
EXHIBIT F120

MANAGEMENT AGREEMENT REGARDING SEWER FACILITIES,
DATED OCTOBER 1, 2015, BY AND AMONG
POCOPSON TOWNSHIP AND DELCORA

MANAGEMENT AGREEMENT REGARDING SEWER FACILITIES

This Management Agreement is effective as of the 1st day of October, 2015, between POCOPSON TOWNSHIP, a Township of the Second Class located in Chester County, Pennsylvania (hereinafter "Township") and DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY, a Municipal Authority organized and existing under the laws of the Commonwealth of Pennsylvania, (hereinafter "DELCORA").

BACKGROUND

The parties wish to clarify the relationship between the Township and DELCORA with respect to the ownership, use, operation and maintenance of those sanitary sewage facilities described on Exhibit "A" hereto (collectively the "Facilities"). The purpose of this Management Agreement is to set forth this relationship.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound hereby, the Township and DELCORA hereby agree as follows:

1. User Fees. The Township recognizes that DELCORA has the right to collect user fees, connection fees, tapping fees and any other fees authorized by law. Subject to the provisions of Section 3, DELCORA shall impose upon customers of the Facilities whatever user fees, connection fees, tapping fees and other fees permitted by law, which it deems necessary and appropriate. DELCORA shall in its sole discretion file municipal liens and claims for the collection of same in the event the said fees are not paid in accordance with the resolutions, rules and regulations of DELCORA.

2. User Rate. The initial user rate shall be \$1,400.00 per EDU per year billed quarterly, which fee shall not increase for a minimum period of five (5) calendar years from the effective date of this Agreement. The first date DELCORA could charge an increase in fees would

be October 1, 2020. Thereafter, approximately thirty (30) days prior to any proposed increase, DELCORA shall provide Township with an operating budget for DELCORA showing anticipated income and expenses upon which the proposed increase in user rate has been calculated. The obligation of DELCORA hereunder to provide Township with copies of its operating budget is intended only to advise Township, and nothing contained herein requires nor be deemed to require Township's approval for any user rate increase. Any increase in user rate or fees shall be in DELCORA's sole discretion in accordance with its usual practices. Additionally, within thirty (30) days of approval by the DELCORA Board of Directors, DELCORA shall submit a copy of the annual audit to the Township.

3. Permitting and Testing.

(a) DELCORA and the Township agree to take all steps necessary to promptly transfer the Pennsylvania Department of Environmental Protection ("PADEP") Water Quality Management Permit No.1507415 from the Township to DELCORA, and to continuously maintain the DEP Permit, at DELCORA's expense.

(b) Township will adopt such rules and regulations necessary to permit DELCORA to administer an industrial pretreatment program. DELCORA will administer the industrial pre-treatment program.

(c) If for any reason Township is required by PADEP, final and unappealable court order or other governmental action to take over operations of the Facilities, DELCORA agrees to cooperate with such requirements and to reimburse Township for all costs and expenses incurred by Township with regard to transfer of the Facilities to Township, any third party or any municipal authority, including without limitation actual consultant and attorneys fees incurred.

4. Reporting. Township shall be copied on all correspondence with the Pennsylvania Department of Environmental Protection, including but not limited to the Chapter 94 report, monthly Discharge Monitoring Reports, and at least quarterly groundwater monitoring data.

5. Capital Reserve. A capital reserve allocation shall be maintained by DELCORA in a separate and segregated line item from its general operating funds for use only for capital replacement or improvement of the Facilities. DELCORA hereby acknowledges receipt of the capital reserve fund in the amount of \$_____.

