SERVICE CONTRACT

between

PLAINFIELD AREA REGIONAL SEWERAGE AUTHORITY

and

BOROUGH OF DUNELLEN
BOROUGH OF FANWOOD
TOWNSHIP OF GREEN BROOK
BOROUGH OF NORTH PLAINFIELD
CITY OF PLAINFIELD
TOWNSHIP OF SCOTCH PLAINS
BOROUGH OF SOUTH PLAINFIELD
BOROUGH OF WATCHUNG

Dated: August 3, 1995
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PREAMBLE

THIS AGREEMENT made and dated as of the 3rd day of August, 1995, between the PLAINFIELD AREA REGIONAL SEWERAGE AUTHORITY (the "Authority"), a public body corporate and politic of the State of New Jersey,

AND

the BOROUGH OF DUNELLEN, BOROUGH OF FANWOOD, TOWNSHIP OF GREEN BROOK, BOROUGH OF NORTH PLAINFIELD, CITY OF PLAINFIELD, TOWNSHIP OF SCOTCH PLAINS, BOROUGH OF SOUTH PLAINFIELD and BOROUGH OF WATCHUNG (hereinafter collectively referred to as the "Participants"), each being a municipal corporation of the State of New Jersey, together situated in the Counties of Middlesex, Somerset and Union.

WITNESSETH

WHEREAS, in settlement of litigation, namely Township of Scotch Plains v. Plainfield Joint Meeting, et al., Docket No. UNN-L-100243-88, an agreement was reached between, among others, the Participants, memorialized in an Order Entering Stipulation of Settlement filed on January 9, 1995, providing for the formation of the Authority by and among the Participants; and

WHEREAS, pursuant to the Sewerage Authorities Law (N.J.S.A. 40:14A-1 et seq.), constituting Chapter 138 of the Pamphlet Laws of 1946, approved April 23, 1946, of the State of New Jersey, and the acts amendatory thereof or supplemental thereto (herein sometimes called the "Act"), the Authority was created by
several ordinances duly adopted in the single calendar year 1995 by
the respective governing bodies of the Participants; and

WHEREAS, the Authority is a public body corporate and
politic of the State of New Jersey organized and existing under
said Act constituting a political subdivision of the State of New
Jersey established as an instrumentality exercising public and
essential governmental functions to provide for the public health
and welfare, with all necessary or proper powers to acquire,
construct, maintain, operate and use works for the relief of waters
in, bordering or entering the territorial boundaries of the
aforesaid municipalities from pollution or threatened pollution and
for improvement of conditions affecting the public health; and

WHEREAS, the Participants have determined that it will be
advantageous to them and to their respective residents to have
Sewage emanating from them disposed of by the Authority pursuant to
the terms of this Agreement and to be obligated to make payments
for or with respect to any or all such service made or to be made
available to them hereunder on the terms, in the amounts, and at
the times herein provided for, and each party having duly
authorized its proper officials to enter into and execute for it
this Agreement;

NOW, THEREFORE, in consideration of these premises, of
the mutual covenants and agreements herein set forth, and of the
undertakings of each party to the others, the Authority and the
respective Participants, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

ARTICLE I
DEFINITIONS

Section 101. Definitions. As used or referred to in this Agreement, unless a different meaning clearly appears from the context:

"Accountant's Certificate" means an opinion signed by or on behalf of a registered municipal accountant or a certified public accountant of the State of New Jersey retained by the Authority;

"Act" shall have the meaning given to such term in the Preamble hereof;

"Agreement" means this Service Contract as the same shall be amended or supplemented from time to time;

"Annual Charge" shall have the meaning given to such term in Article IV hereof;

"Articles" and "Sections" mentioned by number only are the respective Articles and Sections of this Agreement so numbered;

"Authority" shall have the meaning given to such term in the Preamble hereof;
"Authority Officer" refers to the Chairperson or Vice-Chairperson or such other officer(s) as designated by the Authority;

"Bond" means any bond or other obligation issued by the Authority pursuant to the Act;

"Contracting Municipalities" include the Participants, the Township of Bridgewater and any other municipality which may hereafter contract directly with the Authority for the disposal of such municipality's Sewage through the System;

"County" shall have the meaning given to such term in the Act;

"Deficiency Charge" means the charge imposed by the Authority upon any or all of the Participants, calculated in accordance with Section 402 (C);

"District" means the area within the territorial boundaries of each of the respective Participants;

"Dunellen" means the Borough of Dunellen;

"Fanwood" means the Borough of Fanwood;

"Fiscal Year" means the period of time which begins and ends in accordance with the calendar year and therefore references to such term shall mean the period of twelve calendar months beginning with January 1 of any year and ending with December 31 of such year;

"General Formula" shall have the meaning given to such term in Section 402 (B)(1) hereof;
"Governing Body" shall have the meaning given to such term in the Act;

"Green Brook" means the Township of Green Brook;

"Industrial User" means any person or entity which discharges, or causes or permits the discharge of, Industrial Waste into the Authority System or a Local Sewerage System;

"Industrial Wastes" shall have the meaning given to such term in the Act;

"Local Sewerage System" means all sanitary sewer system or sections thereof within each of the respective Participants’ Districts, not specifically designated herein or hereafter as an element of the System, which are or may be connected, or are or may be required under the terms of Article III hereof to be connected, with the Authority System, including all outfalls of any such Local Sewerage System and any extensions or enlargements thereof;

"MCUA" means the Middlesex County Utilities Authority;

"MCUA Agreement" means the Service Agreement between the Authority and MCUA as such may be amended from time to time;

"Measuring Year" means the period from October 1 to September 30 of each year;

