

AGREEMENT

MADE this _____ day of March, 2001 by and between, the **CONEMAUGH TOWNSHIP MUNICIPAL AUTHORITY**, a joint municipal authority created by the Township of Conemaugh and the Borough of Benson pursuant to the Pennsylvania Municipal Authorities Act of 1945, as amended,

A N D

GREATER JOHNSTOWN WATER AUTHORITY, a joint municipal authority created by the Boroughs of Southmont and Westmont and the City of Johnstown pursuant to the Pennsylvania Municipal Authorities Act of 1945, as amended.

WHEREAS, the Conemaugh Township Municipal Authority owns and operates a water system supplying parts of Conemaugh Township, Somerset County, and Benson Borough, Somerset County; and

WHEREAS, the Greater Johnstown Water Authority owns and operates a water system serving 17 municipalities in the Greater Johnstown Area, including a portion of Conemaugh Township, Somerset County; and

WHEREAS, the Conemaugh Township Municipal Authority recognizes the need to upgrade its water distribution system to provide for current and future needs of its customers, but is unable to do so without substantial rate increases; and

WHEREAS, the Greater Johnstown Water Authority is willing to acquire, operate and improve and the Conemaugh Township Municipal Authority is willing to transfer and convey to the Greater Johnstown Water Authority the water supply and distribution system of the Conemaugh Township Municipal Authority including all assets, obligations and liabilities upon the following terms and conditions:

- 1) This Agreement is intended to operate as a binding agreement of sale for the purpose of transferring all assets and obligations of the Conemaugh Township Municipal Authority to the Greater Johnstown Water Authority on the closing date set forth herein. It is specifically intended that this Agreement shall survive the transfer of Deeds and that the covenants contained herein shall continue to be enforceable by law, following closing .

- 2) The consideration for the transfer shall be the covenants herein contained.
- 3) Closing of this transaction shall be held within ninety (90) days of the date of this Agreement at a time mutually agreed to by the parties. Time for closing may be extended by mutual agreement of the parties.
- 4) At closing, Conemaugh Township Municipal Authority shall transfer all real and personal property to the Greater Johnstown Water Authority, including equipment, permits, deeds and other rights. In the event that the Greater Johnstown Water should cease to maintain operations at the Davidsville building currently owned by the Conemaugh Township Municipal Authority, it shall turn over all physical equipment obtained from the Conemaugh Township Municipal Authority to the Conemaugh Township Supervisors (with the exception of special tools and equipment suitable only for water supply operations). The Conemaugh Township Supervisors may retain or sell such equipment, with the only restriction being that proceeds from any sale by the Conemaugh Township Supervisors shall be applied to the Conemaugh Township Recreation Fund.
- 5) The Greater Johnstown Water Authority shall not permit any mining on property acquired from the Conemaugh Township Municipal Authority and the same shall be reflected in restrictions in the Deeds conveying the property.
- 6) The Greater Johnstown Water Authority agrees to honor the terms of the existing collective bargaining agreement with the Conemaugh Township Municipal Authority employees, for the term thereof and as required by the Pennsylvania Public Employees Labor Relations Law. The Greater Johnstown Water Authority agrees to indemnify and defend the Conemaugh Township Municipal Authority, its Board, officers and employees from any liability following closing relating to the union contract. The Greater Johnstown Water Authority also agrees to meet with the current employees of the Conemaugh Township Municipal Authority for the purpose of discussing transition policies. The Greater Johnstown Water Authority shall have the right to place employees or representatives on the job site prior to closing for the purpose of effecting a smooth transition.
- 7) At closing, the Greater Johnstown Water Authority agrees to assume all debts and obligations, contractual or otherwise, of the Conemaugh Township Municipal Authority

and further agrees to indemnify and defend the Conemaugh Township Municipal Authority, its Board, officers and employees from any liability following closing relating to the obligations, or debts. The Greater Johnstown Water Authority shall make arrangements for the assumption or pay off of all debts of the Conemaugh Township Municipal Authority prior to closing. The Conemaugh Township Municipal Authority hereby represents that a complete list of borrowings is as follows:

