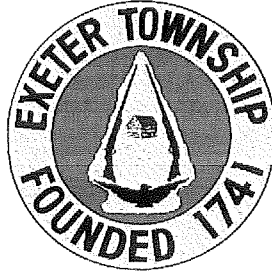


Exeter Township
Berks County, Pennsylvania
4975 DeMoss Road
Reading PA 19606
www.exetertownship.com



Office: 610-779-5660
Fax: 610-779-5950
Engineering: 610-779-5702
Parks & Rec.: 610-406-0263
Police: 610-779-1490
Treatment Plant: 610-582-8300

EXETER TOWNSHIP

Board of Supervisors

M E M O

TO: Harold Walker III
FROM: John A. Granger
RE: CONSULTING SERVICES PROPOSAL
DATE: April 28, 2017

The Board of Supervisors, at their meeting on April 24th, accepted your proposal dated April 21st, to provide consulting services with respect to the potential sale of the Exeter Township wastewater system. You are authorized to proceed with this work at your earliest convenience.

Please do not hesitate to contact me if you have questions regarding this matter. Thank you.



*Excellence Delivered **As Promised***

April 21, 2017

Mr. John Granger
Township Manager
Township of Exeter
4975 DeMoss Road
Reading, PA 19606

RE: Consulting Services Proposal
Valuation and Related Engineering Services

Dear Mr. Granger:

Thank you for asking Gannett Fleming Valuation and Rate Consultants, LLC (“GFVRC”) to submit a proposal to provide valuation and engineering services in connection with determining the depreciated original cost of the assets of the Township of Exeter’s wastewater system and to provide Act 12 of 2016 related services. Our Proposal is set forth herein.

UNDERSTANDING

We understand the Township of Exeter, Berks County, Pennsylvania (“Township”), is accepting proposals to acquire the Township’s wastewater treatment facilities, force mains, associated infrastructure, and appurtenances (“Wastewater System”). In connection with the aforesaid, the Township is looking for a depreciated original cost study of the Wastewater System assets. We also understand the Township is seeking 2016 Act 12 related services post-sales agreement of Wastewater System assets.

The depreciated original cost study should include: asset description; category (main, intercept, etc.); location; year installed; total original cost; estimated useful life; age; annual depreciation expense; total accrued depreciation; and depreciated original cost. The Act 12 of 2016 related services are post-sales agreement services and are governed by 66 Pa. C.S. Section 1329, Valuation of Acquired Water and Wastewater Systems (“Section 1329”).

Gannett Fleming Valuation and Rate Consultants, LLC

P.O. Box 80794 • Valley Forge, PA 19484-0794 | 1010 Adams Avenue • Audubon, PA 19403-2402
t: 610.650.8101 • f: 610.650.8190
www.gannettfleming.com

ORIGINAL COST AND RELATED ACCRUED DEPRECIATION

In general terms, the original cost method measures value by determining the amount of money required to replace the future service capability of an asset. The original cost method begins with determining the original cost new (“OCN”) measure of the cost of the assets when first constructed. From the OCN cost bases, the calculated accrued depreciation (accumulated depreciation) is subtracted to produce the original cost new less depreciation (“OCNLD”). The calculated accrued depreciation is based on the assets’ attained ages, and the service life of the assets. The cost basis of depreciable assets is reduced annually by the accumulated depreciation to reflect the loss in the service value of the assets since being constructed.

Depreciation represents the loss in property value from: physical deterioration; functional obsolescence; and external obsolescence. The accrued depreciation represents the sum of the annual depreciation amounts that would have been charged for depreciation at a point in time. Accrued depreciation is a calculated amount that would be in the book reserve account at a point in time using the current depreciation parameters (i.e., average service life). The average service lives of depreciable assets are based on the materials used for construction and how long the depreciable assets are likely to meet service demands.

The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized “survivor curves” known as the Iowa type curves. The accrued depreciation ratio from a survivor curve is a concept that is used to estimate the consumed service capacity of plant at a point in time. The survivor curve is used to find the applicable accrued depreciation factors of the assets to result in the total accumulated depreciation.

These abovementioned procedures enable the development of an original cost and related accrued depreciation determination (“OCNLD Study”).

SECTION 1329

In Pennsylvania, a wastewater company owned by a municipal corporation or authority that is being purchased by an acquiring regulated public utility, or entity, as the result of a voluntary arm's-length transaction between the buyer and seller must follow the “fair market valuation process” specified in Section 1329. However, Section 1329 services may not be required if the acquiring entity is a regional utility Authority would not be under the jurisdiction of the Pennsylvania Public Utility Commission (“PUC”).

