EXHIBIT F137

AGREEMENT OF SALE AND SERVICE, DATED AUGUST 9, 2005, BY AND AMONG BOROUGH OF TRAINER AND DELCORA



August 11, 2005

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Kyle Burch, Esq. Solicitor - Trainer Borough 22 State Road Media, PA 19063-1442

Dear Kyle:

Enclosed is a signed copy of the Agreement of Sale and Service between the Borough of Trainer and DELCORA dated August 9, 2005.

We have agreed that the actual transfer will take place on Monday, August 15, 2005, at 7:00 AM.

Please call if you have any questions.

Sincerelv Joseph L Salvucci Executive Director

JLS:bab enclosure

cc: Michael Maddren, Esq., Blank Rome LLP w/enclosure Robert Powell ω/encl. File

ADMINISTRATION CUSTOMER SERVICE/BILLING G10-876-5523 G10-876-5526 FAX: 610-876-2728 FAX: 610-876-1460 PURCHASING & STORES 610-876-5523 FAX: 610-497-7959 PLANT & MAINTENANCE 610-876-5523 FAX: 610-497-7950

AGREEMENT OF SALE AND SERVICE

THIS AGREEMENT, dated as of the day of August, 2005, between the BOROUGH OF TRAINER(the "Seller") a Borough in the Commonwealth of Pennsylvania, and DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY (the "Buyer"), an authority created by the County of Delaware, Pennsylvania.

WITNESSETH:

WHEREAS, Seller is the owner of facilities used for the collection and transportation of sewage in the Borough of Trainer where it serves private users directly, as shown on a service map delivered by Seller prior to the date hereof (the "Service Area"); and

WHEREAS, there is presently in existence an Agreement between Seller and Buyer for the acceptance of the sewage from the Service Area and for the treatment of said sewage by the Buyer; and

WHEREAS, Seller is desirous to sell and Buyer desires to purchase all of Seller's property consisting of its sewer system and sewer system related real and personal property in the aforesaid Service Area, all as hereinafter described; and

WHEREAS, the Seller desires to have Buyer assume responsibility for providing sewage collection, conveyance and treatment service (Buyer is already providing conveyance and treatment service) in the Service Area and Buyer is willing to assume such responsibility, subject to the provisions hereof.

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

1. **Property to be Acquired**. Subject to the terms and conditions hereinafter set forth Seller will sell, assign, transfer and deliver to Buyer, and Buyer will purchase from Seller,

at the time of closing hereinafter provided, all of the property, real, personal and mixed, constituting Seller's system for the collection and transportation of sewage, including without limitation, all of the following types of property which together are herein sometimes called the "Sewer Properties:"

All sewer mains, interceptors, force mains, collection systems, valves, pumps, machinery (not including the Godwin Pump or water jet machine), equipment, siphons, regulators and tide gates, customer lists and accounts, franchises, licenses, sewage permits, contract rights and related assets, all rights in connection with Federal, State or other grant, loan or similar applications for assistance with sewer projects to the extent permitted by law, and all documents and papers used or held for use by Seller in the operation of the Sewer Properties, but not including cash, bank accounts or securities (all being herein referred to together as the "Personal Property"). Books, records, maps, surveys, drawings, engineering and financial studies and reports, plans, of Seller, that Seller is now using and may need in the future, shall be available for Buyer's inspection, and Buyer may make such copies as it requires, at Seller's expense. The Sewer Properties are herein referred to as the "Collection System;" and

2. <u>Purchase Price</u>. As the purchase price for the Sewer Properties, Buyer shall pay to Seller the sum of \$1.00.

3. **Representations and Warranties of Seller**. The Seller represents and warrants as follows:

3.1 Seller is now the legal and beneficial owner of the Sewer Properties, with good and marketable title thereto, free and clear of all liens, encumbrances, charges and defects in title, and in the case of the Real Property, such as will be insured by a reputable title insurance company at regular rates, except for minor encumbrances and defects which Seller represents

will not individually or in the aggregate materially and adversely affect the use and operation of, or the right to use and operate, the Real Property. The Deed or other document that Buyer's solicitor shall deem appropriate to convey the Real Property and the Bill of Sale and Assignment conveying the Personal Property will properly describe or identify all the important Sewer Properties. To the extent those documents neglect to include any Property, Real or Personal, necessary to operate Seller's system, Seller shall execute such documents as Buyer's solicitor may deem necessary to convey the excluded Property for no additional consideration.

