STATIONS:

PS Upgrades (SCADA, PLCs, HMI, VFD, I&C, etc.)	150,000
Myrtle St Pump Station grit removal well	625,000
Myrtle St Pump Station pump storage addition	150,000
New Pumps at Myrtle Street	95,000
Replace pumps and plumbing at Parrot Street	125,000
Pump Rebuilds and sensors	55,000
Level Control System Repair/Replace/upgrade (estimate 7)	40,000
Grinder Replacement and Rebuilds	50,000
Replace Valving (7 stations)	60,000
SUB-TOTAL PUMP STATIONS	1,350,000

LAB EQUIPMENT:

BNR Supplies / Online probes (DO, Ammonia, and Nitrate)	75,000
Computers/ Data stations	3,000
Sample Refrigerator	5,000
Reagent Refrigerator	5,000
Remodel (if not relocated)	130,000
ISCO samplers-replace primary, Aeration & effluent	24,000
Muffle Furnace	8,000
Forced Air Oven	8,000
Volumetric Glassware	5,000
Updated Pan Balance	5,000
Spectrophometer	5,000
BOD Meter	6,000
DO Meters	6,000
Distiller/ filters	12,000
CBOD Heat Block	2,000
Fume Hood	12,000
SUB-TOTAL LAB EQUIPMENT	311,000

COLLECTION & STORM:

Street Sweeper (OECD Local Share Grant)	245,000
Two Cube Van with Lift Gate (Basin and Dig Crew)	120,000
Utility Storm Basin truck	65,000
One pick up truck replacements	35,000
One small SUV (s)	30,000
PA1 Hybrid / Electric Vehicle	45,000
One MIPP pickup truck	35,000
Rotary Lift	12,000
Demolition Hammer	2,500

10 ton dump with heated box for black top	110,000
Tandem Dump Truck	135,000
Excavator trailer	25,000
5000 watt generator/light plant	5,000
Additional Root Cutter for Vactor	4,500
Collection Hand Tooling	20,000
Diesel / Gas Mechanics Hand Tooling	20,000
Safety/ Shoring Boxes	20,000
One trash pumps	6,500
Hydraulic chain saw	10,000
Camera upgrade (s)	100,000
Camera repairs	85,000
Shed replacement	8,000
Road Plates	5,000
Traffic control/Barricades	2,000
Rain leader program	200,000
SUB-TOTAL COLLECTION & STORM	1,345,500

IT DEPARTMENT:

Backup Software Change Per Year (Cloud Solution)	6,000
UPS Upgrade (2 downtown 1 at WWTP)	6,000
Desktop/Laptop Replacement	8,000
On-Call SCADA tablets or laptop computers	8,000
MIL Spec Laptops and Mounts	10,000
Network/Server Upgrades/Citrix, VMware, Hardware, etc.	120,000
Network Switch / Firewall Upgrades	8,000
Mobile Devices (SCADA, VPN or Asset Mgt Access)	5,000
GIS Data Collectors (GeoXH & Junos)	10,000
Lucity (Upgrades, Implementation, Software, etc.)	10,000
ESRI (Upgrades, Implementation, Software, etc.)	10,000
SCADA/PLC (Upgrades, Implementation, Software, etc.)	10,000
SUB-TOTAL IT DEPARTMENT	211,000
TOTAL CAPITAL EXPENDITURES	\$ 46,627,500