Post arm's-length transaction between the buyer and seller, the fair market valuation process requires both the acquiring public utility or entity (buyer) and the selling municipal corporation or authority (seller) to engage jointly the services of the same licensed engineer to conduct an assessment of the tangible assets of the seller (“Engineer’s Assessment”). The buyer

and seller then provide the Engineer's Assessment to two separate "utility valuation experts" for independent analysis which is all incorporated into the Section 1102 of the Code application submitted to the PUC for approval. Upon completion of the application process, the acquired system would come under the jurisdiction of the PUC.

The PUC maintains a list of utility valuation experts from which the acquiring public utility or entity and selling utility will choose. GFVRC has been approved as utility valuation experts. The buyer and seller each select their own utility valuation experts to perform separate appraisals of the selling utility's assets for the purpose of establishing its fair market value for PUC purposes. Each utility valuation expert determines the fair market value in compliance with the Uniform Standards of Professional Appraisal Practice, employing the cost, market and income approaches to valuation.

SCOPE OF SERVICES

GFVRC will provide the following three services: (1) OCNLD Study services; (2) Section 1329 utility valuation expert services; and (3) Section 1329 Engineer's Assessment services.

OCNLD Study Services

For the OCNLD Study services GFVRC recommends the Township consider a two-step process, since the Township is looking for the OCNLD of the Wastewater System assets. The first phase will identify the approximate historical cost of Wastewater System assets. We propose to determine the OCN Wastewater System assets from which calculated accrued depreciation is subtracted. The calculated accrued depreciation is based on the attained age and service life of each asset. It represents the loss in property value due to: physical deterioration, functional obsolescence and external obsolescence. In general terms, this method measures value by determining the amount of money required to replace the future service capability of an asset.

OCN measures the cost of an asset when it was first constructed. This does not necessarily represent the amounts recorded on the Township's books. Rather, the OCN represents the amount that would be recorded on Township's books if they had been kept in accordance with the Uniform System of Accounts of the PUC. The OCN will be based on (1) a review and summary of the Township's accounting records, contractors' invoices and bid tabulations to determine the most appropriate data sources of each type of asset; or (2) the "pricing out" of assets using unit costs for each vintage year that property was placed in service.

The OCNLD will also include the calculation of accrued depreciation based on recognized methods using survivor characteristics and attained ages to find the applicable accrued depreciation factors. The proposed approach will provide the Township with an independent inventory and valuation and may serve as a condition assessment based on calculated depreciation of the assets attributable to Wastewater System assets.

Finally, we will prepare an OCNLD of the Wastewater System assets, which will include a narrative report and supporting financial exhibits or schedules. The report will include the original cost, and the calculated accrued depreciation. The report will also include an executive summary and a description of the methodologies and approach used. The report will be submitted to the Township or their attorney, as desired by Township. Finally, the report will include: asset description; category (main, intercept, etc.); location; year installed; total original cost; estimated useful life; age; annual depreciation expense; total accrued depreciation; and depreciated original cost.

Section 1329 Utility Valuation Expert Services

For the Section 1329 utility valuation expert services GFVRC will determine the fair market value of the Wastewater System assets in compliance with the Uniform Standards of Professional Appraisal Practice, employing the cost, market and income approaches to valuation.

Fair market value is defined as “the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”

As stated, the standard of value for this engagement will be fair market value. The premise of value is going concern. The going concern premise of business value assumes that the business will continue running normally using all of its assets to produce income and will continue operating beyond the valuation date. GFVRC will value the Wastewater System assets as a group under the premise that they collectively comprise an ongoing operating business enterprise. In accordance with 66 Pa. C.S. Section 1329 the original source of funding for any part of the assets of the selling utility will not be relevant to determination of the value of said assets.

We will prepare a written document to substantiate our opinion. Our appraisal will be developed consistent with the Uniform Standards of Professional Appraisal Practices. Our valuation will include a detailed analysis and will be presented in a narrative comprehensive, “stand-alone” document for your use. The estimate of value that results from a valuation engagement will be expressed as a conclusion of value to be used for the purposes stated above.

Although our valuation is intended to estimate fair market value, we assume no responsibility for the inability of a seller or buyer to obtain a sale or purchase contract of the Wastewater System assets at that price.