3.2 The Sewer Properties are in good and operable condition and are adequate in all respects for the providing of all sewage services in the Service Area as now being provided by Seller, except for the defects set forth on Schedule 3.2.

3.3 Seller has all requisite, valid and assignable licenses, non-exclusive franchises, easements, consents, permits and regulatory approvals (including, without limitation, all requisite permits from the Pennsylvania Department of Environmental Protection), all requisite certificates of public convenience and rate approvals from the Public Utility Commission, all requisite permits for stream encroachments from the Pennsylvania Department of Forests and Waters, all requisite highway crossing permits from the Pennsylvania Department of Transportation), and all requisite railway crossing permits from the appropriate railway owners and operators, to engage in the business of collecting and transporting sewage in the Service Area, as such business is now conducted, except as listed on Schedule 3.3a. Seller covenants to use its best efforts to obtain any permits, easements, rights of way, permissions, licenses, etc. listed on Schedule 3.3a prior to Closing. To the extent Seller is unable to do so, it shall reimburse Buyer for any costs incurred obtaining same, including but not limited to attorneys', engineers', appraisers' and/or surveyors' fees. Buyer shall be entitled to employ any means it

deems necessary or expedient in doing so. Seller is not in violation of any of the provisions of any of the foregoing permits or any statues under which such permits were granted, as now in force, except those violations set forth on Schedule 3.3b. Seller agrees to join in executing any requisite applications to transfer the aforementioned sewage permits to Buyer and will cooperate in effectuating such transfer as well as the transfer of all other permits from Seller to the Buyer.

3.4 The execution, delivery and performance of this Agreement by Seller has been duly authorized by all necessary municipal action, this Agreement constitutes a valid and binding obligation of Seller in accordance with its terms, and the execution and performance of this Agreement by Seller will not violate any provisions of law and will not result in the breach of any term or provision of, or constitute a default or result in the acceleration of any obligation under any loan agreement, indenture, financing agreement, lease, franchise, license, or any other agreement or instrument of any kind to which Seller is a party.

3.5 There is now pending no litigation, proceeding, controversy, notice of violation or complaint (formal or informal) to which Seller is a party or of which it has knowledge before any Court, the Public Utility Commission, the Department of Environmental Protection, the Environmental Protection Agency, or any other authority with respect to (a) the Sewer Properties, (b) Seller's right to enter this Agreement, except those set forth on Schedule 3.5.

3.6 There are no contracts, indentures, refunding agreements or agreements in aid of construction, service or main extension deposits with respect to Seller or the Sewer Properties, except as listed in Schedule 3.6a. Neither Seller nor any of its property is subject to any commitments, obligations with respect to future employee compensation, licenses, reservations, exceptions, rights-of-way, judgments or court orders which (a) relate to and adversely affect the

Sewer Properties, Seller's sewer service, or Seller's right to enter and perform this Agreement, or (b) extend beyond the Closing Date, except as set forth on Schedule 3.6b.

3.7 Seller has delivered to Buyer certain financial records relating to the Sewer Properties, which buyer has requested. There has been no material and adverse change in said financial condition of said Properties or operations since December 31, 2004: Seller has no outstanding bonds or lease obligations relating to the Sewer Properties.

3.8 The Sewer Properties have not been, since December 31, 2004, materially and adversely affected permanently as a result of any casualty, drought, flood, strike or other labor dispute, governmental order, litigation or administrative proceeding, riot, activities of armed forces, war or acts of God or the public enemy.

3.9 Since December 31, 2004: (a) Seller has not initiated any additions to the Sewer Properties, except for such minor additions as have been necessary to provide reasonably adequate service in the regular and ordinary course of business; or (b) entered any other contract or commitment except as set forth on Schedule 3.9.