PENNVEST Loans Nos. ME 5003, 3005, 35121, 25053
US National Bank Loan and Bond (2)

- 8) At closing, the Conemaugh Township Municipal Authority shall provide a list of pending litigation to the Greater Johnstown Water Authority. The Greater Johnstown Water Authority shall assume responsibility for all litigation in which the Conemaugh Township Municipal Authority is a party, including litigation concerning this transaction, and shall immediately file appropriate motions for substitution. The Greater Johnstown Water Authority agrees to indemnify and defend the Conemaugh Township Municipal Authority, its Board, officers and employees from any liability following closing relating to such litigation.
- 9) As of the date of closing, the Greater Johnstown Water Authority shall assume the responsibility of providing water service to the customers of the Conemaugh Township Municipal Authority system on the same basis as is provided to other customers of the Greater Johnstown Water Authority water system. The Greater Johnstown Water Authority will provide increased levels of service to meet increased needs for growth and expansion within the Conemaugh Township Municipal Authority water system. Cost of new facilities needed by developers may be assessed against developers pursuant to the rules of the Greater Johnstown Water Authority.
- 10) Upon execution of this Agreement, the Conemaugh Township Municipal Authority, its officers, agents and employees shall cooperate with the Greater Johnstown Water Authority in the transfer of all debts, permits, contracts and in the transition of operational control with the system's employees and customers.
- 11) The Greater Johnstown Water Authority agrees to maintain the current "lock box" for customer payments, so long as an operations center is maintained at the Davidsville office. In the event that the lockbox is discontinued a payment location within

Conemaugh Township will be provided. The Greater Johnstown Water Authority shall prior to closing and at convenient times thereafter, publicize telephone numbers and points of contact for twenty four (24) hour emergency repair service, regular repair service, billing inquiries, and general inquiries.

- 12) The Greater Johnstown Water Authority covenants and agrees, which agreement is intended to be specifically enforceable, for a period of time no greater than seven (7) years, to provide water service to customers of the Conemaugh Township Municipal Authority water system at a rate, not to exceed \$22.00 per month for 2000 gallons of water and \$4.80 per thousand gallons above two thousand. All other rules and charges of the Greater Johnstown Water Authority shall be applied to customers of the Conemaugh Township Municipal Authority water system on an equal basis with other customer of the Greater Johnstown Water Authority. The Greater Johnstown Water Authority shall, within seven (7) years of the date of closing, equalize rates with those applicable in its system and reserves the right at its sole discretion to equalize rates at any time prior to the seven (7) years. The purpose of the differential rate for the period not to exceed (7) seven years is to provide capital to make necessary improvements to the water distribution system of the Conemaugh Township Municipal Authority. Prior to equalization of rates, the Independent Consulting Engineer employed by the Greater Johnstown Water Authority shall prepare an annual report on the operation of the Conemaugh Township Municipal listing improvements made and improvements remaining to be made and provide a copy thereof to the Conemaugh Township Municipal Authority or its designated successor representative.
- 13) The Greater Johnstown Water Authority agrees that prior to the equalization of rates of customers of the Conemaugh Township Municipal Authority it shall not utilize any monies generated from the Conemaugh Township Municipal Authority system for any purpose other than costs of operating the system or improvements to the system. The Greater Johnstown Water Authority shall maintain segregated accounts for all funds obtained from or pertaining to the Conemaugh Township Municipal Authority water system. Prior to equalization of rates, the Independent Accountant employed by the Greater Johnstown Water Authority shall prepare an annual report on the operation of the Conemaugh Township Municipal Authority water system, listing funds obtained, held and expended and provide a copy thereof to the Conemaugh Township Municipal Authority or its designated successor representative.

The parties hereto enter this Agreement, by placing our hands and seals, intending to be legally bound hereby, on behalf of our respective organizations, following authorization by majority vote at an advertised public meeting of the each Authority.

Conemaugh Township Municipal Authority

By: _____

Chairman

ATTEST:

Secretary
(Seal)

Pursuant to Motion approved
the ____ day of March, 2001.

Greater Johnstown Water Authority

By: _____

Chairman

ATTEST:

Secretary
(Seal)

Pursuant to Motion approved
the ____ day of March, 2001.