Section 1329 Engineer’s Assessment Services

For the Section 1329 Engineer’s Assessment services, GFVRC or Gannett Fleming, Inc., will “conduct an assessment of the tangible assets of the selling utility” per the requirements of Section 1329 and as further authorized by PUC. This Engineer’s Assessment will be documented in report format and related electronic files for be provided. This Engineer’s

Assessment will be used by the utility value experts retained by both the Township and the buyer.

The Engineer's Assessment will follow the practices and procedures of the PUC and National Association of Regulatory Utility Commissioners ("NARUC") Systems of Accounts. The Engineer's Assessment report will document the conditions and original cost of construction of Wastewater System assets. This will be used as the common original cost of construction inventory for the utility value experts to develop their appraisals of the Wastewater System assets. The Engineer's Assessment process will included meeting with key Township and buyer representatives to identify and confirm specific information needed to support our assessment and to prepare the report, providing a mutually agreed upon scope of work with the Township, buyer and their respective utility value experts.

1. We will develop the inventory from institutional knowledge, available records, maps, work orders, debt issue closing documents funding construction projects, and other sources to provide an inventory and listing. Our report will contain the following:
2. An inventory of the used and useful assets to be transferred, compiled by year and account;
3. Identify any facility that is being held for future use (if any) or to be excluded from the sale;
4. A list of non-depreciable property such as land and rights-of-way;
5. A review of system components, plans and reports of key facilities such as permitted discharges (including regulatory requirements), treatment facilities, pumping stations, including force mains, collection system separated by gravity and low pressure;
6. Review the Wastewater System's operating records and compare this data to regulatory requirements and generally accepted operating parameters for wastewater systems;
7. Summarize the operation and maintenance expenses for the last several years;
8. Identify improvements made by the Township and current Township plans and projections for the future capital projects;
9. Complete an assessment of the identified assets;
10. Determine and/or establish an original cost of construction for each asset; and
11. We will use a coding system, as described in Section 300 of the Uniform System of Accounts for Class A Wastewater Utilities, for classifying the various assets and provide a listing of the Section 300 codes.

QUALIFICATIONS

Since 1915, GFVRC and its predecessors have been helping clients in public pricing policy and related financial matters for managerial purposes, before regulatory commissions and in courts of law. Our staff has considerable experience in providing an array of specialized financial services to support the core needs and objectives of our clients.

Our specialized financial services encompass utility valuations, economic valuation studies, cost of capital studies, depreciation studies, rate studies, lead lag studies, analyses of

public utility accounting systems, debt financing reports, economic and demographic studies, financial decision studies, optimum capital structure, debt service levels, dividend policy, private placement of debt, financial benchmarking, and conducting property inventories.

We design each study and its related report to meet the specific requirements of our clients. These studies require objective analyses of basic data, informed professional judgment, and clear presentation of the results. Our staff includes professionals specialized in public utility accounting and ratemaking, valuation, cost of capital, lead lag, depreciation, associated technical services, and financial analysis. We are experienced utility valuation experts who determine fair market value using the cost, market and income approaches in accordance with 66 Pa. C.S. Section 1329. We are a registered Municipal Advisor with the Securities & Exchange Commission (SEC); and are a subsidiary of Gannett Fleming, Inc.

GFVRC is approved as a “utility valuation expert” by the PUC within the context of 66 Pa. C.S. Section 1329, Valuation of Acquired Water and Wastewater Systems.

FIDUCIARY DUTY

GFVRC has a fiduciary duty to, and will, provide a thorough, objective, and fair market valuation using the cost, market and income approaches in accordance with 66 Pa. C.S. Section 1329 and Pennsylvania laws.

GFVRC attests that it does not derive any material financial benefit from the sale of, or purchase of, a selling utility other than fees for services rendered. GFVRC also verifies it does not have any immediate family members that are directors, officers or employees of either an acquiring public utility, entity or selling utility within a 12-month period of the date of hire to perform an appraisal. We further affirm that GFVRC is not directly or indirectly owned, partnered or in any way affiliated with a water/wastewater distribution company.

BASIS FOR COMPENSATION

GFVRC will perform the above services, and other related services that you may authorize, based on hourly billing rates for our personnel in effect when we perform the work, plus the reimbursement of direct expenses. Direct expenses include transportation, meals, lodging and incidental expenses incurred while traveling and any other expenses required as a result of the assignment that are not incidental to the normal conduct of business. Attached are our billing rates for this project. We will render invoices monthly for services performed during the preceding month.