3.10 Except as set forth in the Consent Decree, as defined in paragraph 12.2 hereof, Seller is not, with respect to the Sewer Properties, in default under any provision of law, regulation, zoning or other ordinance, articles of incorporation, by-laws, franchise, permit (including, without limitation, those referred to in Section 3.3 above), indenture, contract or other document which is applicable to or binding upon it.

3.11 The Sewer Properties are insured against all risks usually insured against by persons operating similar properties, under valid and enforceable policies issued by insurers or recognized responsibility in reasonably sufficient amounts. Seller will continue to maintain such insurance coverage up to and including the Closing Date

3.12 Seller has reported all sanitary sewer overflows, and any other violations of any environmental law or regulation that have occurred since December 31, 2004 to both the Department of Environmental Protection and Buyer.

3.13 To the extent any Schedule referenced in this section 3 is blank, Seller represents and warrants that there is no pertinent information that should be set forth therein.

4. <u>Conduct pending Closing</u>. Pending the Closing Seller will:

(a) Operate the Sewer Properties only in the ordinary course of business and in accordance with all applicable local, state and federal laws and regulations;

(b) Not enter into by or on behalf of Seller any contract or commitment relating to the Sewer Properties, except (i) normal and usual commitments for the purchase of materials and supplies, (ii) commitments related to the items referred to in Section 3.9 (a) above, or (iii) any which may receive the prior written approval of Buyer;

(c) Not mortgage, pledge or subject to lien or other encumbrance or dispose of any of the Sewer Properties; and

(d) Give to Buyer and its authorized representatives full access during normal business hours throughout the period prior to Closing to the Sewer Properties, and all related books, contracts, commitments, financial documents and records of Seller, and will furnish Buyer during said period copies of all outstanding agreements, licenses and permits, summaries of insurance policies, descriptions of real estate, and such other information concerning the Sewer Properties and matters related thereto as Buyer may request. Seller will also inform Buyer promptly upon its learning of any event of fact which would adversely affect any representation of warranty herein.

5. <u>Conditions to Buyer's Obligation</u>. The obligation of Buyer to complete the purchase hereunder is subject to fulfillment of the following conditions on or before the Closing Date (in addition to those expressed elsewhere herein).

5.1 Seller's permits shall have been transferred to Buyer where such transfer is required by applicable laws or regulations. Any implication to the contrary in the foregoing notwithstanding, Seller is unaware of any permits that would require transfer.

5.2 Buyer shall have received a satisfactory opinion of Seller's solicitor, dated the Closing Date with respect to the matters referred to in Sections 3.1, 3.3, 3.4, 3.5 and 3.10 as of the Closing Date, and to the effect that he has no knowledge of any fact which would cause the representations and warranties in this Agreement not to be true or the conditions of Closing herein not to have been performed as of the Closing Date. In giving his opinion with respect to the title to Real Property, Seller's solicitor may rely upon the policy of title insurance issued to Buyer.

5.3 Seller shall have delivered to Buyer such deeds, easements, or assignments of easements, assignments, bills of sale, documents, instruments, information certifications and further assurances as solicitor for Buyer may reasonably require as necessary or desirable for transferring, assigning and conveying hereunder to Buyer good and marketable title to the Sewer Properties, and otherwise affecting performance of this Agreement by Seller, and all shall be satisfactory in form and substance to Buyer and its solicitors.

5.4 Buyer shall have received from Seller, in form satisfactory to Buyer and its solicitor:

(a) A certified copy of the Ordinance or Resolution duly enacted by Seller authorizing the transactions herein provided for; and

(b) A certificate to be delivered on the Closing Date, signed by the proper officers of Seller to the effect that (1) the representations of Seller in this Agreement are true, and
(2) Seller has performed all conditions and Agreements contained herein.

5.5 Seller shall, on or prior to the date fifteen (15) days prior to Closing, send, by first class mail, postage prepaid, the notice to residents attached hereto as Exhibit A, to each household within its limits.