"NJDEP" means the New Jersey Department of Environmental Protection or that agency’s successor;

"North Plainfield" means the Borough of North Plainfield;

"Participants" shall have the meaning given to such term in the Preamble hereof;
"Person" shall have the meaning given to such term in the Act;

"Plainfield" means the City of Plainfield;

"Pollutants" shall have the meaning set forth in Section 403(B)(2);

"Pollution" shall have the meaning given to such term in the Act;

"Scotch Plains" means the Township of Scotch Plains;

"Service Charge" means rents, rates, fees or other charges for direct or indirect connection with, or the use of services of, the System which the Authority, under the provisions of the Act, is or may be authorized to charge and collect;

"Service Rules" shall have the meaning given to such term in Section 501 hereof;


"Sewage" shall have the meaning given to such term in the Act;

"South Plainfield" means the Borough of South Plainfield;

"System" means the New Outfall Sewer, Old Outfall, New Outfall Sewer Extension, Joint Meeting Interceptor, South Side Interceptor, East End Relief Sewer, Green Brook Interceptor, Green Brook - Stony Brook Interceptor and Monroe and Huntington Avenue.
Sewers, as well as the meters listed in Exhibit A and easements, rights of way or other interests transferred in accordance with the Settlement; and all other sewers, conduits, pipelines, mains, pumping and ventilating stations, sewage treatment and disposal systems, plants and works, connections and outfalls, and all other plants, structures, equipment, conveyances and other real and tangible personal property, and all renewals, replacements, enlargements, expansions or extensions of any of the foregoing, acquired, constructed or operated or to be acquired, constructed or operated by the Authority for the purposes of the Authority under the Act, but does not include any Local Sewerage Systems or facilities of the Participants;

"USEPA" means the United States Environmental Protection Agency or that agency's successor;

"Watchung" means the Borough of Watchung;

Any word not defined herein shall have the meaning ascribed to it under the Act. Words importing the singular number include the plural number and vice versa, words importing individual persons include firms, associations and corporations, and words importing the masculine gender include every other gender.

Section 102. Severability of Invalid Provision. If any one or more of the covenants or agreements to be carried out under this Agreement, by either the Authority or the Participants, is found to be contrary to law, then such covenant or covenants, agreement or
agreements, shall in no way affect the validity of the other provisions of this Agreement.

ARTICLE II
TRANSFER, OPERATION AND ENLARGEMENT OF THE SYSTEM

Section 201. Transfer of System. The Plainfield Joint Meeting and each Participant does hereby transfer, assign, convey and deliver to the Authority any and all interest that the Plainfield Joint Meeting or any such Participant may have in the System. It is further agreed by the Participants and the Plainfield Joint Meeting that quit claim deeds, substantially in the form attached hereto as Exhibit B, shall be executed by such parties conveying to the Authority all right, title and interest any such party may hold in real property in connection with the System including but not limited to any easements, rights of way or other interests held in such real property. The Authority agrees that the System shall be operated and maintained by the Plainfield Joint Meeting until adoption of a resolution by the Authority assuming such responsibility. The Plainfield Joint Meeting shall in no event continue to exist beyond February 1, 1996. Dunellen, North Plainfield and Plainfield hereby agree to adopt parallel ordinances, substantially in the form attached hereto as Exhibit C, no later than September 1, 1995, providing for the termination and dissolution of the Plainfield Joint Meeting. The Plainfield Joint
Meeting further agrees that upon resolution of the Authority requiring such, all assets and funds presently held by the Plainfield Joint Meeting shall be transferred to the Authority and the Authority shall simultaneously assume all debts and obligations of the Plainfield Joint Meeting.

Section 202. **Operation and Maintenance of System.** Upon accepting transfer of and control over the System, the Authority will cause the System to be maintained and operated and, whenever necessary, will alter, improve, enlarge and extend the System so as to dispose of all Sewage which may be delivered into the System by the Participants in accordance with Article III. Rights to available capacity in the System shall not be allocated by the Authority amongst the Participants unless required by State or Federal law or any State or Federal agency. The Authority may at any time, subject to the provisions of Section 601, alter, improve, enlarge and extend the System in any respect or renew or replace any part thereof and issue Bonds to finance, among other things, the cost thereof. A report shall be provided by each Participant to the Authority every third year evaluating such Participant’s projected capacity needs for the forthcoming three year period. The first such report shall be provided to the Authority on or before January 1, 1996.

Section 203. **Permits.** The Authority will obtain all necessary permits which may be required for the operation or enlargement of the System from USEPA or NJDEP or from any other
agency of the Federal Government or the State of New Jersey which has jurisdiction or authority as to the type or degree of treatment of Sewage and/or the construction and operations of Sewage facilities.

Section 204.  **Location of System and Use of Public Property.** The Authority shall have the right to construct, acquire, maintain, operate and use such trunk, intercepting and outlet sewers, conduits, pipelines, mains, pumping and ventilating stations, Sewage treatment and disposal systems, plants, works, connections and outfalls at such places within or without the Districts of the respective Participants and such other plants, structures, equipment, conveyances and other real and personal tangible property as in the sole judgment of the Authority are necessary to treat and dispose of Sewage or other wastes delivered or to be delivered into the System. To that end, the Authority, within the Districts of the respective Participants, may construct, maintain, renew, replace, enlarge, expand, extend and operate the System along, over, under and in any streets, alleys, highways and other public places within the Districts of the respective Participants. Before proceeding with any construction, repair or other work in the District of a Participant, the Authority shall, except in the case of an emergency, give prior written notice of its intention to perform such work to such Participant through its municipal clerk at least five (5) days prior to commencement of same. The Authority shall obtain such street opening and/or excavation
permits as may be lawfully required by any applicable ordinances regulating such openings or excavations, but the Authority shall not be subject to any fees or charges for same. In the event of an emergency, immediate notice thereof shall be provided to the police department of the affected Participant. Application for a permit shall thereafter be made within a period of five (5) working days. Any area affected by the Authority in performing such work shall be restored to its former usefulness and condition within a reasonable time.