Based on our experience, we estimate the cost for OCNLD Study services will range from \$25,000 to \$30,000, including all travel expenses associated with the personal review of Wastewater System above ground infrastructure assets. The actual charges for the study will, of course, depend on the time required to complete the assignment and the extent to which the

Township personnel assist in obtaining the basic data requirements. The availability and quality of the required sources of information will affect the final cost.

Based on our experience, we estimate the cost for Section 1329 utility valuation expert services will range from \$35,000 to \$45,000. The actual charges for the study will, of course, depend on the time required to complete the assignment and the extent to which data is provided. The availability and quality of the required data sources of information will affect the final cost.

Based on our experience, we estimate the cost for Section 1329 Engineer's Assessment services will range from \$25,000 to \$30,000, including all travel expenses associated with the personal review of Wastewater System above ground infrastructure assets. The actual charges for the study will, of course, depend on the time required to complete the assignment and the extent to which the Township personnel assist in obtaining the basic data requirements. The availability and quality of the required sources of information will affect the final cost.

The estimates for the cost to provide the services listed above reflect some economies of scale due to the natural overlap of the proposed services. Without the assumed overlap of the proposed services, the estimated cost ranges may be 15% to 20% more.

The proposed valuation and related engineering services will be conducted under the supervision of Harold Walker. He will be the project manager for these services. Harold has performed valuation studies for public and private clients, as well as inventoried and valued their infrastructure and has been providing similar financial services for over 32 years. He is a licensed Municipal Advisor Representative (Series 50) with Municipal Securities Rulemaking Board (MSRB) and the Financial Industry Regulatory Authority (FINRA).

Attached is a copy of our standard terms and conditions for professional services. Proposal Cost estimates are valid for 60 days from the date of the proposal, unless an alternate period is specified.

SCHEDULE

A draft copy of our proposed OCNLD Study services should be completed within 60 days of our receipt of the requested data. A final copy of our proposed OCNLD Study should be completed within 14 days of our review of the report with Township staff or their attorney, to answer any questions and to enable us to address review comments and questions.

A draft copy of our proposed Section 1329 utility valuation expert services should be completed within 60 days of our receipt of the required data. A final copy of our proposed Section 1329 utility valuation expert appraisal should be completed within 14 days of our review of the report with Township staff or their attorney, to address any incorrect facts or incorrect assumptions.

Gannett Fleming

John Granger
Reading, PA 19606

- 8 -

April 21, 2017

A draft copy of our proposed Section 1329 Engineer's Assessment services should be completed within 90 days of our receipt of the requested data. A final copy of our proposed Engineer's Assessment should be completed within 14 days of our review of the report with Township staff or their attorney, to answer any questions and to enable us to address review comments and questions.

We thank the Township for this opportunity to provide valuation and engineering services in connection with their proposal sale of the Wastewater System assets. We look forward to acceptance of our Proposal and to a successful project.

Respectfully Submitted,

GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC



HAROLD WALKER, III
Manager, Financial Studies

HW:amp

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

BILLING RATES

EFFECTIVE DECEMBER 31, 2016

<u>Personnel</u>	<u>Hourly Rate</u>
SUPERVISORY STAFF	
P. R. Herbert, Chairman and President	\$255.00
J. J. Spanos, Senior Vice President and Treasurer	250.00
C. R. Clarke, Director, Western U.S. Services	250.00
H. Walker, III, Manager, Financial Studies	230.00
J. F. Wiedmayer, Jr., Project Manager, Depreciation	200.00
C. E. Heppenstall, Project Manager, Rate Studies	175.00
N. W. Allis, Supervisor, Depreciation Studies	175.00
STAFF	
Senior Engineers	230.00
Analysts and Engineers	170.00
Associate Analysts and Engineers	160.00
Assistant Analysts and Engineers	140.00
Senior Technicians	105.00
Support Staff	105.00

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

STANDARD TERMS AND CONDITIONS

This schedule describes Gannett Fleming's standard terms and conditions for professional services. Proposal Cost estimates are valid for 60 days from the date of the proposal, unless an alternate period is specified therein. Acceptance of a proposal by the Client constitutes a valid and binding contract subject to the following terms and conditions.

1. AGREEMENT DOCUMENTS

This Agreement, including the written proposal and any attachments thereto, is the complete agreement between the Client and Gannett Fleming. No other document shall be part of this agreement unless specifically agreed to by the Client and Gannett Fleming in writing.

