

AGREEMENT

THIS AGREEMENT, dated as of the 23<sup>rd</sup> day of January  
1968, by and between

DANVILLE MUNICIPAL AUTHORITY (the "Authority"), a municipality authority existing under the Pennsylvania Laws, and the BOROUGH OF DANVILLE, Montour County, Pennsylvania (the "Borough"), a municipal corporation existing under Pennsylvania Laws, parties of the first part,

- AND -

MAHONING TOWNSHIP AUTHORITY (the "Mahoning"), a municipality authority existing under the Pennsylvania Laws, party of the second part.

WITNESSETH: WHEREAS, the Authority heretofore acquired from the Borough the existing sewage collection system situate within the limits of the Borough and financed and constructed a sewage treatment plant and appurtenant facilities, which sewage collection system and sewage treatment plant, including all additions, extensions, improvements, renewals and replacements thereto constructed or acquired by the Authority, from time to time, are hereinafter sometimes called the "Sewer System"; and,

WHEREAS, the Authority heretofore leased the sewer system to the Borough for operation and use under a lease, dated as of February 1, 1952, as supplemented by First Supplemental Lease dated June 1, 1964 (the "Lease"); and,

WHEREAS, Borough and Mahoning entered into an agreement dated June 1, 1951, which provided inter alia for the Borough to furnish sewage disposal service for Mahoning by permitting Mahoning to attach sewer lines to the Borough sewer lines at the Borough - Township boundary line; and,

WHEREAS, Mahoning has determined to construct certain additions, alterations and improvements and to make other connections to the Authority

sewer system; and.

WHEREAS, the parties hereto deem it to their mutual advantage that in accordance with the terms hereof, the sanitary sewage collected from the properties located in Mahoning be discharged into the sewer system and to be treated and disposed of by Authority through the facilities provided by the sewer system; and.

WHEREAS, the Authority and the Borough desire to agree with Mahoning with respect to the manner in which Mahoning will participate in the annual costs of providing, operating and maintaining system and with respect to certain related matters.

NOW, THEREFORE, the Authority and the Borough, on the one hand, and Mahoning, on the other hand, for and in consideration of the covenants and agreements herein contained, to be kept and observed, each intending to be legally bound hereby, covenant and agree as follows:

SECTION 1. This Agreement is entered into by Danville Municipal Authority pursuant to a resolution duly adopted by its Board on Jan 18 1968, by the Borough of Danville pursuant to an Ordinance duly enacted by its Council on Jan 13 1968, and by Mahoning Township Authority pursuant to a resolution duly adopted by its Board on Jan 23 1968.

SECTION 2. The initial term of this agreement shall commence with the date of the issuance of Bonds by Mahoning Township Authority for the purpose inter-alia of providing funds to construct the Mahoning Sewage Collection System; said date of issuance to take place not later than Jan 1st 1968, and shall continue for forty (40) years thereafter.

SECTION 3. Mahoning agrees to construct the Mahoning Sewage Collection System in accordance with a sewerage permit to be obtained from the Sanitary Water Board of the Department of Health of the Commonwealth of Pennsylvania, and the drawings and specifications prepared by Kauffman,

Naugle & Sheridan, of Lewisburg, Pennsylvania, Consulting Engineers of Mahoning Township Authority, and as approved by Gannett Fleming Corddry and Carpenter, Inc., of Harrisburg, Pennsylvania, Consulting Engineers of Authority and Borough, and any modifications of said drawings and specifications which either do not make any substantial change in said system or are approved in writing by said Consulting Engineers of Mahoning and the Consulting Engineers of Authority and Borough.

SECTION 4. The Authority and the Borough covenant during the term of this agreement to receive, transport and dispose of all sewage and wastes collected by Mahoning, such receipt to be made at an already existing connection at the Borough - Mahoning Township boundary known as the "Spring Street Line", and a new connection to be made at the Borough - Mahoning Township boundary at Lower Street, and at such other points to be agreed upon by the parties hereto, provided, however, that this covenant shall be limited as follows:-

A. The quantity of sewage and wastes collected in the Mahoning Sewerage System required to be received, transported, treated and disposed of by the Authority and the Borough, as appropriate, hereunder shall be limited to the following:-

MAXIMUM SEWAGE FLOWS

|  |                             |
|--|-----------------------------|
| Per Capita Daily Sewage Flows (including infiltration) |                             |
| Average  | 100 Gallons                 |
| Peak   | 250 Gallons                 |
| Maximum Daily Infiltration Allowance                   | 250 Gallons / Inch Diameter |
| Total Average Daily Flow                               | 640,000 Gallons             |
| Peak Instantaneous Flow                                | 1,500,000 Gallons Per Day   |

MAXIMUM POLLUTION LOADINGS

|                           |                      |
|---------------------------|----------------------|
| Biochemical Oxygen Demand |                      |
| Per Capita                | 0.17 Pounds Per Day  |
| Total                     | 1,068 Pounds Per Day |