Section 205. Enlargement of System. Any enlargement, expansion or extension of the System may be funded through the issuance of Bonds by the Authority. The principal, interest and redemption premium (if any) incurred in connection with this Section shall be included in the Annual Charge set forth in Section 402. Any such enlargement, expansion or extension of the System shall include within its meaning, but not be limited to, the acquisition of any existing pipe by the Authority which is not presently an element of the System, the construction of a pipe parallel to an existing element of the System in order to gain additional capacity, as well as the replacement of an existing element of the System with a pipe having greater capacity.

Section 206. Insurance. The Authority will at all times maintain with responsible insurers all such insurance as is customarily maintained and as is reasonably obtainable with respect to sewerage systems of like character against loss or damage to the
System and against public or other liability to the extent no less than that reasonably necessary to protect the interests of the Authority and the holders of its Bonds. The Authority will at all times maintain with responsible insurers all insurance reasonably required and obtainable to cover the indemnification obligations of the Authority set forth in Section 207. Notwithstanding the foregoing, nothing in this section shall be construed as limiting the Authority's right in accordance with law to self insure against any and all such loss or damage or as limiting the right of the Authority to participate in a self insurance fund to protect against all such losses.

Section 207. **Indemnification.** The Authority agrees to defend, indemnify and save harmless its members and each Participant from and against any and all loss, damage, liability, judgments, injury to person or property, cost and expense, including reasonable attorneys' fees, arising out of or in connection with or resulting from any injury or damage to the person or property of any person, firm or corporation caused by or arising out of, directly or indirectly, the operation or failure of operation of the System including but not limited to: (i) road conditions resulting from any negligent or faulty excavations by the Authority or its contractors, (ii) installation, repair or openings connected with any work or equipment of the Authority or (iii) the operation and maintenance of the System. Notwithstanding the foregoing, the Authority shall not be obligated to indemnify or
save harmless any Participant for the negligent actions or inactions of any such Participant.

Section 208. Accounts. The Authority will keep proper books of records and account in which complete and correct entries shall be made of its transactions relating to the System or any part thereof. The Authority will cause its books and accounts to be audited annually in accordance with law. Copies of the reports of such audits shall be furnished to the Participants including statements in reasonable detail, accompanied by an Accountant's Certificate with respect thereto, of the financial conditions, of revenues and operating expenses, and of all funds held by or for the Authority.

ARTICLE III
CONNECTIONS TO THE SYSTEM

Section 301. Additional Connections. Upon request by a Participant for any connection of its Local Sewerage System to the System, the Authority may at its discretion, but shall not be required to, make such additional connection or consent to the making thereof. Such consent shall not be unreasonably withheld. All cost and expenses of installing any such additional connection including any metering stations or other facilities appurtenant thereto, as reasonably determined to be necessary by the Authority, shall be paid by the Participant requesting same. Nothing in this
Section, however, is to be construed as affecting those individual connections to be made directly to any Local Sewerage Systems which are to be processed in accordance with the laws and regulations of the State and Federal governments and any agencies thereof, as well as the Service Rules.

Section 302. Installation, Completion and Operation of Connections. Every connection between the System and the Local Sewerage System of a Participant as referred to in Section 301 shall be constructed, and shall constitute and be operated, by the Authority as part of the System and shall include all such pumping and other facilities as may be necessary to cause all Sewage delivered at the point of such connection to be discharged into the System and be so made and constructed as to discharge into the System all Sewage collected in the Local Sewerage System of the Participant and delivered at the point of such connection. Such Participant at its own cost will construct, install and operate any and all extensions of its Local Sewerage System necessary to cause the same to reach to and deliver Sewage at the said point or points of connection of its Local Sewerage System into the System and, after the making of such connection or connections, will keep such portion of its Local Sewerage System connected with the System and will deliver and discharge into the System all Sewage originating in and collected in such portion of its Local Sewerage System.

Section 303. Sewage Not Required to be Accepted into System. Notwithstanding the foregoing provisions of this Article or any
other provisions of this Agreement, no Participant shall have the right hereunder to deliver and discharge into the System any Sewage or other waste originating outside the Participant's District, unless such Sewage or other waste is accepted by the Participant into its Local Sewerage System in accordance with an agreement entered prior to January 9, 1995 or any renewal thereof or unless prior written authorization is given by the Authority.

Section 304. **Meters and Measurements of Sewage and Records Thereof.** (A) Use of the System shall be measured by Authority meters (which meters shall be calibrated at least annually) or other devices, methods or procedures for determining the volume (directly, by differentials or otherwise) of Sewage. From time to time the Authority may conduct tests and use other means for determining the quality and other characteristics of all Sewage which shall be delivered and discharged into the System by or for the account of each of the Participants and, in accordance with sound engineering practice, the Authority will determine such volume and, when necessary, such quality and characteristics. In the event of malfunction or failure of any meter or other device, the Authority may use its estimates as to flow, quality and other characteristics of Sewage until such meter or device is repaired or replaced, and any such required repair or replacement shall be promptly made or undertaken by the Authority. Such estimates to be so used shall be based on the monthly average of flow, quality and other characteristics of Sewage for the prior thirty-six (36)
months (or lesser period of months if data is unavailable for such period) last past prior to the malfunction or failure of any such meter or other device. A copy of such determination made by the Authority as to each Participant with respect to any Measuring Year shall be mailed to each Participant together with the Annual Charge certificate required by Section 403.