2. STANDARD OF CARE

All services will be provided in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently providing the same or similar services under similar circumstances, and in accordance with applicable standards in effect at the time services are provided. All estimates, recommendations, opinions, and decisions of Gannett Fleming will be made upon the basis of the information available to Gannett Fleming and Gannett Fleming's experience, technical qualifications, and professional judgment. OTHER THAN AS EXPRESSLY AGREED GF PROVIDES NO WARRANTY, EITHER EXPRESS OR IMPLIED, OR GUARANTEES REGARDING THE OUTCOME OF ITS SERVICES.

3. CLIENT RESPONSIBILITIES

By virtue of entering into this Agreement and providing the described services, Gannett Fleming does not assume responsibility for any conditions at the Client's site(s) that may present a danger, either potential or real, to health, safety or the environment. Moreover, the Client hereby agrees that it is Client's responsibility to notify any and all appropriate federal, state, or local authorities, as required by law, of the existence of any such potential or real danger and otherwise to disclose to all appropriate or affected individuals or entities, in a timely manner, any information that may be necessary to prevent any danger to health, safety, or to the environment.

4. PAYMENT TERMS

Invoices will be rendered to client on a monthly basis. Invoices are due and payable upon receipt. Any questions regarding the invoiced terms or amounts shall be addressed to Gannett Fleming within 30 days of the date of the invoice. Otherwise, the invoice shall be considered correct, payable, and not disputed by Client. If the invoice is not paid in full within 30 days after the date of the invoice, Client further agrees to pay interest of 1.5% per month (compounded) from the date of invoice on the unpaid balance until the invoice is paid in full. Client agrees that such interest is a separate debt from the invoiced amount. If Gannett Fleming retains a collection agency or attorney to collect receivables due more than 30 days, Client agrees to pay the fees imposed by such collection agency or attorney as well any other costs of collection.

5. LIMITATION OF LIABILITY

The client hereby agrees, to the fullest extent permitted by law, that Gannett Fleming's total liability to the client for any and all injuries, claims, losses, expenses, or damages whatsoever, arising out of or in any way related to Gannett Fleming's services under this agreement, including but not limited to

negligence, errors, omissions, strict liability, breach of contract, special and consequential damages or breach of warranty, shall not exceed the amount of Gannett Fleming's fees or \$50,000, whichever is less, plus the amount of insurance provided under Section 6 hereto. A higher limitation may be negotiated between the parties and accepted in writing by Gannett Fleming.

6. INDEMNIFICATION

Except to the extent caused by the negligence, gross negligence or willful misconduct of Client, Gannett Fleming shall defend, indemnify and hold harmless Client and its affiliates, employees, officers, shareholders, and successors and assigns and their respective employees, officers, partners, and directors and any person acting for or on behalf of Client, from and against all claims by third parties, which directly or indirectly:

- (A) Arises out of or results from any negligent, reckless, willful misconduct or otherwise tortious act or omission (including strict liability), during the performance of the work, or any curative action under any warranty following performance of the work, of Gannett Fleming, any subcontractor or any vendor or anyone directly or indirectly employed by any of them, or anyone for whose acts such person may be liable; or
- (B) Arises out of or results directly from the failure of Gannett Fleming, any subcontractor or any vendor or anyone directly or indirectly employed by any of them, or anyone for whose acts such person may be liable, to comply with applicable laws or the conditions or provisions of applicable permits or the requirements of the contract documents.

7. INSURANCE

During the entire service period covered by this Agreement, Gannett Fleming will procure and maintain the following insurance coverages:

- (A) Workers' Compensation and Employers Liability Coverage - Statutory Limits
- (B) Commercial General Liability including Contractual Liability - \$1,000,000 Combined Single Limit.
- (C) Commercial Automobile Liability - \$1,000,000 Combined Single Limit.
- (D) Professional Liability Insurance - \$1,000,000

8. CLIENT PARTICIPATION

Client personnel directly or indirectly involved in this Agreement shall participate as Client employees. Gannett Fleming assumes no liability for claims related to injury to such employees.

9. ACCESS

The Client shall arrange for and guarantee access to and make all provisions for Gannett Fleming to enter upon public and private property as required for Gannett Fleming to perform its services.

