
EXHIBIT F77

CONTRIBUTION AGREEMENT, DATED OCTOBER 1, 1973,
BY AND AMONG DELAWARE COUNTY AND DELCORA

This instrument has been executed in
.....9..... counterparts, of which this is
counterpart No.4.....

CONTRIBUTION AGREEMENT

DATED OCTOBER 1, 1973

BETWEEN

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

AND

THE COUNTY OF DELAWARE

10/12/73

CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT, dated October 1, 1973, is between DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY, a Pennsylvania municipality authority ("DELCORA") and the COUNTY OF DELAWARE, a political subdivision created and existing under the laws of the Commonwealth of Pennsylvania (the "County").

RECITALS

A. By orders of the State Department of Environmental Resources, dated May 5, 1972, various municipal authorities and municipalities in Delaware County have been ordered to negotiate with DELCORA for the future treatment of sewage in regional facilities. Pursuant to said orders and various engineering studies and regulatory approvals, DELCORA has undertaken to provide regional treatment facilities for said authorities and municipalities and is now engaged in completing negotiations for entry into agreements with such users providing for the treatment of sewage by DELCORA under which they will agree to pay their respective shares of the capital and operating costs of providing such service.

B. DELCORA intends initially to acquire existing sewage collection and treatment facilities from the City of Chester and construct on the site of the Chester treatment plant a new regional

pollution control facility, to construct a sewage conveyance system to transport sewage from the Eastern Area of Delaware county to the Southwest Treatment Plant of the City of Philadelphia, to make capital contributions to the City of Philadelphia to obtain reserve capacity in said City's expanded Southwest Treatment Plant and to construct a sewage conveyance system to convey sewage from the City of Chester and the Boroughs of Marcus Hook and Eddystone to the above-mentioned new regional pollution control facility in Chester (such projects being hereinafter collectively referred to as the "Project").

C. DELCORA has negotiated a bond anticipation loan (the "Loan") of up to \$9,000,000 with Girard Trust Bank, Philadelphia (the "Bank") and has entered into Grant Agreements with the United States Environmental Protection Agency (the "EPA") under which DELCORA will receive an aggregate of approximately \$28,213,950 toward the Project, at intervals during the construction thereof. It is also anticipated that additional grants will be received.

D. DELCORA intends to repay certain loans previously incurred for planning and design of the Project and to commence construction of priority parts of the Project with the proceeds of the Loan. Subsequently it will issue its Sewer Revenue Bonds (the "Bonds") at one or more times in the aggregate amount of approximately \$28,500,000.00 when all of the requisite municipal and industrial agreements have been executed. At the time the first Bonds are issued, DELCORA will

repay the Loan.

E. DELCORA has been advised that it will be able to sell the Bonds at more favorable interest rates, and thus will be able to provide service to the municipalities involved at lower rates, if the County agrees to contribute toward payment of a portion of the principal and interest due under the Bonds in the event that it should become necessary. In addition, the Bank has indicated that it will require such an agreement in order to make the Loan.

F. The County has previously found and continues to find that serious existing and potential water pollution problems exist in the County, that such problems will continue and become increasingly more serious unless corrective and preventive measures are taken immediately, that failure to provide adequate water pollution control facilities, together with the resultant sewer connection restrictions imposed by the State, militate against desirable and appropriate land use, depreciate property values, aggravate public health problems, have the effect of depressing the overall economic condition of the various municipalities in the County, and increase the ultimate cost of their government, and that the appropriate State regional and Federal agencies have required that such problems be solved on a regional basis.

G. The Project is being undertaken to assist the various

municipalities in the County in fulfilling their responsibilities of providing sewage services to their citizens at the least cost and in the most efficient manner. The willingness of the municipalities and authorities to enter into agreements with DELCORA has been related to the expectation of assistance by the County in connection with the Project. The County, therefore, finds it necessary for the assistance to said municipalities that the Project be consummated and to that end enters into this Agreement.