**SCRANTON SEWER AUTHORITY
CAPITAL EXPENDITURES BUDGET
FOR THE FISCAL YEAR ENDING MARCH 31, 2017**

<u>PROPOSED CAPITAL EXPENDITURES</u>	<u>AMOUNT BUDGETED</u>
MISCELLANEOUS:	
Collection System Repairs	\$ 2,340,000
Incinerator Building Rehabilitation	2,500,000
LTCP CSO Project	12,600,000
Green Technology - Misc. Projects, etc.	500,000
BNR Wet Weather Hydraulic Upgrades and Fixes	4,000,000
BNR Aeration System and Blower Upgrades	500,000
Interceptor Replacement NS1323 to NPDES 004	2,500,000
Capitalized interest on CSO 19 & 20 project loan	78,000
SUB-TOTAL MISCELLANEOUS	25,018,000
 PLANT:	
WWTP Upgrade (SCADA, PLCs, HMI, VFDs, Elec., etc.)	850,000
Additional Garage (Replace old removed by BNR)	500,000
Upgrade electrical to Maintenance building	80,000
Pave Back Lot	175,000
Add retaining wall and access road west side of WWTP	250,000
Overhead doors and man doors	40,000
Roofs (thickener, sludge, admin, vestibule, up top, etc)	300,000
Address rear loading dock	50,000
Electric / forklift / pallet jack	28,000
Larger forklift	42,000
Plant HVAC Upgrades	650,000
Window Replacement	100,000
MCC replace heating and A/C	50,000
Entrance gates	100,000
Security Cameras/Entry Point Control and Access	50,000
Sludge Dewatering/Thickening/Conveying Upgrade	5,000,000
Headworks Pumps, Valves and Gates Replacement	3,000,000
Headworks Bar Screen Upgrade for 60 MGD	2,500,000
Incinerator fire protection/plumbing	450,000
Actuators for the primary gates	150,000
Mobile drive for gate actuators	25,000
Disinfection Upgrade (Sodium Hypochlorite)	3,250,000
Emergency Gas Scrubber System for Chlorine Bldg.	1,250,000
Sludge Building basement tankage containment	75,000
Macerator upgrade to BPF sludge lines	265,000
Polymer tank replacement	25,000
Chlorine/Utility water replace 10" to 16" CL2 tanks	150,000
Grit Settling box purchase	60,000
Grit System Upgrades	750,000
Additional Plant Lighting	30,000
Grit Pump/Motor Rebuilds	25,000
Two plant utility vehicles / carts	40,000

Sludge Storage Tank/Mixer System Upgrades	1,500,000
Check valves / Fittings & install at main pumps	450,000
Composite Site Building (s) upgrade (s)	350,000
Two pickup trucks/small SUVs	65,000
Additional Scrubber / HVAC modifications (Headworks)	550,000
Primary tank drives (long and cross collectors)	60,000
Secondary tank drives (long and cross collectors)	175,000
Spray bar system for scum troughs	85,000
Facility/Tankage clean up, repairs and epoxy	75,000
ISCO Plant Meters (001, 003 and primary)	120,000
Effluent Flowmeter Installation	150,000
Gas monitoring systems Upgrade	55,000
Sludge Dewatering Design Study	100,000
RMP	10,000
SCBA	6,000
SUB-TOTAL PLANT	24,061,000

PLANT MAINTENANCE:

Cl2 & SO2 system design study	100,000
Electrical Preventative Maintenance	40,000
Motor controls, stators, breakers, etc.	50,000
VFDs, PLCs, HMIs	40,000
Tools	25,000
AB Diagnostic PLC/Software	20,000
SCADA Diagnostic/Software	18,000
PLC repair/replace	75,000
Two Polyblend units	25,000
Misc System Integration	50,000
Rebuild Flyght Mixers	40,000
Sludge Tank Vacuum line	15,000
Spare parts for new grit channel	50,000
Spare parts for tankage	180,000
Spare Electrical Parts and Breakers	40,000
Parkson Bar Screens Parts	100,000
Sludge blender rebuilds (two unit)	40,000
Heating Units Misc	15,000
Spare Main Pump Motor and Drive	220,000
Boiler repairs & snorkel add'l to remove debris	25,000
Skytrack Lift / Manlift / Bucket Truck (used)	50,000
Metal working machines (Milling/Lathe/Punch)	50,000
Vertical bandsaw & Electric Hydraulic Arbor Press	18,000
Tool Van	30,000
SUB-TOTAL PLANT MAINTENANCE	1,316,000

CSO:

Tidelflex Valve (estimate 5)	100,000
Tide Gates (estimate 5)	200,000
CSO flow meters (Replacements)	45,000
003 Flow meter replacement	38,000
Confined Space and Safety Equipment Upgrade	20,000
Solids and Floatables Baffles	25,000
CSO Regulator Upgrades	200,000

