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INTERMUNICIPAL SEWER AGREEMENT

MADE this 7th day of October, 2002, by and between the **BOROUGH OF MARKLEYSBURG**, a municipal corporation of the Commonwealth of Pennsylvania, with its principal office in the Borough of Markleysburg, County of Fayette and Commonwealth of Pennsylvania (hereinafter called "Borough"), and the **TOWNSHIP OF HENRY CLAY**, a municipal corporation of the Commonwealth of Pennsylvania, with its principal office in the Township of Henry Clay, County of Fayette and Commonwealth of Pennsylvania (hereinafter called "Township").

WHEREAS, the Borough has updated its Act 537 Plan to provide for sewage disposal in the Borough and parts of the Township; and,

WHEREAS, the Borough and Township have agreed that it will be in the best interests of both municipalities for the Borough to provide sewage service to certain areas of the Township.

NOW, THEREFORE, it is agreed as follows:

1. Borough will design and construct a public sanitary sewer system (hereinafter known as the "Project") serving areas in the Borough and the Township as shown on the location plan for sanitary sewer lines attached hereto and made a part hereof as Exhibit "A" (hereinafter known as the "Service Area").

2. Borough shall assume financial responsibility to design and construct all necessary sewer lines, manholes, pumping facilities, sewage treatment plant and appurtenances required to provide sanitary sewer service for the Project to the Service Area.

3. Borough shall assume the responsibility for constructing and managing the Project and, following construction and startup, Borough shall then own, operate and maintain the sewer system in the Service Area.

4. The customers in the Service Area will become customers of the Borough and will be responsible to pay (a) a tap fee and (b) a user fee based on the Project's debt service and annual operation and maintenance charges for the Service Area.

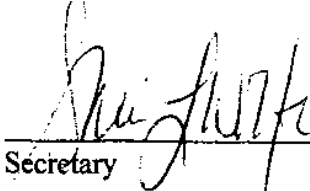
5. Township agrees to enact a mandatory connection ordinance for customers in the Township located in the Service Area set forth on Exhibit "A" in accordance with Pennsylvania Department of Environmental Protection (DEP) requirements.

6. The customers located in the Service Area described on Exhibit "A" shall pay the rates established by the Borough for the Service Area which shall include a user fee and a transmission fee and shall conform and be subject to the sewer system rules and regulations enacted by the Borough.

7. Borough agrees to acquire the Pennsylvania Infrastructure Investment Authority (PENNVEST) loan/grant, bond issue or other financing for the Project.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY,
the parties have hereunto set their hands and seals the day and year first above written.

ATTEST:


Secretary

BOROUGH OF MARKLEYSBURG

By 
President of Council

ATTEST:


Secretary

TOWNSHIP OF HENRY CLAY

By 
Chairman