6. <u>Closing</u>. The Closing hereunder shall take place at the office of Buyer, or at such alternate location on such date as may be specified by Buyer on 45 days' written notice on or before July 1, 2005. Upon the performance of all conditions and covenants set forth herein and delivery to Buyer of all documents and instruments required hereby, Buyer shall deliver to Seller at the Closing: (a) the amount due under Section 2 above; and (b) a certified copy of all resolutions adopted by the Board of Buyer authorizing the transaction provided for herein;

7. **Risk of Loss**. Seller assumes all risks of destruction, losses or damage to the Sewer Properties due to fire or other casualty up to the Closing. In the event any of the Properties are so destroyed or damaged prior to Closing, the part or parts so destroyed or damaged shall be replaced or repaired by Seller at its sole cost and expense, unless otherwise agreed by Buyer, provided, however, if any such destruction or damage shall, in the opinion of Buyer, be so extensive as materially and adversely to affect the feasibility of operation thereof by Buyer, then Buyer shall not be obligated to consummate the purchase and sale contemplated herein, and Buyer shall not have any obligations whatever to Seller by reason hereof.

8. Indemnifications.

8.1 Except as otherwise provided herein, or in the event that any representation or warranty made by Seller herein is untrue, Buyer shall assume, indemnify and hold harmless

Seller against any and all claims or liabilities arising from the ownership and operation of the Sewer Properties and attributable to the period after 11:59 P.M. on the Closing Date.

8.2 For a period of five (5) years after the Closing, Seller shall indemnify and hold harmless Buyer against any and all claims, suits, damages, loss, expenses or liabilities whenever presented or determined brought by or on behalf of any third party for any personal injuries or property damage sustained prior to the date and time of Closing.

9. <u>Accounts Receivable</u>. Seller shall retain all of its right, title and interest to all accounts receivable through the end of 2005. Buyer shall continue to bill Seller directly for treatment and conveyance of sewage through the end of 2005. Buyer shall bill all customers of the sewage system as of January 1, 2006 and shall be entitled to all revenues therefrom.

10. <u>Survival of Agreements, Representations and Warranties</u>. All agreements, representations and warranties contained in this Agreement will survive the completion of Closing hereunder indefinitely.

11. <u>Additional Assurances and Payments</u>. Subsequent to the Closing, Seller will execute and deliver such additional documents as Buyer may reasonably request to perfect Buyer's title to the Sewer Properties or carry out the intention of this Agreement.

12. Service by Buyer following Closing Date.

12.1 Following completion of the Closing, Buyer shall have the exclusive right and duty to provide collection, transportation, treatment and disposal of sanitary sewer and industrial wastes (but not storm or surface drainage) in the Service Area, to the fullest extent permitted by law within Seller's Borough limit.

12.2 In carrying out its responsibilities under this Section 12, Buyer will impose rates involving two elements. <u>First</u>, will be a charge for treatment at DELCORA's Western Regional

Treatment Plant ("WRTP"), which will be uniform for all users of particular classes in the region served thereby, to recover in the most equitable manner all costs involved in such treatment. "Costs" when used in this Section shall mean all applicable costs of construction and acquisition and other capital items, all applicable operating items, a prorated portion of general administrative costs and of appropriate amounts to establish reasonable reserves of money and of capacity in facilities for future need of the Service Area. Second, a charge will be imposed on users in the Service Area to recover all costs of conveyance of sewage from such areas to the WRTP. This charge will include all costs of maintaining the Sewer Properties, including the costs of compliance with the certain Consent Decree made by Seller and the Pennsylvania Department of Environmental Protection ("DEP") on <u>June 14</u>, 2005, a copy of which is attached hereto as Exhibit B (the "Consent Decree") and any costs of complying with any such orders, penalties, fines, assessments or decrees by DEP, the United States Environmental Protection Agency, or any other government entity with authority to issue such orders, penalties, fines, assessments or decrees applicable to the period prior to Buyer's acquisition of the Collection System. Customers in the Service Area will bear none of the costs of collection of sewage outside such Area. Buyer's good faith determinations as to elements of cost, classification of customers, size of reasonable reserves and similar matters in carrying out the foregoing principles shall be conclusive, and charges shall be subject to change from time to time as may be necessitated by increasing costs, the need for expansions, replacements and improvements, provisions of bond indentures, State and Federal grant agreements, regulatory requirements and similar developments.