Suspended Solids  
Per Capita  
Total

0.20 Pounds Per Day  
1,200 Pounds Per Day

B. The sewage wastes collected in the Mahoning Sewerage System shall not contain any roof drainage water, storm water, surface drainage or building foundation drainage and shall not contain any sewage or wastes:--

- (a) having a temperature higher than 140° F at the point of discharge to the sewer system;
- (b) containing more than 120 parts per million by weight of tar, oil and/or grease;
- (c) containing any gasoline, benzine, naptha, fuel oil or other inflammable or explosive liquids, solids or gases;
- (d) containing any garbage which has not been ground by a household type or other suitable garbage grinder;
- (e) containing any ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, cloths, feathers, tar, plastics, wood, paunch manure, cotton, wool or other fibers or any other solid or viscous substance capable of causing obstruction or other interference with proper operation of the sewer system;
- (f) having a pH lower than 6.5 or higher than 9.0 or having any other corrosive property capable of causing damage or hazards to structures, equipment or personnel of the sewer system;
- (g) containing a toxic or poisonous substance in sufficient quantity to injure or interfere with any sewage or sludge treatment process, constitute a hazard to humans or animals, create any hazard in operation of the sewer system or create

any hazard in waters that receive treated effluent from the sewer system. Toxic wastes shall include, but not by way of limitation, wastes containing cyanide, chromium, nickel and/or copper ions:

- (h) containing noxious or malodorous gases or substances;
- (i) containing solids of such character and quantity that special and unusual attention is required for their handling; or
- (j) containing substances or other matter having characteristics which violate provisions of the Ordinance of the Borough in effect at the time, governing the discharge of sewage and other wastes into the sewer system by residents of the Borough.

SECTION 5. Mahoning shall provide authorized representatives of Borough and Authority with access at all times to the Mahoning Sewage Collection System and the laterals connected thereto, and permit such representatives to inspect that which is accessible by virtue of the then existing manholes and also to permit such representatives to make tests of the flowage passing through the same.

SECTION 6. Mahoning covenants to maintain the Mahoning Sewage Collection System in good repair and operating condition, to operate the same continuously in an economical and efficient manner and to pay all costs of operation and make all ordinary repairs, renewals and replacements and all ordinary improvements and to generally maintain the system in order to maintain adequate service.

SECTION 7. Authority and Borough shall not be liable for any damage or demands whatsoever arising or growing out of the construction, operation, maintenance or repair of the Mahoning Sewage Collection System, nor for any damages or demands whatsoever in case of the failure or inadequacy of

the Authority and Borough Sewage System to receive, treat or dispose of Sanitary Sewage from Mahoning caused by reason of any condition beyond the control of Authority and Borough.

SECTION 8. Authority and Borough agree to indemnify and save harmless Mahoning against all losses, costs or damages on account of any injury to persons or property occurring in the performance of this agreement due to the negligence of Authority and Borough, its servants, agents or employees, or resulting in failure of the sewer system to function properly from any cause due to the negligence of Authority and Borough, its servants, agents or employees.

SECTION 9. Authority and Borough covenant and agree to keep their sewer lines and sewage disposal plant in a good and usable condition during the term of this agreement and they further covenant and agree that at all times during the period of this Agreement that they will maintain sufficient capacity in their lines and plant to properly receive, transport, treat and dispose of the sanitary sewage for Mahoning to the extent that the same must be or may be discharged thereto under the terms of this agreement.

Authority and Borough also agree to take all other action and perform all other acts at any time necessary during the terms of this agreement to permit them to perform their obligation hereunder and that they will comply at all times with any requirements of the Sanitary Water Board of the Commonwealth of Pennsylvania or any other governmental agency having jurisdiction over it.

SECTION 10. Mahoning shall keep an accurate record of the number and location of the properties within Mahoning connected to the sewer system and will make such records available at reasonable times for examination by authorized representatives of Authority and Borough. Certified audits of appropriate records and accounts of Mahoning shall be made available to

Authority and Borough at least annually. Within ten (10) days after the end of each quarterly annual period Mahoning shall advise Authority and Borough in writing of the number of properties having a sewer connection to Mahoning in such quarter.

SECTION 11. Mahoning shall pay to Authority and Borough the sum of One Thousand One Hundred Sixty-five Dollars (\$1,165.00) each year for a term of years until such time as all sewer revenue bonds presently issued by Authority have been paid in full. This represents a payment which Mahoning had previously agreed to make to Authority for improvements to the treatment plant and distribution system of Authority and Borough.

SECTION 12. Mahoning shall pay to Borough and Authority each quarter for each residence within the Township connected to Mahoning Sewage Collection System the amount of money charged for a similar residence within the confines of Borough connected to the Sewer System plus twenty-five percent (25%). The present basis of charge to Danville residences is more fully detailed and set forth in Ordinance of the Borough of Danville fixing sewer rates and dated January 7, 1952. Any future adjustments in the Danville rate shall cause adjustment in a corresponding manner in the rate paid by Mahoning to Borough and Authority.