NOW, THEREFORE, the parties hereto, each intending to be legally bound hereby, agree as follows:

1. Construction of Project; Municipal Agreements. After the execution and delivery of this Agreement, DELCORA will proceed to enter into an agreement relating to the Loan and will proceed with the construction of priority parts of the Project and with completion of the plans and specifications for the construction of the remainder of the Project. At such later time as all the various municipal and other agreements have been executed by all parties thereto, DELCORA will issue the Bonds at one or more times and will include in each such issue sufficient amounts to provide for administrative expenses and Debt Service Requirements (as defined below) during the construction period of the Project, to the extent funds are not provided by the municipalities or others. A capitalized Debt Service Reserve Fund shall also be provided in each Bond issue.

2. DELCORA's charges to Municipalities. This Agreement shall obligate DELCORA (and DELCORA hereby so covenants separately for the benefit of the County) to use its best efforts to impose such charges in the above mentioned agreements, and for other users to fix its rates and charges in respect of its facilities and services, at such levels that DELCORA's revenues available for the purpose, plus amounts capitalized as aforesaid, will be sufficient (a) to pay DELCORA's operating and administrative expenses and (b) to provide for the Debt Service Requirements on the Loan and the Bonds, to the end that no County contributions will be needed hereunder. The term "Debt Service Requirements" as used herein is defined to mean the aggregate of interest and principal becoming due in any fiscal year on the Loan and the Bonds except to the extent capitalized, together with required payments to sinking funds and indenture reserve funds and all other payments required by DELCORA to comply with its obligations under the Indenture.

3. County Contributions if Needed. The County hereby agrees that, in each of its fiscal years beginning January 1, 1975, and so long thereafter as the Loan or any of the Bonds are outstanding, it will appropriate and pay, from its current revenues, an amount equal to the lesser of (a) one mill of taxation on the County real estate tax base and (b) an amount which shall equal annual interest, and amortization of principal over a period of 30 years on a level debt service basis, on the sum of \$9,500,000, at the rate of 5 3/4% per annum, as security for the payment of the Debt Service Requirements and the Loan, to the extent that DELCORA's revenues have been insufficient in the

preceeding year to pay in full its operating and administrative expenses and its Debt Service Requirements and amounts due on the Loan, as evidenced by the making of a charge against the Debt Service Reserve Fund to be set up under the Indenture of DELCORA securing the Bonds (the "Indenture") or as evidenced by DELCORA's failure to pay when due any principal or interest due and payable to the Bank.

In the event that it should appear t DELCORA at any time that such a charge will become necessary in the future, it will promptly notify the County. The County will then include the estimated amount of the deficiency in its next annual budget. Payments will be made by the County, to the extent of available current revenues, prior to the next date for payment on the Bonds following the date of any charge to the Debt Service Reserve Fund. Any amount which cannot be so paid will be included in the next succeeding annual County budget and paid from current revenues for such year, subject to the first sentence of this Section. In such event, such payments shall be applied to the reimbursement of amounts charged against the Debt Service Reserve Fund in such preceeding year or any amount due and owing under the Loan and remaining unpaid, as the case may be. If it is necessary for the County to make any payments hereunder, DELCORA covenants that it will raise its charges to users of its facilities and services in order to enable it to

pay in full its operating and administrative payments and Debt Service Requirements in the next succeeding year. To the extent that DELCORA has surplus revenues (after making all required payments under the Indenture) in any of the three years next following the year of any payment by the County hereunder, DELCORA will reimburse the County in full for such payment.