6. Insurance. DELCORA agrees to carry, at a minimum, worker's compensation, general liability, automobile liability and pollution control liability insurance policies on the Facilities in the amounts listed below:

<u>Type of Coverage</u>	<u>Minimum Limits</u>
Worker's Compensation	Statutory
General Liability	\$2,000,000
Excess General Liability	\$5,000,000
Automobile Liability	\$500,000
Excess Automobile Liability	\$5,000,000
Pollution Control and Liability	\$1,000,000

7. Facilities Service Area and Additions to Service Area.

(a) The Sewage Facilities Planning Module for Corrine Village, PA DEP Code No. 1-15946-131-3 KLM (Planning Module) provides for connection to the facilities of sixty-four (64) new residential dwelling units within the Preserve at Chadds Ford subdivision, three (3) existing off-site residential units and ten (10) off-site Third Party Users (as such term is defined in the Sewer Construction and Easement Agreement dated February 19, 2010 and recorded in the Office of the Recorder of Deeds for Chester County at Book 7880, page 84). The existing and proposed units to be served are depicted on the attached Exhibit "B".

(b) DELCORA may not, without the prior approval of the Township, make an extension to or increase the capacity of the Facilities, or add users outside of the area described in the Planning Module (the "Study Area"), whether such extension, increase, or addition is by applying to the PADEP for a re-rate, by physical improvements to the Facilities or otherwise. Prior to acting

on a request by DELCORA for approval, the Township shall obtain the recommendation of the Township Engineer, at DELCORA's expense, to assess the proposal in all aspects, including without limitation, as to whether the item is feasible and whether there is sufficient capacity in the Facilities (including the supply and treatment components) to accommodate the requested change. The Township shall retain full responsibility for the Act 537 Sewage Facilities Plan and any revisions or amendments to the Plan. DELCORA shall not enter into any agreement with any municipality or developer related to the Facilities without prior approval of Township, which approval shall not be unreasonably withheld.

8. Mandatory Connections. If Township adopts a mandatory connection ordinance for landowners within the Study Area, DELCORA agrees to timely construct the sewer lines within the Study Area to connect such landowners to the Facilities. DELCORA may recover the costs associated with such construction by charging appropriate tapping fees to the landowner and/or as otherwise allowed by law.

9. Right of First Refusal. Except as set forth in this Agreement, DELCORA shall have all rights and authority provided by law including, but not limited to, the right to borrow money and to enter into contracts not otherwise prohibited herein. However, DELCORA shall not sell, lease or convey any other interest in any part or all of the Facilities without prior approval of the Township, provided however that if DELCORA should decide to sell the Facilities, the Township shall have a right of first refusal to purchase the Facilities for the sum of \$100,000.00. If requested by either party at any time, a memorandum referring specifically to this requirement shall be recorded at the Office of the Recorder of Deeds for Chester County. Notwithstanding any provision contained herein to the contrary, DELCORA shall not be prohibited from nor shall DELCORA be required to obtain the approval of Township in order for DELCORA to pledge or otherwise encumber its revenues and/or assets as security for any borrowing or financing

10. Obligations with Regard to Toll. In no event following transfer of the Facilities

to DELCORA shall DELCORA or Township charge Toll any sewer connection fee or initial contribution fee or tapping fee of any kind for connection to the Facilities for service to the Development. The term "Development" as used herein shall the meaning as so defined in the Asset Purchase Agreement for Acquisition of Sanitary Sewer System between the parties hereto dated.

11. Obligation with Regard to additional users.

(a) Toll has installed the Third Party Sewage Facilities for a potential of thirteen Third Party Users, one of which is the old school house owned by the Township at the intersection of Corinne and Locust Grove Roads. Toll has also installed the sanitary sewage collection and conveyance lines and facilities for the three existing residential dwelling units referred to in the Sewer Construction and Easement Agreement dated February 19, 2010 and recorded in the Office of the Recorder of Deeds for Chester County at Book 7880, page 84. When any Third Party User or any of the three (3) existing residential dwelling units referred to herein connect to the Common Sewage Facilities that customer does not have to pay for capacity in the Common Sewage Facilities; that is, DELCORA shall not charge a tapping fee. However, DELCORA may charge User Fees to those customers who connect to the Common Sewage Facilities. Notwithstanding the preceding, DELCORA agrees not to charge a User Fee for the old school house owned by the Township so long as the average daily flow does not exceed 1 EDU (262.5 gallons per day).

(b) The old school house and nine Third Party Users who first apply to connect, may connect to the facilities pursuant to the Planning Module. The remaining Third Party Users who seek to connect to the Common Sewage Facilities must apply for and obtain from PA DEP Sewage Facilities Planning Module approval because the Planning Module for Corinne Village, referred to in paragraph 7 herein, is only for ten (10) Third Party Users.