SECTION 13. It is specifically agreed between the parties hereto that the Authority's and the Borough's covenant hereunder to treat sewage and wastes collected in Mahoning Sewage System and discharged into the Sewer System shall be limited to primary treatment and that if the Pennsylvania Department of Health or any other governmental body having jurisdiction shall require secondary or complete treatment of such sewage and wastes, the Authority, the Borough, and Mahoning agree to negotiate with respect to the manner in which required work on the sewage treatment plant constituting part of the Sewer System shall be financed and the manner in which

Mahoning, the Authority and the Borough shall participate in costs and expenses thereof.

SECTION 14. It is expressly understood and agreed that the Geisinger Medical Center and the Danville State Hospital are excluded from the terms of this agreement and from the Mahoning Township Authority Sewer System and that Authority and Borough shall continue to consult directly with the Geisinger Medical Center and the Commonwealth of Pennsylvania, Department of Public Welfare for the Danville State Hospital.

SECTION 15. The parties hereto agree that if at any time disputes arise between them concerning the terms of this agreement, the matter of difference shall be referred to three (3) Registered Consulting Engineers, one (1) to be appointed by the Authority and the Borough, one (1) to be appointed by Mahoning, and a third to be agreed upon by the two (2) said appointees and the decision or award of the majority of said arbitrators shall be final and binding upon the parties hereto, their respective successors and assigns.

SECTION 16. This agreement shall be binding upon the parties hereto, their respective successors and assigns.

SECTION 17. The parties hereto agree that at the expiration of the term of this agreement the same shall be renewed and extended for a further period of five (5) years, subject to all of the terms and conditions herein contained, and so on for another five (5) year term unless and until either party hereto shall give to the other one (1) years written notice of an intention to terminate this Agreement prior to the expiration of the then current term.

SECTION 18. This agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Danville Municipal Authority and the Mahoning Township Authority each has caused this Agreement to be executed

in its name and in its behalf by its Chairman or Vice Chairman and its corporate seal to be affixed hereunto and attested by its Secretary or Assistant Secretary, and the Borough of Danville, Montour County, Pennsylvania, has caused this Agreement to be executed in its name and in its behalf by the President of Council, attested by its Secretary and approved by its Mayor, all as of the day and year first above written.

DANVILLE MUNICIPAL AUTHORITY

Attest:

By:

Robert M. ...  
Chairman

Samy Stump  
Secretary

(SEAL)

MAHONING TOWNSHIP AUTHORITY

Attest:

By:

Charles ...  
Chairman

Francis ...  
Secretary

(SEAL)

BOROUGH OF DANVILLE

Attest:

By:

Arthur ...  
Chairman

W. A. ...  
Secretary

(SEAL)

Approved:

Frederick ...  
Mayor

AMENDMENT TO AGREEMENT OF  
JANUARY 23, 1968, BETWEEN DANVILLE  
MUNICIPAL AUTHORITY, BOROUGH OF DANVILLE  
AND MAHONING TOWNSHIP AUTHORITY

WHEREAS, The Agreement dated 23 January 1968 between the Authority and the Borough and Mahoning is only for residential service and since industrial and other non-residential development is occurring and is planned for Mahoning Township; and,

WHEREAS, the parties to this Agreement desire to amend it to provide for industrial and other non-residential customers in Mahoning, this Agreement is amended as follows:--

SECTION 19: The total average daily flow stated in Section 4 is increased from 640,000 gallons per day to 940,000 gallons per day to allow for sewage and wastes from industrial and other non-residential customers in Mahoning. The corresponding total Peak Instantaneous Flow is increased from 1,600,000 gallons per day to 2,350,000 gallons per day. For the U. S. Route 11 connection, the Average Daily Flow discharged to the U. S. Route 11 (Walnut Street) sewer shall be 172,800 gallons per day, with a corresponding Peak Instantaneous Flow at this location of 360,000 gallons per day. In the event the average daily flow and corresponding peak instantaneous flow on the U. S. Route 11 connection should exceed the average daily flow of 172,800 gallons per day with the corresponding peak instantaneous flow of 360,000 gallons per day then Mahoning agrees to pay the entire cost of the installation of an auxiliary sewer line from the existing sewer connection on the Borough boundary

line to the intersection of Walnut Street and Railroad Street within said Borough

SECTION 20: Mahoning shall pay to the Borough and Authority each quarter for sewage and industrial waste water generated by industries and other non-residential customers within the Township and connected to the Mahoning sewage collection system except for the Geisinger Medical Center and the Danville State Hospital as set forth in Section 14. The amount of money shall be based upon the prevailing Danville rate resolution plus twenty-five per cent (25%). Any further adjustment in rates for services in the Borough shall cause adjustment in a corresponding manner in the rates paid by Mahoning to the Borough and Authority. On each new non-residential user sewage flows shall be determined by the Consulting Engineers for Borough and Authority and these flows shall be made available to Mahoning.