10. UNKNOWN CONDITIONS, DELAY AND EXTRA WORK CHARGES

The measures for providing the services described in this Agreement were developed to accommodate existing conditions at the site and constitute the best assessment by Gannett Fleming of the means to perform the services. Should Gannett Fleming determine that, due to conditions unknown by Gannett Fleming on the date of scheduled services, the measures for preparation and for providing the services described in this Agreement will

not fulfill the requirements of the assignment, Gannett Fleming will notify the Client. Such notification will include a description of the conditions, a recommendation as to the measures to accommodate such conditions, and a cost estimate, if applicable. Should the Client decide not to carry out such recommended measures, this Agreement will be subject to revision or, if appropriate, termination upon payment of services rendered to date.

11. RE-USE OF DOCUMENTS

All reports, original final reproducible drawings, plans, specifications, calculations, studies, software program tapes, models, notes and memoranda assembled or prepared by Gannett Fleming pursuant to this Agreement are instruments of service in respect of the Project, and Gannett Fleming shall retain an ownership and property interest therein, whether or not the Project is completed. Client may make and retain copies for information and reference in connection with the Project; however, such documents are not intended or represented to be suitable for re-use by Client or others on extensions of the Project or on any other project.

12. MISCELLANEOUS

All Gannett Fleming's services under this Agreement are intended solely for Client's benefit. Nothing contained herein shall confer any rights upon or create any duties on the part of Gannett Fleming toward any person or persons not a party to this Agreement including, but not limited to, Client's contractors, subcontractors, suppliers, agents, insurers or sureties. Gannett Fleming is not responsible for the safety of any party at the worksite who is not under Gannett Fleming's direct control.

13. ADDITIONAL SERVICES

Appropriate and reasonable additional services (not already stipulated in Agreement) will be provided if authorized by the Client and agreed to by Gannett Fleming. Such additional services will be provided for additional compensation agreed to at the time the services are authorized. Gannett Fleming will, at mutually agreed upon rates, provide assistance to and on behalf of Client, in the form of technical information, analysis and expert witnesses in claims and/or litigation in connection with this Agreement, including any claims or litigation brought by the Client against third parties or brought against the Client by third parties.

14. PROPERTY RIGHTS

All Intellectual Property rights to any tangible property and tangible work products created by Gannett Fleming pursuant to or in the course of this Agreement, shall belong exclusively to Gannett Fleming, as well as all systems, programs and specifications, and other materials and hardware or ideas, concepts, know-how or techniques relating to data processing, systems or programs developed and used by Gannett Fleming herein. The same shall continue to belong exclusively to Gannett Fleming whether or not specifically adapted for Client's use. Nothing herein precludes development and marketing by Gannett Fleming of any competitive system, program, data processing materials or other Intellectual Property, irrespective of whether same are similar or related to that developed or incorporated for Client pursuant to this Agreement. Client is granted a personal, nonexclusive, nontransferable license to use the software, data, and related materials based on the terms and conditions of this Agreement.

15. CONSEQUENTIAL DAMAGES

Client hereby agrees that to the fullest extent permitted by law Gannett Fleming shall not be liable to Client for any special, indirect, or consequential damages whatsoever, whether caused by Gannett Fleming's negligence, errors, omissions, strict liability, breach of contract, breach of warranty, or other cause or causes whatsoever, including but not limited to delay of use of equipment or facility, loss of profit or revenue, or cost of using alternative or replacement equipment or facilities.

16. DISPUTES

Any claim, controversy or dispute between the parties to this Agreement arising out of or in connection with this Agreement, or any breach thereof, of the Project, shall upon the request of either party, be submitted to the senior officers of each party responsible for this Agreement. In the event that the senior officers cannot agree, either party may request mediation and, if both parties agree, the matter shall be submitted to mediation. Upon written notice, the parties shall select a mediator acceptable to both parties in order to resolve the dispute. Any suits brought under this Agreement or in any way arising out of this Agreement must be filed within one year from the time mediation was terminated unsuccessfully or from the time the cause of action arose (if no mediation is undertaken) or it shall be time barred.

17. TERMINATION OF AGREEMENT

This Agreement may be terminated by either party upon thirty (30) days written notice, by mutual consent or in the event of substantial failure by the other party to perform in accordance with the terms of the Agreement through no fault of the terminating party. The Client may terminate this Agreement for its convenience, in whole or in part, by thirty (30) days written notice to Gannett Fleming specifying the extent to which performance of services is terminated and the date upon which such termination becomes effective.

18. COMPENSATION UPON TERMINATION

In the event of termination by Client, Gannett Fleming shall be paid for unbilled services, including expenses, rendered to the date of termination

***** End of Standard Terms and Conditions *****