(B) The Authority will make and keep permanent records of the volume and, when ascertained, the quality and other characteristics of Sewage delivered and discharged into the System by or for the account of each Participant. For the purpose of determining the volume, quality and other characteristics of any Sewage discharged into the System by each Participant, the Authority shall have the right at all reasonable times to enter upon and inspect the Local Sewerage System of each Participant and to take normal samples under ordinary operating conditions and make tests, measurements and analyses of Sewage or other wastes either entering or to be discharged into such Local Sewerage System. The Authority shall make such records available to a Participant upon such Participant’s written request.

ARTICLE IV

AUTHORITY CHARGES AND PAYMENT THEREOF

Section 401. Obligation of Participants. The Participants shall make payments (herein sometimes called in the aggregate
"Annual Charges") at least quarterly to the Authority for or with respect to the facilities and services made or to be made available to them hereunder by the Authority regarding the treatment and disposal of Sewage originating within their District. The Participants shall also pay when due any other charges as may be legally assessed by the Authority.

Section 402. Annual Charge. (A) The Annual Charge for each Fiscal Year payable hereunder by each Participant shall at all times be sufficient to pay or provide for, in such Fiscal Year, its share of the expenses arising pursuant to the MCUA Agreement, and its share of the cost of the operating, repair and maintenance of the System including (without limitation of the foregoing) insurance, renewals, replacements and betterments, and its share of the cost of all enlargements, expansions, extensions and alterations of the System not otherwise provided for, and its share of the principal, interest and redemption premium (if any) on any and all Bonds of the Authority issued, since its inception as the same become due, and to provide for its share of any deficits of the Authority resulting from failure to receive sums payable to the Authority from any source, and to provide and maintain for its share of such reserves for sinking funds for any of the foregoing purposes as may be required by the terms of any contract or other obligation of the Authority or as may be deemed necessary or desirable by the Authority.
(B) (1) The Annual Charge to be paid by each Participant shall be calculated on the basis of the cost of all operation, maintenance and ordinary repairs, as well as all capital expenditures incurred as a result of needed repair, restoration or expansion of the System. All such costs and capital expenditures shall be borne by the Contracting Municipalities on a pro rata basis. The Annual Charge of each Contracting Municipality, regardless of whether such municipality is a Participant, shall bear the same ratio to the total expenses of the Authority, as described in Section 402(A), as the ratio that the total average daily flows attributable to each Contracting Municipality bears to the total average daily flows in the System ("General Formula"). The Annual Charge to be paid by each Contracting Municipality shall be calculated in accordance with this General Formula. The Authority shall calculate such Annual Charge in accordance with the General Formula using data averaged from the immediately prior three Measuring Years during which the Authority is in existence. Accordingly, data for the Measuring Year of 1995 or the first year of the Authority's existence, whichever is later, shall be used, and each year thereafter shall be used until there are three years of data available for use.

(2) The Annual Charge to be paid by each Participant may be decreased or increased in order to offset any charges or fines which are imposed upon the Authority by the MCUA or any State or Federal agency as a result of the characteristics

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of the Sewage and other wastes and any other special matter affecting the cost of treatment and disposal thereof, including biochemical oxygen demand, chlorine demand, concentration of suspended solid, chemical composition or other forms of Pollution (hereafter collectively referred to as "Pollutants") contained in the Sewage regularly discharged by a Participant unless any such charge or fine is determined by the Authority to be caused by an Industrial User. The Authority also reserves the right to impose a separate charge upon a Participant to offset any charges or fines which are imposed upon the Authority by the MCUA or any State or Federal agency relating to the discharge of such Pollutants unless any such charge or fine is determined by the Authority to be caused by an Industrial User.

(3) A sinking fund shall be created, which shall be funded through a portion of each Participant's Annual Charge, in order to set aside funds to defray projected future capital expenditure needs of the Authority.

(C) In the event a charge for a deficiency is imposed upon the Authority under the MCUA Agreement, the Authority reserves the right to, in turn, impose a Deficiency Charge upon any or all the Participants in order that each Participant pays its share of such deficiency. Any Deficiency Charge imposed by the Authority shall be intended to reimburse the Authority for the charge(s) or expense(s) imposed upon it. Any Deficiency Charge imposed by the Authority upon a Participant shall be calculated in accordance with
the General Formula unless other factors relating to the deficiency charge imposed by the MCUA warrant otherwise. Such other factors include but are not limited to the level of Pollution in a Participant’s discharge (unless determined by the Authority to be caused by an Industrial User) and/or the failure of a Participant to pay its Annual Charge as and when due. Any Deficiency Charge imposed by the Authority upon a Participant shall be paid by the Participant at the time of the Participant’s next quarterly payment of its Annual Charge or within forty-five (45) days of receiving notice of such Deficiency Charge.

Should a Deficiency Charge result in whole or in part from a failure to receive sums payable to the Authority from any source, then said Deficiency Charge will not relieve such delinquent source of any debt for sums which are due and owing. If and when such sums are ultimately paid by such delinquent source, then such paid sums shall be distributed to those Participants which have paid a Delinquency Charge on account of such source as a credit against their Annual Charge in the immediately succeeding Fiscal Year after said sums are received in the same proportion as the Deficiency Charge was originally paid by such Participants.

Section 403. Payment of Annual Charges by Participants.