SECTION 21: In all other respects the agreement dated January 23, 1968, shall remain in force and effect except as modified by this agreement.

IN WITNESS WHEREOF, the Danville Municipal Authority and the Mahoning Township Authority each has caused this Amendment to be executed in its name and in its behalf by its Chairman or Vice Chairman and its corporate seal to be affixed hereunto and attested by its Secretary or Assistant Secretary, and the Borough of Danville, Montour County, Pennsylvania, has caused this Amendment to be executed in its name and in its behalf by the President of

Council, attested by its Secretary and approved by its Mayor, all as of  
this 27<sup>th</sup> day of April, 1981.

DANVILLE MUNICIPAL AUTHORITY

Attest:

By: \_\_\_\_\_

Chairman

\_\_\_\_\_  
Secretary

(Seal)

MAHONING TOWNSHIP AUTHORITY

Attest:

By: \_\_\_\_\_

Chairman

Francis A. Krum  
Secretary

(Seal)

BOROUGH OF DANVILLE

Attest:

By: \_\_\_\_\_

President

\_\_\_\_\_  
Secretary

(Seal)

Approved:

\_\_\_\_\_  
Mayor

Mah Pump

1985  
1,113 M.G.D.

AMENDMENT TO AGREEMENT OF  
JANUARY 23, 1968, BETWEEN DANVILLE  
MUNICIPAL AUTHORITY, BOROUGH OF DANVILLE  
AND MAHONING TOWNSHIP AUTHORITY

WHEREAS, the Agreement dated January 23, 1968, between the Authority, the Borough and Mahoning provides for residential sewer service and since industrial and other non-residential development as well as additional residential development is occurring and is planned for Mahoning Township; and,

WHEREAS, the parties to this agreement desire to amend it to provide for the industrial and other non-residential customers as well as additional residential customers in Mahoning; and,

WHEREAS, the Borough was required by the Environmental Protection Agency to meet the Federal Water Pollution Control Act standards for industrial pretreatment and has done so by amending Chapter 108 of the Danville Borough Code, this Agreement is amended as follows:--

SECTION 19: The total average daily flow stated in Section 4 is increased from <sup>6?</sup>910,000 gallons per day to 1,113,000 gallons per day to allow for sewage and waste from industrial and other non-residential customers as well as additional residential customers in Mahoning. The corresponding total Peak Instantaneous Flow is increased from 2,350,000 gallons per day to 2,780,000 gallons per day. In the event the average daily

flow and corresponding Peak Instantaneous Flow on all connections to the Borough of Danville shall exceed the average daily flow of 1,113,000 gallons per day with the corresponding Peak Instantaneous Flow of 2,780,000 gallons per day, then the Authority, the Borough and Mahoning agrees to negotiate with respect to the manner in which required work on the sewage treatment plant constituting part of the Sewer System shall be financed and the manner in which Mahoning, the Authority and the Borough shall participate in costs and expenses thereof. In addition thereto, with respect to the trunk line on Route 11, Mahoning shall not be required to replace, enlarge or construct another trunk line unless the sewage flows from Mahoning on Route 11 exceed the rated sewage capacity of the existing trunk line and exceed the permitted allocation to Mahoning in the existing regular Borough line on Route 11.

SECTION 20: Mahoning shall pay to the Borough and Authority each quarter for sewage and industrial waste water generated by industries and other non-residential customers within the Township and connected to the Mahoning sewage collection system except for the Geisinger Medical Center and the Danville State Hospital as set forth in Section 14. The amount of money shall be based upon the prevailing Danville rate resolution plus twenty-five per cent (25%). Any further adjustment in rates for

SECTION 25: Mahoning shall indemnify the Borough of Danville for all damages, fines and costs incurred as a result of industrial waste discharges originating in Mahoning.

SECTION 26: Borough of Danville may seek injunctive relief against any industrial user of Mahoning's sewer system if such user's discharge reasonably appears to present an imminent danger to the health or welfare of persons, or the environment, or if a discharge threatens to interfere with the operation of the wastewater treatment system.

SECTION 27: All other responsibilities under the industrial pretreatment program required by the Federal Water Pollution Control Act shall be administered by the Borough of Danville.

SECTION 28: In all other respects the Agreement dated January 23, 1968, shall remain in force and effect except as modified by this Agreement and the Amendment dated April 27, 1981.

IN WITNESS WHEREOF, the Danville Municipal Authority and the Mahoning Township Authority each has caused this Amendment to be executed in its name and in its behalf by its Chairman or Vice Chairman and its corporate seal to be affixed hereunto and attested by its Secretary or Assistant Secretary, and the Borough of Danville, Montour County, Pennsylvania, has caused this Amendment to be executed in its name and in its behalf by

the President of Council, attested by its Secretary and approved by its Mayor, all as of this 21<sup>st</sup> day of May, 1985.