4. Non-Reduction of Payment. So long as any of the Bonds are outstanding the payments by the County hereunder shall be made in accordance with the provisions hereof irrespective of whether or not there shall be for any reason whatsoever a delay in the acquisition and construction of the Project, and irrespective of whether or not the Project shall be completed or any part of the Project shall have been wholly or partly destroyed, and irrespective of the lawful prohibition of the Authority's use thereof, the interference with such use by any private person or corporation, or any eviction by paramount title, it being the intention of the parties hereto that at such time as the Bonds shall have been issued and so long as they shall remain outstanding there shall be no termination or abatement of the obligation of the County to make payments as aforesaid for any cause whatsoever, whether similiar or dissimilar to any of the foregoing, any present or future law to the contrary notwithstanding.

5. Assignment of Agreement; No-Setoff. DELCORA will assign the benefit of the County's agreement contained in paragraph 3 hereof initially to the Bank and subsequently to the Trustee under the In-

denture. The County hereby consents to such assignment and agrees to pay any sums which may become due directly to the Bank or such Trustee, as the case may be. The County agrees that, as to such Trustee or the Bank its obligation hereunder shall be absolute and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by DELCORA of any obligation to the County, whether hereunder or otherwise.

6. Enforcement of Agreements by DELCORA. DELCORA shall at all times exercise its rights, including without limitation enforcing its rights under its service agreements with municipalities and other users, and shall otherwise take all possible actions, to the end that the revenues of DELCORA in each year (including amounts capitalized) available for the purpose shall be sufficient for payment of its operating and administrative expenses and Debt Service Requirements for such year. All proceeds of enforcement action by DELCORA arising from a default by any municipality or other user which default made necessary any payment by the County hereunder, shall be paid over to the County, provided the County has not been previously reimbursed and such payment may be made by DELCORA without jeopardizing the payment of amounts currently due under the Indenture.

7. Information to the County. DELCORA shall file with the County a copy of agreements with users then in force and its then-effective rate schedules no later than the date of the first issue of Bonds, and shall similarly file all subsequent revisions thereof.

DELCORA shall further file with the County on the date of such Bond issue and periodically (but not less often than annually) thereafter a written certification of DELCORA's consulting engineers which shall state whether the revenues of DELCORA in the next succeeding year will be sufficient to enable DELCORA to comply with all of its covenants, as to rates and revenues, under the Indenture and under this Agreement and, if the same will not be so sufficient, what action is recommended by DELCORA's consulting engineers. DELCORA agrees that it will comply with such recommendation of its consulting engineers. DELCORA shall further at all times provide the County with all relevant information requested by the County and receive and consider all recommendations made by the County. DELCORA shall employ a recognized firm of independent certified public accountants to audit its books annually and shall deliver a copy of the audit report immediately upon receipt thereof from such accountants.

8. County Enforcement of Agreements following payment of it.

Following the making of any payment by the County hereunder, it shall have the right to take all appropriate action to enforce DELCORA's covenants herein as to rates and otherwise, including, without limitation, the right, in the name of DELCORA or in its own name, to enforce the rights of DELCORA under its service agreements with municipalities and customers and any other agreements under which DELCORA is entitled to sewage revenues, subject only to prior rights of the Trustee, or the holders of the Bonds under

the Indenture.

9. DELCORA Planning. DELCORA agrees that, in the course of planning and constructing the Project it will fairly consider the needs of all municipalities in Delaware County and will not unfairly discriminate against any of them in planning regional sewage facilities.

10. Term of Agreement. This Agreement shall remain in force until all obligations of DELCORA in connection with the Project have been paid in full or otherwise satisfied.

11. Termination of old Agreement. The Contribution Agreement, dated as of January 1, 1973, between the County and DELCORA is here-

by terminated.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

(CORPORATE SEAL)

Attest:

George F. Blessing
Secretary

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By

Joseph L. Salmeri Jr.
Chairman

(CORPORATE SEAL)

Attest:

H. J. [Signature]
County Clerk
chief

COUNTY OF DELAWARE

Nancy E. [Signature]
County Commissioner

Nicholas J. [Signature]
County Commissioner

William A. [Signature]
County Commissioner

Approved as to form and
legality

Edwin H. [Signature]
Solicitor