(A) On or before December 31st of each year, the Authority shall determine, in accordance with Section 402, the amount of the Annual Charge which shall be paid by each Participant for the next Fiscal Year, and make and deliver to each Participant
its certificate signed by an Authority Officer stating the amount of such Annual Charge. The Authority certificate shall be conclusively deemed to have been prepared in accordance with this Agreement and to be correct at the expiration of the period of forty-five (45) days after receipt of such mailing unless notice is received by the Authority from a Participant of a dispute within such time period and subsequently found to be otherwise pursuant to Section 403(D).

(B) Each Participant shall make payments at least quarterly to the Authority in accordance with the Authority certificate for such Fiscal Year. If payments are made on a quarterly basis, then Annual Charge payments shall be due to the Authority on or before February 15, May 15, August 15 and November 15 of each Fiscal Year, unless otherwise required by the Authority certificate.

(C) Each Participant will in each year make all budgetary, emergency and other provisions or appropriations necessary to provide for and authorize the prompt payment of the Annual Charge and any other charges required by this Agreement to be paid by the Participant to the Authority.

(D) In the event any dispute arises under the terms of this Article which cannot be resolved within forty-five (45) days of receipt of the Authority certificate by the Participant, the Participant shall make full payment to the Authority within fifteen (15) days after the close of such forty-five (45) day period in
accordance with the disputed Authority certificate and shall file for arbitration within thirty (30) days of the close of such forty-five (45) day period and such dispute shall be resolved by the American Arbitration Association ("AAA") in accordance with its Commercial Rules then in effect in a one arbitrator proceeding with the arbitrator bound to make findings of fact and conclusions of law in connection with the arbitrator's determination. The fees and charges of the AAA shall be shared equally between the Authority and the disputing Participant(s). Any Participant may choose a three arbitrator forum in lieu of a single arbitrator so long as such choice is made at the time the arbitration is requested by the Participant. In the event a Participant chooses a three arbitrator forum, such Participant must pay for the two additional arbitrators as well as share the expense of the third arbitrator in accordance with the foregoing provision. An award from a three arbitrator forum shall be determined by a majority vote of the arbitrators and such forum shall be bound to making findings of fact and conclusions of law in connection with the award. If an arbitration award results in an excessive payment having been made to the Authority, such sums previously paid in excess of the award shall be refunded by credit in the succeeding year's Annual Charge or cash repayment and shall include interest accruing from the time of payment by the Participant to the time of applying the credit or repayment by the Authority at a minimum at
the rate currently paid by the institution or depository in which
the disputed sums have been deposited by the Authority.

Section 404. Limitation on Service Charges. The sums
payable by a Participant to the Authority under the provisions of
this Article as Annual Charges are and shall be in lieu of Service
Charges with regard to real property in such Participant's District
which is directly or indirectly connected with the Authority System
and/or the Local Sewerage System of such Participant connected with
the System in accordance with Article III. Notwithstanding such,
in the event such Participant defaults in making payments to the
Authority under the provisions of Section 403, the Authority
reserves the rights and remedies granted it by the Act for the
collection and enforcement of Service Charges, including but not
limited to, the right to impose interest charges as set forth in
N.J.S.A. 40:14A-21 on such past due amounts whether to be paid by
the real property owner(s) or such defaulting Participant.

Section 405. Default. For the purposes of this Agreement,
a Participant shall be deemed to be in default if such Participant,
for a period of fifteen (15) days after its due date, shall fail to
make in full to the Authority any payment required to be made by it
under the provisions of this Agreement.

Section 406. Connection Fees. As compensation for debt
service costs (i.e. principal and interest payments, sinking funds,
capital reserves, debt service payments required by the MCUA
Agreement and as may be required for NJDEP's loan program),
connection fees may be collected by the Authority in accordance with the Act. No connection fee shall be collected by the Authority for connections made to a Local Sewerage System.

ARTICLE V

OPERATION OF THE SYSTEM AND LOCAL SEWERAGE SYSTEMS

Section 501. Rules and Regulations. (A) The Authority may at any time make, promulgate, issue, publish and from time to time amend, supplement and enforce, all such reasonable rules and regulations concerning the System or the business and affairs of the Authority as it may deem necessary or desirable and as may be permitted by law, including but not limited to, rules and regulations ("Service Rules") regulating the making of connections, direct or indirect, to the System or the use or services of the System or prohibiting, limiting or regulating the discharge, into the System or any Local Sewerage System connected therewith, of (a) storm water drainage from ground surface, roof leaders or catch basins or from any other source, (b) Industrial Wastes, or (c) oils, acids, garbage, metallic salts, radioactive, toxic or explosive materials or any other substances which, alone or in combination with other substances discharged into the System, are or may be, in the opinion of the Authority, MCUA, NJDEP and/or USEPA, injurious, deleterious or burdensome to the System, its efficient operation, or economical maintenance, or dangerous to the
public's health or safety. Such of said Service Rules as the Authority may designate shall apply to the operation of the Local Sewerage System of and by each Participant as well as the System, and each Participant will fully conform with such applicable Service Rules and will cause the same to be fully observed and complied with throughout its District through the enforcement of its sewer use ordinance or otherwise. Said Service Rules may include lists of harmful wastes, the discharge of which into the System or any Local Sewerage System connected therewith shall be prohibited. In the enforcement of said Service Rules, the Authority may refuse to permit or continue the connection to the System of properties in a Participant's District, and such refusal shall not be deemed to result in any violation by the Authority of the provisions of this Agreement as to construction or operation of the System or the charging or collection of Annual Charges, Service Charges or any other matter. All such Service Rules and any amendments thereof shall be prescribed by resolution of the Authority adopted only after public hearing thereon held by the Authority at least seven days after notice of the time and place of such hearing shall have been mailed to each Participant at its usual place of business. Following adoption, such Service Rules shall take effect thirty (30) days after a copy thereof (as adopted) shall have been mailed to each Participant, and, for all purposes of this Agreement, shall be conclusively deemed to have been prescribed, adopted and made in accordance with this Article
and to be fully authorized hereby upon the expiration of a period of thirty (30) days from the date of said mailing, except as may be provided by the final judgment of a court of competent jurisdiction in an action begun by a Participant within such thirty (30) day period. Notwithstanding the foregoing, the adoption and/or amendment procedure may be altered if required by a change in either federal or state law.

(B) Each Participant will cause all Sewage, excluding Industrial Waste, at any time discharged or allowed into the System by it, on its behalf or within its District to comply with the Service Rules. Each Participant will permit no new connection(s) and will discontinue any public connection(s) and will require the discontinuance of any private connection(s) to its Local Sewerage System or the System within its District which allows into the System, either directly or through its Local Sewerage System, Sewage, excluding Industrial Waste, which does not comply with the Service Rules. The Authority may from time to time make a determination as to whether Sewage, excluding Industrial Waste, discharged or allowed into the System by, on behalf of or within the District of any Participant is not in compliance with the Service Rules. A copy of such determination shall be mailed to such Participant's municipal clerk at its usual place of business and, for all purposes of this Agreement, shall be conclusively deemed to have been made in accordance with this Article and to be correct at the expiration of the period of forty-five (45) days
after such mailing except as may be provided by the final judgment of a court of competent jurisdiction in an action begun by said Participant within such period.

(C) The Authority may from time to time fix, charge and collect reasonable rates or other charges from a Participant for the discharge of Sewage into the System by any person or entity other than an Industrial User of a quality which is not in compliance with the Service Rules then in effect and which is injurious, deleterious or otherwise burdensome to the System. A Participant, upon receipt from the Authority of a certificate signed by an Authority Officer stating the amount of any such charge with respect to sewage discharged into the System by such Participant, shall at the next quarterly date for the payment of Annual Charges pay to the Authority the amount of such charge.

Section 502. **Operation of Local Sewerage System.** (A) Each Participant shall be responsible for the planning, financing, acquiring, constructing, maintaining and repairing of its Local Sewerage System. Each Participant will at all time construct, operate and maintain its Local Sewerage System in such manner as to be in compliance with the Service Rules of the Authority as well as the provisions of federal law and any rules and regulations promulgated pursuant thereto and any laws of the State of New Jersey with respect to the collection, treatment and disposal of sewage, including by way of illustration rather than limitation, any rules and regulations of NJDEP (or any successor thereto). The
Local Sewerage System of each Participant shall be operated and maintained in a manner that avoids as far as is practicable the infiltration of ground or surface water into said Local Sewerage System and each Participant shall take all practicable steps to minimize the level of inflow entering the Local Sewerage System and shall promptly make all repairs and take all other measures necessary or desirable to reduce the amount or volume of infiltration and/or inflow to normally allowable levels which are acceptable to the Authority, NJDEP and USEPA.

(B) Each Participant shall take all available administrative steps and pursue any and all remedies provided by law to enforce compliance with the Service Rules in the operation of its Local Sewerage System and to adopt and maintain in full force and effect a sewer use ordinance in compliance with the Service Rules, as well as the rules and regulations of NJDEP and USEPA as such may be amended or supplemented.

(C) No Participant may make or permit any new connection to or extension of its Local Sewerage System which is so designed as to permit entrance directly or indirectly into the System of storm water drainage from ground surface, roof leaders, catch basins or any other source.

(D) Each Participant agrees that any new connections to the System or such Participant’s Local Sewerage System shall be made in accordance with the Service Rules.
(E) Each Participant shall consult with the Authority prior to re-directing flows in its Local Sewerage System from one element of the System to another element of the System. The Authority shall have the corresponding obligation to consult with any Participant before requesting such Participant to re-direct flows in its Local Sewerage System from one element of the System to another element of the System. In either event, the consent of the Authority in the former instance and the consent of the Participant in the latter instance shall not be unreasonably withheld.

Section 503. Competitive Facilities. Participants shall not construct new sewer lines or enlarge any part of their Local Sewerage System in order to dispose of Sewage generated within such Participant’s District in any manner other than the disposal of such Sewage into the System unless the Authority shall have given its prior written consent thereto. Such written consent, however, shall not be unreasonably withheld by the Authority in any instance where the Authority has failed to agree to enlarge, expand or extend its System substantially in accordance with the Participant’s request. Notwithstanding anything herein to the contrary, those Participants which now discharge Sewage from a portion of their Local Sewerage System directly into the system of a sewerage authority other than the Authority may enlarge, expand or extend any such portion of its Local Sewerage System in order to continue such practice.
ARTICLE VI
MISCELLANEOUS

Section 601. Contracts with or Service to Others.

(A) Except with regard to the Township of Bridgewater, the Authority shall not enter into any other agreement providing for or relating to the treatment and disposal by it of Sewage originating within the District of any Participant or Sewage which, though originating outside the District of such Participant, flows through the Local Sewerage System of such Participant, unless (1) the other contracting party be such Participant, (2) the other contracting party be an Industrial User within a Participant’s District or (3) such Participant shall have given its prior written consent thereto.