New CSO Utility Truck	98,000
SUB-TOTAL CSO	<u>726,000</u>

PUMP STATIONS:

PS Upgrades (Pumps, Controls, VFDs, I&C, etc.)	300,000
Myrtle St Pump Station grit removal well	625,000
Myrtle St Pump Station pump storage addition	150,000
New Pumps at Myrtle Street	95,000
Replace Parrott Ave. PS with Submersibles	325,000
Pump Rebuilds and sensors	55,000
Level Control System Repair/Replace/upgrade (estimate 7)	60,000
Grinder Replacement and Rebuilds	50,000
Replace Valving (7 stations)	150,000
Portable Hoist and Gantry	40,000
New PS Utility Truck	98,000
SUB-TOTAL PUMP STATIONS	<u>1,948,000</u>

LAB EQUIPMENT:

BNR Supplies / Online probes (DO, Ammonia, and Nitrate)	75,000
Computers/ Data stations	3,000
Sample Refrigerator	5,000
Reagent Refrigerator	5,000
Remodel (If not relocated)	130,000
ISCO samplers-replace primary, Aeration & effluent	24,000
Muffle Furnace	8,000
Forced Air Oven	8,000
Volumetric Glassware	5,000
Updated Pan Balance	5,000
Spectrophometer	5,000
BOD Meter	6,000
DO Meters	6,000
Distiller/ filters	12,000
CBOD Heat Block	2,000
Fume Hood	12,000
SUB-TOTAL LAB EQUIPMENT	<u>311,000</u>

COLLECTION & STORM:

Street Sweeper (OECD Local Share Grant)	245,000
Two Cube Van with Lift Gate (Basin and Dig Crew)	120,000
Utility Storm Basin truck	65,000
One pick up truck replacements	35,000
One small SUV (s)	30,000
PA1 Hybrid / Electric Vehicle	45,000
Rotary Lift	12,000
Demolition Hammer	2,500
10 ton dump with heated box for black top	110,000
Dump Truck	135,000
Excavator trailer	25,000
5000 watt generator/light plant	5,000
Additional Root Cutter for Vactor	4,500

Collection Hand Tooling	20,000
Diesel / Gas Mechanics Hand Tooling	20,000
Safety/ Shoring Boxes	20,000
One trash pumps	6,500
Hydraulic chain saw	10,000
Replace and Upgrade Camera Trucks and Systems	260,000
Camera repairs	85,000
Shed replacement	8,000
Road Plates	5,000
Traffic control/Barricades	2,000
Rain leader program	200,000
SUB-TOTAL COLLECTION & STORM	1,470,500

IT DEPARTMENT:

Backup Software Change (Cloud Solution)	15,000
UPS Upgrade (2 downtown 1 at WWTP)	10,000
Desktop/Laptop Replacement	10,000
On-Call SCADA tablets or laptop computers	8,000
MIL Spec Laptops and Mounts	12,000
Network/Server Upgrades/Citrix, Software, Hardware, etc.	120,000
Network, Server, Server Room and Comp. System Upgrades	100,000
Mobile Devices (SCADA, VPN or Asset Mgt Access)	10,000
GIS Data Collectors	15,000
Lucity (Upgrades, Implementation, Software, etc.)	15,000
ESRI (Upgrades, Implementation, Software, etc.)	10,000
SCADA/PLC (Upgrades, Implementation, Software, etc.)	10,000
SUB-TOTAL IT DEPARTMENT	335,000

TOTAL CAPITAL EXPENDITURES	\$ 55,185,500
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SCHEDULE 12.01(a)

CONSENTS

1. Agreement for the Acceptance, Conveyance, Treatment, and Disposal of Wastewater Received from the Montage, Inc. Wastewater Collection System at the Scranton Wastewater Collection System and Wastewater Treatment Plant dated July 24, 2003 by and between Lackawanna County, Lackawanna River Basin Sewer Authority and Moosic Borough.