12.3 Buyer reserves the right to enact a tapping and/or connection fee within the Borough in accordance with the laws of the Commonwealth of Pennsylvania if at any time it deems such a fee necessary, convenient or appropriate.

12.4 If at any time in the future during the term of this Section 12 or at the end thereof, Buyer ceases to operate the system being purchased by it hereunder, then the Sewer Properties, such as they may exist at such time, shall revert to Seller's ownership, unless Seller declines to accept such reversion, in which case they shall revert to the County of Delaware or any other agency, as may be dictated by operation of law.

13. Miscellaneous.

13.1 <u>Termination</u>. Both parties hereto will use their best efforts to cause the conditions performable by them to be performed, but if they have not been either performed or waived prior to the last date for closing hereunder, this Agreement will automatically terminate and neither party shall have any obligation or liability by virtue of the execution hereof.

13.2 <u>Notices</u>. Any notice to be given either party hereunder shall be given in writing and shall be sufficient if sent by certified mail or by telegram, confirmed by certified mail, if to Buyer, addressed to Delaware County Regional Water Quality Control Authority, 100 East Fifth Street, Chester, Pennsylvania, and if to Seller, addressed to the Borough Secretary.

13.3 <u>Contents of Agreement, Governing Law, etc.</u> This Agreement sets forth the entire understanding of the parties, shall be governed by the laws of the Commonwealth of Pennsylvania, shall not be assigned by either party hereto, and all amendments to it shall be in writing and signed by both parties hereto.

13.4 <u>Rights of Parties</u>. This Agreement shall not be construed to create any right in favor of anyone except the parties hereto.

14. <u>Termination of Existing Agreement</u>. Upon completion of the Closing as specified hereunder and performance of all conditions relevant thereto, any and all existing agreements between Seller and Buyer or any predecessor in interest shall become terminated, null and void except to the extent of any balance due Buyer by Seller under the terms of said Agreement. Any balance shall be paid by Seller to Buyer in accordance with the existing Agreement.

15. <u>Consent Decree</u>. As of Closing, Buyer shall assume those obligations of Seller that the Consent Decree contemplates Buyer assuming.

16. <u>Future Cooperation</u>. Seller agrees to use its best efforts in aiding Buyer to carry out the intent of this agreement. Seller agrees to execute any documents, issue any permits and pass any ordinances and/or resolutions Buyer, in its sole discretion, deems necessary or convenient toward carrying out the intent of this agreement, or toward Buyer's operation of the Sewer Properties and/or Collection System.

[EXECUTION TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be

executed by their respective duly authorized officers as of the date first stated.

BOROUGH OF TRAINER

Βv Donna M. Pugh, President of Council

Attest:

Alice Steppke, BoroughSecretary

Approved by:

Eugene Maysky, Mayor,

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

Nester By: Chairman

Attest: Secretary

SCHEDULE 3.2

1. The Force Main along Post Road together with two pump stations need replacement.

2. The line along 5th Street by the Marcus Hook Creek might need to be jet cleaned.

SCHEDULE 3.3(a)

NONE

SCHEDULE 3.3(b)

The only violations are addressed in a Consent Order and Agreement with the Pennsylvania DEP, a copy of which has been supplied by Trainer Borough to DELCORA.

SCHEDULE 3.5

NONE

SCHEDULE 3.6(a)

NONE

SCHEDULE 3.6(b)

NONE

SCHEDULE 3.9

NONE

The Borough of Trainer

TRAINER MUNICIPAL BUILDING, 824 MAIN STREET TRAINER, DELAWARE COUNTY, PA 19061-5097 (610) 497-3838 FAX NUMBER (610) 497-2133

CERTIFICATION

I, ALICE STEPPKE, Borough Secretary for the Borough of Trainer, hereby certify that the attached is a true and correct copy of Trainer Borough Resolution No. 913 adopted by the Council of the Borough of Trainer on June 9, 2005.

tepple.