(B) Except as provided in Paragraph (A) of this Section, nothing in this Agreement shall restrict in any way the right and power of the Authority, in its discretion, at any time and from time to time, to enter into agreements with any municipal corporation, including but not limited to the Township of Bridgewater, or with any other person, partnership, body or firm providing for or relating to the disposal of Sewage or other waste unless such other entity, at a minimum, (i) is charged in accordance with the General Formula and (ii) is subject to all the other duties, obligations and responsibilities, of whatever kind or nature, now or hereafter imposed upon Participants.
Section 602. **Enforcement.** The Authority shall at all times take all reasonable measures permitted by the Act or otherwise by law to collect and enforce prompt payment of all Service Charges or Annual Charges prescribed, fixed, certified or charged by it in accordance with law and this Agreement. If any payment or part thereof due to the Authority from any Participant shall remain unpaid for fifteen (15) days following its due date, such Participant shall be deemed in default of its obligation and be charged with and will pay to the Authority interest on the amount unpaid from its due date until paid, at the highest rate allowed by the Act. Every obligation assumed by or imposed upon each Participant by this Agreement shall be enforceable by the Authority by appropriate action or proceeding, and the Authority may have and pursue any and all remedies provided by law for the enforcement of such obligation including the remedies and processes provided by the Act with respect to Service Charges. All parties further agree that any non-payment by a Participant which gives rise to a default under this Agreement shall be sufficient grounds, notwithstanding the absence of irreparable harm, for the granting of an injunction by a court of competent jurisdiction compelling payment of any and all charges by such Participant as each comes due during the pendency of any negotiation, arbitration, mediation or litigation relating to such Participant's failure to pay. It is also agreed that a defaulting Participant will pay all reasonable attorneys'
fees incurred by the Authority in the collection of such past due sums.

Section 603. Effect of Breach. Except as set forth in Section 204, failure on the part of the Authority or any Participant in any instance or under any circumstances to observe or fully perform any obligation assumed by or imposed upon it by this Agreement or by law shall not make the Authority liable in damages to any Participant or relieve any Participant from making any payment to the Authority or fully performing any other obligation required of it under this Agreement, but the Authority or a Participant may have and pursue any and all other remedies provided by law for compelling performance by a Participant or the Authority of said obligation assumed by or imposed upon it.

Section 604. Waiver. The waiver by any party of a default or of a breach of any provision of this Agreement by any other party shall not operate or be construed to operate as a waiver of any subsequent default or breach. The making or the acceptance of a payment by any party with knowledge of the existence of a default or breach shall similarly not operate or be construed to operate as a waiver of any default, breach or remedy arising therefrom. Further, acceptance by the Authority into the System of Sewage or other wastes at a rate or with characteristics exceeding or violating any limit or restriction provided for by or pursuant to this Agreement or the Service Rules under any circumstances shall not constitute a waiver of such limit or restriction or of any of
the provisions of this Agreement or the Service Rules and shall not in any way obligate the Authority thereafter to accept or make provision for Sewage delivered into the System at a rate or with characteristics exceeding or violating any such limit or restriction in any circumstance.

Section 605. **Obligation of the Authority.** All Bonds of the Authority shall, for all purposes of this Agreement, be the sole obligation of the Authority and shall not in any way be deemed a debt or liability of any of the Participants.

Section 606. **Pledge or Assignment.** The Authority may at any time assign or pledge, for the benefit and security of the holders of Bonds issued by the Authority, any of its rights under the provisions of this Agreement including but not limited to its rights to receive Annual Charges, Service Charges or payments of any form from any or all of the Participants, and thereafter this Agreement shall not be terminated, modified, amended, supplemented or changed by the Authority or any Participant except in the manner (if any) permitted by the terms and provisions of such assignment or pledge.

Section 607. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be executed by the Authority and the Participants, and all of which shall be regarded for all purposes as one original and shall constitute and be one and the same.
Section 608.  **Term of Agreement.** This Agreement shall come into effect upon its execution by all parties hereto, and shall thereafter be and remain in full force and effect, provided that at any time after five (5) years from the date of this Agreement and after payment in full of all obligations of the Authority, including its Bonds or other obligations, this Agreement may be terminated upon two years' prior notice to the Authority and to each of the Participants, which notice may come from: (1) the Authority, upon approval of two-thirds (2/3rds) of the full voting membership of the Authority, or (2) any six or more of the Participants. Dissolution is to be carried out in accordance with law. Nothing in this Section, however, shall be construed as precluding the Authority from amending this Agreement by unanimous consent of the parties subject to the rights of the holders of Bonds.

Section 609.  **Notices.** Any notice or communication which is required or permitted to be given hereunder shall be in writing and sufficiently given if delivered in person or sent by certified or registered mail, postage prepaid, to the municipal clerk of the appropriate Participant or the offices of the Executive Director and Secretary of the Authority.

Section 610.  **Governing Law.** This Agreement and any questions concerning its validity, construction or performance shall be governed by the laws of the State of New Jersey.
Section 611. Venue. The parties hereto agree that any formal legal action arising in relation to this Agreement shall be venued in the Superior Court of New Jersey, Union County. The parties further agree to hereby waive a jury trial in the event of any such dispute.

Section 612. Third Party Beneficiaries. This Agreement shall give rise to no third party beneficiaries.

Section 613. Mediation. (A) In the event that any dispute arises out of this Agreement between the signatories hereto only, then and in such event, any party to this Agreement shall be required (unless otherwise required by Section 403(D) to proceed to arbitration), prior to commencing any action in the Superior Court of New Jersey, ("Initiator") to give notice to the other party(ies) ("Other Party") to the dispute of the need to mediate the dispute and to provide 3 names of potential mediators to the Other Party to the dispute. In the event that the Other Party has not agreed to allow one of the persons named by the Initiator of the mediation process to serve as the mediator within seven (7) days of receiving notice of the dispute, the Initiator or any Other Party may apply to the Union County Assignment Judge ("Assignment Judge") for appointment of a neutral mediator ("Mediator"), to be named by the Assignment Judge within fifteen (15) days of submission of such application, for the purpose of attempting to mediate an amicable resolution of such dispute(s). If the Union County Assignment Judge fails, for whatever reason, to appoint a mediator within such
fifteen (15) day period, then either party may proceed without mediation. Formal mediation sessions may be conducted by the Mediator at the request of any of the parties; however, if a final resolution of the dispute(s) has not been reached within thirty (30) days after the Mediator's appointment and all of the parties to the dispute have not agreed to extend the thirty (30) days, any party may then proceed to file suit notwithstanding this Section.

(B) The parties shall each pay their proportionate share of any charges or costs for the mediation, including but not limited to the charges of the Mediator. Each party shall be responsible for its own attorneys fees.

(C) Notwithstanding anything contained herein to the contrary, any party may commence an action relating to any dispute under this Agreement without resorting to mediation so long as there is a preliminary finding by the appropriate Superior Court Judge that (i) the dispute requires immediate court intervention; or (ii) that a party has satisfied the requirements for issuance of temporary or preliminary restraints; or (iii) the dispute relates directly to the non-payment by any Participant of the Annual Charge or any Deficiency or other charge rendered by the Authority to that Participant.

(D) Asserting rights to mediation shall toll the running of any limitations of action during the course of such mediation.
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:

BOROUGH OF DUNELLEN

By: Mayor

Clerk
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:

[Signature]
Clerk

BOROUGH OF FANWOOD

By: [Signature]
Acting Mayor
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:

[Township Official Name]

TOWNSHIP OF GREEN BROOK

By: [Mayor's Name]

Clerk

Mayor
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:  BOROUGH OF NORTH PLAINFIELD

[Signature]
Clerk  By: [Signature]

[Signature]
Mayor
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:

Celia E. Bermudez
DEPUTY CITY Clerk

CITY OF PLAINFIELD

By: ____________________________
   Mayor
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:

Barbara Ripe
Clerk

TOWNSHIP OF SCOTCH PLAINS

By: Robert Johnston
Mayor
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:

[Signature]
Clerk

BOROUGH OF SOUTH PLAINFIELD

[Signature]
Mayor
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:

[Signature]
Clerk

BOROUGH OF WATCHUNG

By: [Signature]
Mayor
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:

PLAINFIELD AREA REGIONAL SEWERAGE AUTHORITY

By: [Signature]

Chairman

[Signature]
Secretary
IN WITNESS WHEREOF, the Authority and Participants have caused their respective corporate seals to be hereunto affixed and attested and these presents to be signed by the respective officers thereunder duly authorized and this Agreement to be dated as of the day and year first above written.

ATTEST:

[Signature]

Secretary

PLAINFIELD JOINT MEETING

By: [Signature]

Chairman
1. Monroe Avenue (Plainfield)
2. Huntington Avenue (Plainfield)
3. Cedarbrook Park (Plainfield)
4. Rock Avenue (Plainfield)
5. Fanwood (Fanwood)
6. Scotch Plains (Scotch Plains)
7. Terrill Road (Watchung)
8. Warfield Road (North Plainfield)
9. Bridge (North Plainfield)
10. Rock Avenue (North Plainfield)
11. Somerset Street (Watchung)
12. Gallagher's Corner (Dunellen)
13. Washington Avenue (Dunellen)
14. Greenbrook Road (Green Brook)
15. Jefferson Avenue (Green Brook)
16. Strike & Spare (Green Brook)
17. South Plainfield (South Plainfield)
18. Millers (Plainfield Joint Meeting)
19. Starlit (Plainfield Joint Meeting)
20. Fisher (Plainfield Joint Meeting)
DEED

This Deed is made on __________, 1995.

BETWEEN ________________________, the address for which is, ________________________, New Jersey, referred to as the Grantor, and the Plainfield Area Regional Sewerage Authority, the address for which is Bound Brook Road, Middlesex, New Jersey, referred to as Grantee. The words "Grantor" and "Grantee" shall mean the Grantors and Grantees listed above.

Transfer of Ownership. The Grantor grants and conveys (transfers ownership of) the property described below to the Grantee. The transfer is made for the sum of one dollar and 00/100 ($1.00). The Grantor waives receipt of this money.

Property. The property consists of all right, title and interest the Grantor may have in any easements, rights of way or other such interests held in conjunction with the following sanitary sewerage lines which are or shall be separately conveyed to the Grantee:

- New Outfall Sewer
- Outfall Sewer Extension
- South Side Interceptor
- Green Brook Interceptor
- Monroe and Huntington Avenue Sewers
- Old Outfall Sewer
- Joint Meeting Interceptor
- East End Relief Sewer
- Green Brook-Stony Brook Interceptor

The Grantor agrees that the conveyance of such rights and interests as described above is necessary for the operations of the Grantee, and further agrees to provide to the Grantee access to the property in which the Grantor's interest is hereby conveyed.

Type of Deed. This is called a Quitclaim Deed. The Grantor makes no promises as to ownership or title, but simply transfers whatever interest the Grantor has to the Grantee.

Signatures. The Grantor signs as of the date at the top of this page. This Deed is signed and attested to by the appropriate municipal officials.

a Municipal Corporation of the State of New Jersey

ATTEST: ____________________________

By: ____________________________, Mayor

00007-002 97275.1

EXHIBIT B
STATE OF NEW JERSEY : SS.
COUNTY OF : 

On the ___ day of _________________, 1995, before me the subscriber, a officially duly authorized, personally appeared ____________, who, I am satisfied, is the Mayor of ___________, the municipal corporation named herein, and is the person named in and who executed the within Instrument as the act and deed of said municipal corporation, for the uses and purposes therein expressed.

__________________________

RECORD AND RETURN TO:

__________________________

__________________________

00007-002 97275.1

EXHIBIT B