DANVILLE MUNICIPAL AUTHORITY

Attest:

John E. Coonan  
Secretary  
(Seal)

By: Ragnar A. Simon  
Chairman

MAHONING TOWNSHIP AUTHORITY

Attest:

Robert W. Buehner  
Secretary  
(Seal)

By: Thomas D. M... ..  
Chairman

BOROUGH OF DANVILLE

Attest:

James Ph... ..  
Secretary  
(Seal)

By: Edward J. ... ..  
President

Approved:

James ... ..  
Mayor

AMENDMENT TO AGREEMENT OF  
JANUARY 23, 1968 (AS AMENDED),  
BETWEEN DANVILLE MUNICIPAL AUTHORITY, BOROUGH OF DANVILLE AND  
MAHONING TOWNSHIP AUTHORITY

THIS AMENDMENT to Agreement of January 23, 1968 (as amended), is entered into as of this \_\_\_\_\_ day of January, 2012, by and between the Danville Municipal Authority ("Authority"), the Borough of Danville ("Borough"), and the Mahoning Township Authority ("Mahoning").

WHEREAS, the Agreement dated January 23, 1968 (as amended), between the Authority, the Borough, and Mahoning provides for the treatment and disposal of sewage and wastewater from Mahoning; and

WHEREAS, the initial term of the Agreement commenced on or about January 23, 1968, but not later than January 24, 1968, and continued for a period of forty (40) years thereafter; and

WHEREAS, Section 17 of the Agreement provides that at the expiration of the initial term of the Agreement the same shall be renewed and extended for a further period of five (5) years, and so on for another five (5) year term unless and until a party to the Agreement shall give one (1) year written notice of an intention to terminate the Agreement prior to the expiration of the then current term; and

WHEREAS, upon the expiration of the initial forty (40) year term of the Agreement (as amended) in January 2008, no party had given notice of an intention to terminate the Agreement (as amended), and consequently, the Agreement (as amended) was automatically renewed and extended for a period of five (5) years ending on or about January 23, 2013; and

WHEREAS, recognizing the pending deadline to provide written notice of an intention to terminate the Agreement (as amended) prior to the expiration of the current five (5) year renewal term, and the efforts of the parties to reach a new, mutually-acceptable, long-term agreement, the parties to the Agreement (as amended) desire to further amend the Agreement by providing a one-time, one (1) year extension of the automatic renewal period, effectively postponing the January 22, 2012 requisite notice period until January 22, 2013 and the termination date of the Agreement until January 23, 2014; and pursuant to same, notice of the intention to terminate the current Agreement by any party must be provided by January 22, 2013, or else the Agreement would be automatically extended for the same five (5) year period of time until January 23, 2019; and

WHEREAS, the parties agree that notwithstanding a one (1) year extension of the automatic renewal period and any of their efforts to reach a new, mutually-acceptable, long-term agreement, the parties may continue to pursue and commence whatever legal action they may deem necessary to protect their legal interests.

NOW, THEREFORE, the Authority, Borough, and Mahoning, for and in consideration of the terms, covenants and agreements herein contained, each intending to be legally bound, hereby agree to a one-time, one (1) year extension of the automatic renewal period set forth in

Section 17 of the Agreement (as amended), which said one (1) year extension effectively postpones the January 22, 2012 notice date until January 22, 2013, and effectively postpones the termination date of the Agreement (as amended) to January 23, 2014; said agreement by the parties being subject to an agreement by all parties to meet on a monthly basis (February 2012 through January 2013) to negotiate, in good faith, to develop a new, long-term, mutually-acceptable wastewater treatment agreement, with all parties reserving the right to be represented by legal counsel and/or engineering or other professional consultants during such meetings, and all parties reserving the right to pursue and/or commence whatever legal action they may deem necessary to protect their legal interests.

IN WITNESS WHEREOF, Danville Municipal Authority, Borough of Danville, and Mahoning Township Authority each has caused this Amendment to be executed in its name.

DANVILLE MUNICIPAL AUTHORITY

By: Walter R. Shultz  
Name: Walter R. Shultz  
Title: Chairman

ATTEST:

John E. Corman  
Name: John E. Corman  
Title: Treasurer/Asst. Secretary

BOROUGH OF DANVILLE

By: Richard Johns  
Name: Richard Johns  
Title: Council President

ATTEST:

Thomas Graham  
Name: Thomas Graham  
Title: Borough Secretary

MAHONING TOWNSHIP AUTHORITY

By: Thomas A. Reitz  
Name: THOMAS A. REITZ  
Title: CHAIRMAN

ATTEST:

Edward P. Bruegelis  
Name: EDWARD P. BRUEGLIS  
Title: SECRETARY

AMENDMENT TO AGREEMENT OF  
JANUARY 23, 1968 (AS AMENDED),  
BETWEEN DANVILLE MUNICIPAL AUTHORITY, BOROUGH OF DANVILLE AND  
MAHONING TOWNSHIP AUTHORITY

THIS AMENDMENT to Agreement of January 23, 1968 (as amended), is entered into as of this 16<sup>TH</sup> day of January, 2013, by and between the Danville Municipal Authority ("Authority"), the Borough of Danville ("Borough"), and the Mahoning Township Authority ("Mahoning").

WHEREAS, the Agreement dated January 23, 1968 (as amended), between the Authority, the Borough, and Mahoning provides for the treatment and disposal of sewage and wastewater from Mahoning; and

WHEREAS, the initial term of the Agreement commenced on or about January 23, 1968, but not later than January 24, 1968, and continued for a period of forty (40) years thereafter; and

WHEREAS, Section 17 of the Agreement provides that at the expiration of the initial term of the Agreement the same shall be renewed and extended for a further period of five (5) years, and so on for another five (5) year term unless and until a party to the Agreement shall give one (1) year written notice of an intention to terminate the Agreement prior to the expiration of the then current term; and

WHEREAS, upon the expiration of the initial forty (40) year term of the Agreement (as amended) in January 2008, no party had given notice of an intention to terminate the Agreement (as amended), and consequently, the Agreement (as amended) was automatically renewed and extended for a period of five (5) years ending on or about January 23, 2013; and

WHEREAS, by a January 2012 amendment to the Agreement, the parties agreed to a one (1) year extension of the automatic renewal period set forth in Section 17 of the Agreement (as amended), which said one (1) year extension postponed a January 22, 2012 deadline to provide one (1) year written notice of an intention to terminate the Agreement prior to the expiration of the then current term until January 22, 2013, and postponed the termination date of the Agreement (as amended) to January 23, 2014; and

WHEREAS, recognizing the pending deadline of January 22, 2013 to provide written notice of an intention to terminate the Agreement (as amended) prior to the expiration of the current one (1) year renewal term, and the continuing efforts of the parties to reach a new, mutually-acceptable, long-term agreement, the parties to the Agreement (as amended) desire to further amend the Agreement by providing an additional one (1) year extension of the automatic renewal period, effectively postponing the January 22, 2013 requisite notice period until January 22, 2014 and the termination date of the Agreement until January 23, 2015; and pursuant to same, notice of the intention to terminate the current Agreement by any party must be provided by January 22, 2014, or else the Agreement would be automatically extended for the same five (5) year period of time until January 23, 2020; and

WHEREAS, the parties agree that notwithstanding a one (1) year extension of the automatic renewal period and any of their efforts to reach a new, mutually-acceptable, long-term agreement, the parties may continue to pursue and commence whatever legal action they may deem necessary to protect their legal interests.

NOW, THEREFORE, the Authority, Borough, and Mahoning, for and in consideration of the terms, covenants and agreements herein contained, each intending to be legally bound, hereby agree to an additional one (1) year extension of the automatic renewal period set forth in Section 17 of the Agreement (as amended), which said one (1) year extension effectively postpones the January 22, 2013 notice date until January 22, 2014, and effectively postpones the termination date of the Agreement (as amended) to January 23, 2015; said agreement by the parties being subject to an agreement by all parties to endeavor to meet on a monthly basis as necessary, appropriate, and mutually acceptable to negotiate, in good faith, to develop a new, long-term, mutually-acceptable wastewater treatment agreement, with all parties reserving the right to be represented by legal counsel and/or engineering or other professional consultants during such meetings, and all parties reserving the right to pursue and/or commence whatever legal action they may deem necessary to protect their legal interests.

IN WITNESS WHEREOF, Danville Municipal Authority, Borough of Danville, and Mahoning Township Authority each has caused this Amendment to be executed in its name.

DANVILLE MUNICIPAL AUTHORITY

By: [Signature]  
Name: [Name]  
Title: [Title]

ATTEST:

[Signature]  
Name: [Name]  
Title: [Title]

BOROUGH OF DANVILLE

By: [Signature]  
Name: [Name]  
Title: [Title]

ATTEST:

[Signature]  
Name: [Name]  
Title: [Title]

MAHONING TOWNSHIP AUTHORITY

By: [Signature]  
Name: [Name]  
Title: [Title]

ATTEST:

[Signature]  
Name: [Name]  
Title: [Title]

## SETTLEMENT AGREEMENT AND RELEASE

**THIS SETTLEMENT AGREEMENT AND RELEASE** ("Agreement") is made and entered as of the 16th day of October, 2017, by and between **MAHONING TOWNSHIP**, a Township of the Second Class, with its office at 849 Bloom Road, Danville, Montour County, Pennsylvania ("Mahoning Township");

-- AND --

**DANVILLE MUNICIPAL AUTHORITY**, a municipal authority organized and existing under the Pennsylvania Municipal Authorities Act of 1945, with its offices at 42 West Market Street, Danville, Montour County, Pennsylvania ("DMA");

-- AND --

**The BOROUGH OF DANVILLE**, a borough organized under the Pennsylvania Borough Code, with its offices at 463 Mill Street, Danville, Montour County, Pennsylvania ("Borough").

All of the foregoing are herein sometimes individually referred to as a "Party" and collectively referred to herein as the "Parties".

### BACKGROUND

A. The Parties are engaged in various litigation related, on the one part, to the establishment of certain wastewater rates by the Borough and/or the DMA and the use or allocation of certain sewer funds over time, as have been raised and set forth in the civil matter brought by the Township's predecessor in interest, the Mahoning Township Municipal Authority, at Mahoning Township Municipal Authority v. Borough of Danville and the Danville Municipal Authority, Montour County Court of Common Pleas Docket 406-2009, and litigation related to alleged underreporting of customers flowing into the wastewater treatment system, brought by Danville Municipal Authority and the Borough of Danville, at Danville Municipal Authority and Borough of Danville v. Mahoning Township Municipal Authority, Montour County Court of Common Pleas Docket No. 486-2014. The foregoing shall collectively be referred to herein as the "Litigation," which shall include all claims, assertions, allegations and counterclaims raised in such matters.

B. Effective February 2, 2017, Mahoning Township effectuated the dissolution of the Mahoning Township Municipal Authority, after which the rights, obligations and interests of the Mahoning Township Municipal Authority were conveyed, transferred to and assumed by the Township. By virtue of the same, Mahoning Township is, at present, a party to the Agreement between the Borough of Danville and MTA dated June 1, 1951, the Agreement between the Borough of Danville, MTA and DMA, dated February 23, 1968, and all subsequent amendments thereto (including but not limited to amendments dated April 27, 1981, and May 21, 1985), related to the provision by the DMA of certain wastewater conveyance and treatment services, as set forth in such agreements ("Wastewater Agreements").

C. As a result of negotiations and settlement discussions between the Parties, the Parties desire to settle all Litigation (including all outstanding disputes, litigation, and claims incorporated therein) in order to make a full, complete, and final settlement of all such matters. Nothing herein shall be construed as an admission of liability or wrongdoing whatsoever by any of the Parties to this Agreement.

**NOW THEREFORE**, with the foregoing background incorporated herein by reference and made a part hereof, the Parties hereto, intending to be legally bound for themselves and their respective councils, boards, commissions, agencies, officials, appointees, officers, members, employees, principals, directors, partners, agents, stockholders, attorneys, servants, representatives, affiliates, parent corporations, subsidiaries, predecessors, successors, administrators, assigns, heirs and executors, and for good and valuable consideration as set forth herein, the receipt, adequacy and sufficiency of which is hereby acknowledged, do hereby agree as follows:

1. **Monetary Consideration.** In consideration for the withdrawal of the Litigation and the mutual general releases set forth below, Mahoning Township shall remit to the DMA monetary consideration in the amount of \$1,400,000 within thirty (30) days of the date of this Agreement.
2. **Wastewater Treatment Payments.** Mahoning Township represents that, based on its knowledge, information and belief, for the purpose of complying with its payment obligations under the Wastewater Agreements, there are 1226 residences within Mahoning Township connected to the DMA wastewater conveyance, treatment and disposal facilities. Pursuant to the same, the Parties agree that, for a period of twelve (12) months after the end of the third billing quarter of 2017 (concluding on September 30, 2018), Mahoning Township shall continue to remit quarterly payments to the DMA for wastewater conveyance, treatment, and disposal services, based on the above represented number of residences (together with any other payments for non-residential connections or as otherwise provided in the Wastewater Agreements) in addition to payments for any new residential connections after such point.

On or after September 30, 2018, either Party may request in writing that an audit be performed to ascertain the accuracy of the represented number of residential connections into the DMA wastewater conveyance, treatment and disposal facilities from Mahoning Township, and payments related thereto. The audit shall be performed by an accountant, wastewater engineer or other professional consultant, mutually agreeable by the Parties, the agreement for which shall not unreasonably be withheld. The Parties agree that the mutually agreeable consultant performing the audit shall be provided any documentation requested by such individual necessary for them to complete the audit assessment. Fifty percent (50%) of the cost of the audit shall be borne by Mahoning Township, and fifty percent (50%) of the cost of the audit shall be borne by the DMA. Each Party shall bear its own legal, consulting and other costs related to the same. The audit shall be completed by the mutually-agreeable consultant within ninety (90) days after the engagement of the individual to perform such services, except as extended in writing by the Parties. To the extent that

the mutually agreeable consultant conducting the audit concludes that the number of residences within Mahoning Township exceeds the above-referenced represented number of connections, the quarterly payments remitted by Mahoning Township shall thereafter be modified accordingly, and Mahoning Township shall be required to remit payment of any underpayments applicable to all time periods after September 30, 2018 to such date.

3. **Withdrawal of Litigation.** The Parties agree that, within three (3) business days of the full and complete execution of this Agreement, the DMA and Mahoning Township shall take all appropriate action to have the Litigation marked as settled, discontinued, and ended, and to take all actions necessary to effectuate the same.
4. **Court Approval.** The Parties agree to submit this Settlement Agreement and Release to the Court for its approval in the matter docketed at Montour County Court of Common Pleas Docket No. 486-2014.
5. **Wastewater Agreements.** The Parties acknowledge that the Wastewater Agreements remain in effect pursuant to the terms thereof, and nothing set forth herein shall be deemed to abrogate, rescind or modify such provisions, except as explicitly set forth herein. The Parties further acknowledge that nothing herein shall be construed to limit, restrict or bind any of the Parties with respect to any future agreement (or an amendment to an agreement) for the provision of wastewater conveyance, treatment and disposal services provided by DMA to Mahoning Township and its residents (with the term of the current Wastewater Agreements presently extending to January 23, 2020, except as further extended by operation of the Wastewater Agreements).
6. **Release.** In consideration of the execution of this Agreement, Mahoning Township hereby remises, releases, and forever discharges the Borough of Danville, in addition to its Borough Council, all elected and appointed Borough Officials, and all Borough employees, agents and consultants (in their individual and official capacities), the Danville Municipal Authority, together with their attorneys, insurers, reinsurers, affiliates, agents and assigns, from any, and all manner of, actions and causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, claims and demands whatsoever in law or equity that exist or could exist as of the date of this Settlement Agreement or the Litigation, which Mahoning Township, the Mahoning Township Municipal Authority or any other successors or parties in interest, that such have ever had or now has by reason of any cause, matter or thing whatsoever, related to the Litigation. This paragraph is not intended to preclude any Party from taking action to enforce the terms of this Agreement or to seek redress for a violation of the same in the future.

In consideration of the execution of this Agreement, Danville Borough and the DMA hereby remise, release, and forever discharge Mahoning Township, in addition to its Board of Supervisors, elected and appointed Township Officials, and all Township employees, agents and consultants (in their individual and official capacities), together with their attorneys, insurers, reinsurers, affiliates, agents and assigns, from

any, and all manner of, actions and causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, claims and demands whatsoever in law or equity that exist or could exist as of the date of this Settlement Agreement or the Litigation, which Danville Borough and the DMA have ever had or now have by reason of any cause, matter or thing, whatsoever related to the Litigation. This paragraph is not intended to preclude any Party from taking action to enforce the terms of this Agreement or to seek redress for a violation of the same in the future.

7. All time periods shall be as set forth in this Agreement, excepting that: (a) the Parties may mutually agree upon the extension of any such time periods; and (b) any instance when the time period shall expire on a Saturday, Sunday or a legal holiday, such time period shall extend to the next regular business day.
8. This Agreement contains the entire agreement between the Parties with regard to the subject matters hereof, and shall be binding on the Parties hereto (including their heirs, successors and assigns) and shall not be amended or altered without the written consent of the executory Parties hereto.
9. This Agreement represents a compromise of disputes between the Parties. The Parties hereto agree that they intend this Settlement Agreement shall not be subject to any claim of mistake of fact or of law in that it expresses a full and complete settlement of issues. This Settlement Agreement is intended to avoid and/or resolve litigation involving the aforesaid Litigation. The consideration set forth herein are in compromise of disputed matters and such shall not to be construed as an admission of liability on behalf of any party to this Settlement Agreement or any one on their behalf.
10. **Representation and Warranties.** The Parties represent and warrant to each other that no other person or entity has or has had any interest in the claims, demands, obligations, or causes of action referred to in the Litigation and this Agreement; that they have the sole and exclusive right to receive the consideration contemplated herein; and that they have not sold, assigned, transferred, conveyed, or otherwise disposed of any of the claims, demands, obligations, or causes of action referred to in this Agreement to any third-party person or entity as of the date of this Agreement.
11. **Authority.** In executing this Agreement, the Parties represent and warrant that they have the full power and authority to execute and deliver this Agreement and to carry out the terms set forth herein.
12. **Governing Law.** The Parties hereto enter into this Agreement in the Commonwealth of Pennsylvania, and this Agreement shall be construed, interpreted and enforced in accordance with its laws and the laws of the United States.
13. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

14. **Headings.** All paragraph headings are for convenience of the Parties only and are not to be construed as a substantive part of this Agreement.

**WHEREFORE**, the Parties hereto, intending to be legally bound by the terms of this Settlement Agreement and Release, have duly executed and delivered this Agreement as of the date and year first above written.

**THE BOROUGH OF DANVILLE**

By: William R. Rogers IV  
COUNCIL VP

**DANVILLE MUNICIPAL AUTHORITY**

By: Richard Johns  
Richard Johns, Chairman

**MAHONING TOWNSHIP**

By: Ken Woodruff  
Ken Woodruff, Chairman  
Board of Supervisors