ALICE STEPPKE / Borough Secretary

BOROUGH OF TRAINER DELAWARE COUNTY, PENNSYLVANIA

RESOLUTION NO. 913

WHEREAS, the Borough of Trainer is the owner of a sanitary sewer system which serves the residences and businesses of the Borough; and

WHEREAS, the sanitary sewer system is aging, is failing, and is in need of substantial improvements and replacements; and

WHEREAS, the failings in the sewer system have led to discharges of raw sewage into the Marcus Hook Creek; and

WHEREAS, the PA Department of Environmental Protection is requiring that the sanitary sewer system be corrected to prevent any further discharges into the Marcus Hook Creek; and

WHEREAS, the anticipated costs of correcting the portion of the system which has resulted in discharges into Marcus Hook Creek is between \$1 million and \$2 million; and

WHEREAS, maintaining the sanitary sewer system is requiring an inordinate amount of the Borough's employees' time; and

WHEREAS, billing the users of the sewer system for the sewer system services is requiring an extensive amount of the Borough's secretary's time; and

WHEREAS, emergency repairs are requiring a substantial amount of the Borough's engineer's time and, further, are requiring significant expenditures of funds; and

WHEREAS, it is anticipated that every sanitary sewer system operator will be required to have state certified personnel to operate and maintain the sanitary sewer systems within the next few years, which may result in the necessity to hire additional Borough personnel or outside contractors; and

WHEREAS, the Council of the Borough of Trainer believes that the sanitary sewer system can be maintained, repaired, improved, and operated more efficiently and more economically by Delcora, which is an authority established by the County of Delaware to operate sewer systems; and Delcora has agreed to accept the transfer of the Borough's sanitary sewer system.

NOW, THEREFORE, BE IT RESOLVED and it is hereby RESOLVED by the Council of the Borough of Trainer as follows:

The Borough shall transfer its sanitary sewer system, with all 1. obligations related to the operation, maintenance, and improvement of the sewer system, and the obligation to comply with the PA Department of Environmental Protection's requirements, to Delcora as of July 1, 2005.

2. The Borough of Trainer will submit its normal billing to the users of the sewer system through December 31, 2005. The Borough will keep the revenues from said billings and will pay to Delcora the Borough's normal charges for Delcora's waste water treatment services.

As of January 1, 2006, all billings to the users of the sanitary 3. sewer system will be made by Delcora and the Borough of Trainer shall have no further obligations to bill the users of the sewer system and, further, the Borough shall have no further obligation to pay Delcora for the treatment of the waste waters carried by the sewer system to Delcora.

4. The proposed contract to transfer the sanitary sewer system from the Borough of Trainer to Delcora shall be executed on behalf of the Borough and delivered to Delcora forthwith.

RESOLVED this 9th day of June, A. D., 2005.

Á M. PUGH

President of Council

ATTESTED this 9th day of June, A. D., 2005.

Borough Secretary

KYLE A. BURCH

Attorney at Law

22 State Road Media, Pennsylvania 19063-1442

July 13, 2005

Mr. Robert A. Powell DELCORA P. O. Box 999 Chester, PA 19016-0999

Re: Trainer Borough Sewer System

JUL 1 5 2005 By 2005-1399 CC: Jes, CVH, JP, File Copy

(610) 891-0788

Fax: (610) 566-2296

Dear Rob:

Enclosed please find a Certification which has been executed on behalf of the Borough of Trainer. I believe that we are only waiting for the title company to conclude its work in order to complete the transfer.

If you have any questions, please do not hesitate to contact me.

Very truly yours, A. BURCH

KAB/pt Enclosure

cc: Donna M. Pugh Eugene B. Maysky John Mathews Steve Turek Andrew O'Boyle Alice Steppke Mary Magaw Gerald Steppke Randy Knight Shannon Elliott Michael L. Maddren, Esquire w/encl.

BOROUGH OF TRAINER DELAWARE COUNTY, PENNSYLVANIA

CERTIFICATION

The Borough of Trainer hereby certifies that the representations made on its behalf in the Agreement of Sale and Service by and between the Borough of Trainer and the Delaware County Regional Water Quality Control Authority are true and correct. The Borough of Trainer further certifies that it has performed all conditions required of it within the Agreement of Sale and Service.

BOROUGH OF TRAINER

DONNA M. PUGH President of Council

Attest: , ALICE STEPPKE

Borough Secretary

By: