

EXHIBIT F1

INTER MUNICIPAL SEWAGE AGREEMENT

THIS AGREEMENT, made and entered into this 28 day of October, 1998, by, between and among:

BOROUGH OF GREENVILLE, a municipal corporation of Mercer County, Pennsylvania, hereinafter referred to as "Borough", party of the first part;

AND

GREENVILLE SANITARY AUTHORITY, a municipal authority incorporated under the Municipal Authorities Act of 1945, as amended, hereinafter referred to as "Greenville Authority", party of the second part;

AND

THE TOWNSHIP OF WEST SALEM, a second class township of Mercer County, Pennsylvania, hereinafter referred to as "Township", party of the third part;

AND

WEST SALEM TOWNSHIP MUNICIPAL SEWAGE AUTHORITY, a municipal authority incorporated under the Municipal Authorities Act of 1945, as amended, hereinafter referred to as "West Salem Authority", party of the fourth part.

WHEREAS, the Greenville Authority owns a sanitary sewerage system situate in the Borough of Greenville which consists of collection and interceptor sewers, a sewage treatment plant and related facilities; and,

WHEREAS, the Borough is the lessee and operator of the Greenville Authority sanitary sewer system; and,

WHEREAS, the West Salem Authority proposes to design, construct and own a sanitary sewerage system in the specific areas of the Township as specified on the map attached hereto as an Exhibit, which will consist of collection and interceptor sewers and related facilities; and,

WHEREAS, before the West Salem Authority can proceed with construction contracts, it must be assured that the Greenville Authority and Borough will accept the sanitary sewage generated by the West Salem Authority sewage collection system as the West Salem Authority and Township do not desire to construct and operate their own sewage treatment plant; and,

WHEREAS, the Greenville Authority has expanded its sewage treatment plant and related facilities and is willing to provide the necessary capacity at the sewage treatment plant to serve the residents of West Salem Township who will be required by the Township to connect into the sewage collection system to be constructed by the West Salem Authority for reasons of public health and safety; and,

WHEREAS, the West Salem Authority, at its sole expense, will construct a sewage collection system in West Salem Township and interceptor sewers to points on the corporate boundary line of the Borough of Greenville which shall be approved by the Greenville Authority; and,

WHEREAS, the Greenville Authority, at the expense of West Salem Authority, will connect to and receive sewage flow from the interceptor sewers constructed by West Salem Authority; and,

WHEREAS, it is the purpose of this Agreement to provide for the acceptance by Greenville Authority of the sewage from those portions of West Salem Township within the purview of the contemplated construction by the West Salem Authority and to set the rates for the processing of same, all contingent upon the ability of the Township and the West Salem Authority to secure the necessary approvals and construction financing;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, to be fully kept and performed by the respective parties hereto, their successors and assigns, it is agreed by, between and among the parties as follows:

ARTICLE I - DEFINITIONS

The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings herein specified, unless the context clearly otherwise requires:

Acceptable Industrial Wastes: The term "acceptable industrial wastes" shall include all wastes discharged by any industrial, commercial or other user except such wastes as are now or may hereafter be designated as unacceptable in Ordinance No. 736 of the Council of the Borough of Greenville, duly enacted and approved on January 24, 1958, or as subsequently amended or reenacted.

Agreement of Lease: The term "agreement of lease" shall mean that certain lease dated as of January 1, 1958, of the Borough Authority Sanitary Sewerage System from the Borough Authority, as lessor, to the Borough, as lessee, as from time to time supplemented by any agreements of lease supplemental thereto.

Approved Wastewater: The term "approved wastewater" shall mean acceptable industrial waste and domestic sewage as defined herein.

Domestic Sewage: The term "domestic sewage" shall include sanitary wastes discharged by any domestic user, including sanitary wastes discharged by churches, clubs, hotels, motels, schools, hospitals, municipal and other public buildings, and other institutional users, but shall not include such wastes as are now or hereafter designated as unacceptable by Ordinances of the Council of the Borough of Greenville duly enacted and approved or as subsequently adopted, amended, or reenacted, which Ordinances are effective throughout the territorial limits of Greenville Borough upon the same classes of users described in this definition.

Domestic User: The term "domestic user" shall mean each dwelling unit of an apartment house, each dwelling unit of a duplex or multiple dwelling, each dwelling unit of a trailer

park, each part of a combined business and residence building used for resident purposes, or any other accommodation used as a separate or individual dwelling unit, which shall be defined as any room, group of rooms, or other enclosure occupied or intended for occupancy by a family or other group of persons living together, or by persons living alone.

Billing and Collecting Expense: The term "billing and collecting" expense shall mean the amount charged per customer for billing and collecting for sewer service charges.

Public Accountant: The term "public accountant" shall mean a person, firm or corporation which is engaged in the accounting profession and is a Certified Public Accountant under the laws of the Commonwealth of Pennsylvania.

Surcharge for Industrial Wastes: The term "surcharge for industrial wastes" shall mean that charge to a customer that is made in addition to the ordinary and usual charge for the same class of service, said charge being imposed on the basis of excessive strength of sewage or acceptable industrial wastes discharged by each customer.

ARTICLE II - SEWAGE SERVICE

2.1 Provided that construction of the West Salem sewage collection system is completed within five (5) years from the date hereof, the Greenville Authority shall receive and West Salem Authority shall deliver to the intercepting system of the Greenville Authority for conveyance and treatment all approved wastewater, acceptable domestic and industrial wastewater as previously defined in Article I hereof. The West Salem Authority may request an extension of time for completion but any such extension shall be at the sole option of the Greenville Authority.

2.2 After this Agreement first becomes effective, the Agreement shall remain in effect for an indefinite period of time in the future. This Agreement may thereafter be terminated only by mutual concurrence of all parties (Greenville Authority, Borough, West Salem Authority and

Township) or by Greenville Authority, only, if the Township or West Salem Authority shall violate or fail to perform any of the requirements or duties required by the terms hereof. In like manner, West Salem Authority may terminate this agreement should Greenville Authority or Greenville Borough fail to perform any of the requirements or duties required by the terms hereof.

ARTICLE III - PROVISIONS FOR CONNECTIONS

3.1 It is understood by the parties hereto that Greenville Authority shall have the right to approve the plans and specifications prepared for West Salem Authority by its Consulting Engineer and, in addition, shall have the right of inspection or approval as to any construction work undertaken by the West Salem Authority pursuant to this Agreement. Greenville Authority, at its own expense, shall provide such project observers as it determines necessary and such observers shall at all times have free access to the West Salem Authority sewer construction project. Greenville Authority may report to West Salem Authority any unacceptable conditions or construction defects noted by such observers and West Salem Authority shall cause the contractor to correct such conditions or defects to the satisfaction of Greenville Authority within the time specified in the contract specifications after receiving written notice of same from Greenville Authority. If the defects or conditions thereafter remain uncorrected, Greenville Authority shall not be required to accept any domestic sewage or industrial wastewater from the defective portion of the West Salem sewage collection system. The Greenville Authority agrees to accept wastewater as soon as it is necessary in order to permit West Salem Authority to commence and complete its sewer project and West Salem Authority agrees to deliver domestic sewage and acceptable industrial wastewaters. The points of connection of Greenville Authority and West Salem Authority sewers shall be agreed upon prior to the design of said sewers, which agreement shall set forth maximum allowable flows and pipe sizes.

3.2 The average daily flow, over a consecutive three (3) month period, required to be accepted by the Greenville Authority from West Salem Authority shall not exceed the approved wastewater generated by the current construction contemplated by West Salem Authority, which is a maximum of three hundred fifty (350) equivalent dwelling units, each of which shall produce a maximum daily

wastewater flow of four hundred (400) gallons per day; and, the average daily flow of approved wastewater which must be accepted by Greenville Authority from West Salem Authority at any connection point or pump station shall not exceed the flow that would be produced by the number of equivalent dwelling units tributary to the connection point times 400 gpd per EDU, the basis of these flows to be determined from recording flow meters. West Salem Authority must first make a written request and obtain the consent of Greenville Authority before any additional connections are made to the sewage collection system of West Salem Authority in excess of the three hundred fifty (350) equivalent dwelling units included in the current construction project of West Salem Authority. Provided adequate capacity exists at the wastewater treatment plant at the time of such request, Greenville Authority shall grant such request but the actual connection to the system must be made within six (6) months of the date of any consent given by the Greenville Authority.

3.3 West Salem Authority shall be solely responsible for the design, permits, easement acquisition, installation, and construction of all pump stations, interceptor sewers and collector sewers to the connection points on the Borough corporate boundary. The Borough will operate, maintain and pay for the utility charges of the West Salem Authority system after completion of construction of same, the cost being included as part of the rate to be charged by the Borough to the Township for each equivalent dwelling unity (EDU) in service. The Borough shall also be solely responsible for the replacement of all West Salem Authority owned pump station equipment, interceptor sewers and collector sewers constructed under the current project when required by the process of age or accident. The Borough shall not be responsible for the replacement of any West Salem Authority owned pump station equipment, interceptor sewers, or collector sewers caused by the addition of new customers.

3.4 Upon the completion of construction of any portion of its sewer system and upon the giving of one (1) month prior written notice to the Greenville Authority, West Salem Authority, at its own expense, will make the necessary proper connections with the sewerage system of the Greenville Authority at the points as approved by the Greenville Authority.

3.5 The Greenville Authority agrees to execute any documents necessary for West Salem Authority and Township to acquire permits to construct sewers in West Salem Township.

3.6 Actual connections as herein provided for shall not be made until all foreign substances that may have entered during construction have been cleared from the West Salem Authority sewage collection system. Videos showing the internal condition of the new lines in the system shall be provided to the Borough by the West Salem Authority.

3.7 West Salem Authority covenants that any sewers constructed by it shall be in accordance with the requirements herein contained and it shall use such materials and construction techniques as will assure the delivery of no more than the flows permitted by this Agreement.

3.8 West Salem Authority shall be responsible at all times to see to it that only acceptable domestic sewage and industrial wastes shall be allowed to enter its sewerage collection system. To accomplish this purpose, West Salem Authority and Township agree to adopt ordinances and resolutions consistent with regulations adopted by the Greenville Authority for these purposes and to prosecute faithfully any offenders under the same to insure compliance therewith.

3.9 West Salem Authority and Township will budget and pay from available current revenues such amounts as are necessary to pay to the Greenville Authority the funds required to be paid hereunder.

3.10 West Salem Authority shall certify to the Greenville Authority, by October 15th of each year, the number of domestic users and the number, type and description of commercial, industrial and institutional users serviced by the Greenville Authority's sewage treatment plant that were connected to the West Salem sewerage system on September 1st of the same year.

3.11 As West Salem Township customers are permitted to connect to their respective collecting sewer systems, notice thereof and copies of all permits issued shall be given to the Greenville

Authority, and in the case of industrial or commercial users, specific information as to the type of sewage or waste to be discharged to the sewers and the rates to be charged therefor, including surcharges if any, shall be furnished by West Salem Authority to the Greenville Authority. Greenville Borough shall have the right to approve West Salem Authority's service lateral specifications prior to connection of customers. West Salem Authority shall only employ lateral inspectors that demonstrate experience and or proper training in inspection techniques. Greenville Borough reserves the right to inspect service lateral installations in West Salem Township to insure that only sewage is being deposited into the system and that there are no interconnections of roof or foundation drainage into the sewage lateral. Greenville Authority also reserves the right to install flow meters at connection points of the West Salem sewer system to the Greenville system for purposes of monitoring flows in accordance with paragraph 3.2 of this Agreement.

ARTICLE IV - METERS

4.1 West Salem Authority shall install recording sewage flow meters, including a flow totalizer, at all pump stations. Greenville Authority will operate and maintain the flow meters, including cost of replacement of same, should same become necessary.

ARTICLE V - BILLING AND COLLECTION

Rates

(a) The Township covenants and agrees to pay to the Borough for the use of the Borough's sewage disposal service, as herein provided for, rates the same as those charged by the Borough to its own residents and industries within the Borough, which rate may from time to time fluctuate, less 15% for West Salem Administration and billing expense. The current average residential user rate and the initial bi-monthly rate to be charged to West Salem Township users shall be \$30.30 per user, less 15% or \$25.75. The Borough shall have the right to adjust the rate when the reasonable costs of operating and maintaining the total system prudently requires same.

*defined
as Greenville : West Salem :
itanyhad*

(b) Said rates or charges shall be paid bi-monthly by the Township and shall be due and owing on or before the last day of the month following the preceding month. The initial bi-monthly payment under this Agreement shall be pro-rated as may be agreed upon by the parties' engineers. West Salem shall be responsible for collection of rates for West Salem residents.

(c) The Borough shall have the sole and absolute right and authority to establish the rates that shall be charged to its own residents and industries, which rates shall be applicable to Township users as herein provided, all in accordance with good accounting, engineering and business practices.

(d) In the event that the Borough, at some future time, by reason of paying its operating costs from general tax funds or for other reasons, ceases to charge its customers within the Borough any sewer rental, the rates thereafter to be charged the Township for its customers, shall be renegotiated between the parties, and shall thereafter not be greater than the last annual charge made by the Borough to its customers within its corporate limits.

(e) Each user, or EDU, in West Salem Township shall pay a tapping fee to Greenville Authority of \$1,200.00 upon the connection of such user to the West Salem sewer collection system. This fee shall be collected by the Township and paid to the Borough within thirty (30) days after the connection permit is granted by the Township and/or West Salem Authority to each user of the system. The Township shall pay interest to the Borough at the rate of fifteen percent (15%) per annum for any tapping fees not paid within the time limits herein provided.

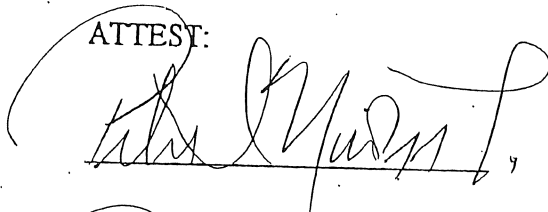
(f) The West Salem Authority shall establish its own billing and collection process to the residents of the Township using the system and shall add to the monthly user rate charged by the Borough such amount as the West Salem Authority deems necessary to cover all additional costs.

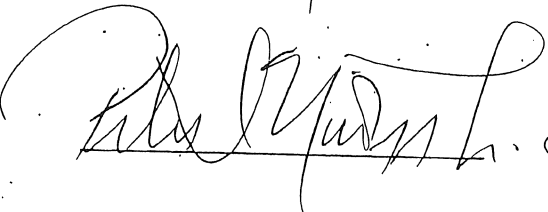
ARTICLE IV - ARBITRATION

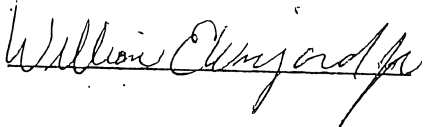
Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award tendered by the Arbitrator shall be final and binding and may be entered in the records of any court having jurisdiction thereof. The place of arbitration shall be in Mercer County, Pennsylvania, and the number of arbitrators shall be one (1).

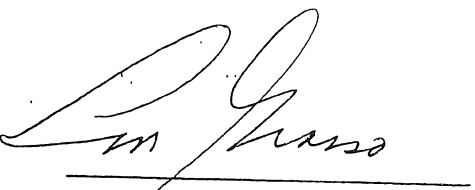
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officials duly authorized by proper corporate resolutions, as reference to the minutes of the meetings of said parties shall disclose, each intending to be legally bound hereby.

ATTEST:

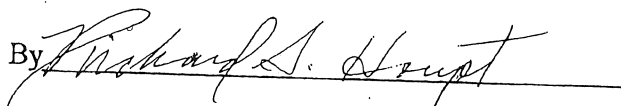


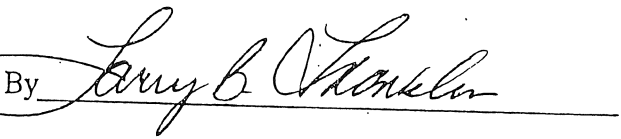




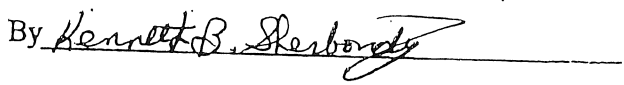


BOROUGH OF GREENVILLE

By 
GREENVILLE SANITARY AUTHORITY

By 

TOWNSHIP OF WEST SALEM

By 

WEST SALEM TOWNSHIP MUNICIPAL
SEWAGE AUTHORITY

By 