12. Indemnification.

(a) DELCORA will reimburse, indemnify, defend and hold harmless Township and its officials and employees from and against any and all liabilities, obligations,

damages, losses, actions audits, deficiencies, claims, fines, costs and expenses, including attorney's fees, fines, and costs and costs of employees or consultants investigating or responding to such items., relating to, or arising out of: (i) the ownership and operation of the Facilities and/or the provision of sewage service by DELCORA occurring after the transfer of the Facilities to DELCORA; (ii) the failure of DELCORA to perform its obligations hereunder; or (iii) the failure of DELCORA to operate and maintain the Facilities in compliance with applicable laws and regulations.

(b) Township will reimburse, indemnify, defend and hold harmless DELCORA and its officials and employees from and against any and all liabilities, obligations, damages, losses, actions audits, deficiencies, claims, fines, costs and expenses, including attorney's fees, fines, and costs and costs of employees or consultants investigating or responding to such items., relating to, or arising out of: (i) the ownership and operation of the Facilities and/or the provision of sewage service by Township occurring prior to the transfer of the Facilities to DELCORA; (ii) the failure of Township to perform its obligations hereunder, or (iii) the failure of Township or any other person or entity to operate and maintain the Facilities in compliance with applicable laws and regulations prior to the transfer of the Facilities to DELCORA.

13. Miscellaneous.

(a) The covenants and agreements contained herein are for the sole benefit of the parties hereto, their legal representatives and successors in interest, and they shall not be construed as conferring any rights on any other person or entity. DELCORA may assign, in writing, its rights and obligations under this Agreement to another municipality or municipal authority, with the consent of the Township, which consent shall not be unreasonably withheld.

(b) This Agreement sets forth the entire understanding of the parties hereto with respect to the provisions contained herein. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto. Any and all previous agreements and understandings between and among the parties regarding the subject matter hereof, whether

written or oral, are superseded by this Agreement.

(c) Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing shall be deemed given only if delivered personally or sent by telegram or by registered or certified mail, postage prepaid, return receipt requested as follows:

If to Township: Pocopson Township
PO Box 1
Pocopson, PA 19366
Attn: Supervisors

with a copy to: Ross A. Unruh, Esquire
Unruh, Turner, Burke & Frees
17 West Gay Street
P.O. Box 515
West Chester, PA 19381-0515

If to DELCORA: Delaware County Regional Water Quality Control Authority
100 East Fifth Street
PO Box 999
Chester, PA 19016-0999

with a copy to: J. Adam Matlawski, Esquire
McNichol, Byrne & Matlawski
606 E. Baltimore Pike
Media, PA 19063

(d) Should any one or more of the provisions of this Agreement for any reason be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement and the remainder of this Agreement shall, in such circumstances, be construed and enforced as if such illegal, invalid or unenforceable provision had not been contained herein.

(e) This Agreement shall be effective commencing as of August 1, 2015 and shall continue perpetually thereafter.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed
and their respective corporate seals affixed the day and year first above written.

WITNESS:

POCOPSON TOWNSHIP

Susan E. Simone
ADMINISTRATIVE
SECRETARY

By: Ricki Stumpo
RICKI STUMPO, SUPERVISOR

WITNESS:

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

_____ By: _____

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed
and their respective corporate seals affixed the day and year first above written.

WITNESS:

POCOPSON TOWNSHIP

By: _____

WITNESS:

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

Robert A. Pugh

By: Robert A. Pugh

EXHIBIT "A"
FACILITIES DESCRIPTION

Common sewage facilities within the planned residential development known as Preserve at Chadds Ford which facilities are to serve the residences, as well as various third party other offsite users and includes various easement areas and the sewer plant the pumping station with connecting force mains and gravity-flow sewer mains, onsite collector, arterial and connecting lines, equipment and appurtenances necessary to transmit, treat and discharge sanitary sewage, but excluding lateral lines within the boundaries of building lots.

EXHIBIT "B"
STUDY AREA MAP

