

Stony Brook Regional Sewerage Authority AMENDED SERVICE CONTRACT

AGREEMENT dated as of November 1, 1977, between the Stony Brook Regional Sewerage Authority, and the Boroughs of Hopewell, Pennington and Princeton and the Townships of Princeton and West Windsor, municipal corporations of the State of New Jersey situate in the County of Mercer, and the Township of South Brunswick, a municipal corporation of said State situate in the County of Middlesex.

THIS AGREEMENT made and dated as of the FIRST day of NOVEMBER, 1977.

BETWEEN

The STONY BROOK REGIONAL SEWERAGE AUTHORITY (herein called the "Authority"), a public body corporate and politic of the State of New Jersey,

AND

The BOROUGH OF HOPEWELL (herein sometimes called "Hopewell Borough"), the BOROUGH OF PENNINGTON, IN THE COUNTY OF MERCER (herein sometimes called "Pennington Borough"), the BOROUGH OF PRINCETON (herein sometimes called "Princeton Borough"), THE TOWNSHIP OF PRINCETON, IN THE COUNTY OF MERCER (herein sometimes called "Princeton Township"), and THE TOWNSHIP OF WEST WINDSOR, IN THE COUNTY OF MERCER (herein sometimes called "West Windsor Township"), each being a municipal corporation of the State of New Jersey situate in the County of Mercer, and THE TOWNSHIP OF SOUTH BRUNSWICK, IN THE COUNTY OF MIDDLESEX (herein sometimes called "South Brunswick Township"), being a municipal corporation of said State situate in said County of Middlesex,

AND

EACH of said municipal corporations signatory hereto being herein sometimes called "Participant",

WITNESSETH:

WHEREAS, the areas of the Participants which are municipal corporations situate in the Counties of Mercer and Middlesex together comprise an integral body of territory and 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 the ordinances duly adopted in the single calendar year 1971 by the respective governing bodies of those said several Participants and Hopewell Township and South Brunswick Township became a member of the Authority by ordinance adopted on May 4, 1976; 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 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 Stony Brook and the Millstone River and their tributaries and other waters in, bordering or entering the District (hereinafter defined) from pollution or threatened pollution and for improvement of conditions affecting the public health; and

WHEREAS, there are in and about the territory in each of the Participants waters which are polluted and subject to pollution by sewage and industrial and other wastes arising from causes within such territory; and

WHEREAS, in order to reduce or eliminate such pollution, the Authority is ready to design, finance, acquire, construct and put in operation sewers and sewage disposal facilities for the transmission, treatment and disposal of certain sanitary sewage and other wastes arising within the territory of the Participants, and can most economically do so if the Participants become legally bound to accept and pay for sewage and waste treatment service by means of such sewers and facilities; and

WHEREAS, each Participant has determined that it will be advantageous to it and to its residents with state and federal financial assistance, and it has been requested and is willing, to have sewage and other wastes originating from it or within its territory treated and 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 such Participant has duly authorized its proper officials to enter into and execute for it this agreement; and

WHEREAS, the participants and parties signatory hereto and heretofore entered into and executed a service contract as of January 1, 1975; and

WHEREAS, since the execution of the Service Contract dated as of January 1, 1975, the New Jersey Department of Environmental Protection on April 25, 1977 refused to approve the Second Segment utilizing transmission of sewage to and treatment and disposal of same by the First Segment Wastewater Treatment Plant and has instead recommended that the Authority proceed to implement the Second Segment utilizing two upstream Wastewater Treatment Plants—one plant to be located near the Pennington Borough-Hopewell Township boundary and another near the Hopewell Borough-Hopewell Township boundary; and

WHEREAS, following the determination of the New Jersey Department of Environmental Protection that a three plant treatment plant system be implemented, and the acceptance of the recommendation by the Authority, the Authority requested Hopewell Township to advise the Authority of the extent of its needs for sewage treatment facilities and to indicate what changes in the Service Agreement it desired be made in order to become a signatory party thereto; and

WHEREAS, Hopewell Township has indicated to the Authority that it does not know what, if any, its present needs for sewage treatment facilities are; that it will not execute a Service Agreement and that it does not desire to participate in the financing and construction of the second segment of the system; and

WHEREAS, as a consequence of the aforesaid determination by Hopewell Township, decisions by the Authority on the location, size, design and financing of the two upstream plants must and are being made without the necessary planning data concerning needs for sewage and waste treatment services and financial commitments from Hopewell Township which are required to assure that EPA grants to fund facilities to provide for Hopewell Township's needs, if any, will be available to the Authority; and

WHEREAS, in view of the existing uncertainties with respect to whether and at what cost sewage and other waste treatment services can be made available to Hopewell Township, the Authority will have to determine the extent of such service, if any, and the cost thereof as of the date a formal request is made by Hopewell Township to provide service on a customer basis is made to the Authority; and

WHEREAS, it is necessary to amend the Service Agreement dated as of January 1, 1975 to reflect the above recited changes and occurrences and other necessary changes and modifications;

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 Participants, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

ARTICLE I

Definitions

Section 101. **Defined Terms.** As used or referred to in this agreement, unless a different meaning clearly appears from the context:

(1) "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, employed by the Authority;

(2) The term "Act" shall have the meaning given or ascribed to such term in the foregoing introduction and recitals to this agreement;

(3) The terms "Annual Charge", "Base Charge", "Connecting Adjustment", "Connect-

ing Installment", "Connecting Participant", "Connecting Year", "Project Debt Service" and "Project Debt Service Adjustment", shall each have the meaning given or ascribed to such term in Article IV of this agreement;

(4) Articles and Sections mentioned by number only are the respective Articles and Sections of the Service Contract so numbered;

(5) "Authority Officer" means the Chairman, any Vice Chairman, the Secretary or the Treasurer of the Authority;

(6) "Bond" means any bond, note or other evidence of indebtedness heretofore or hereafter issued by the Authority; and "Project Bonds" means any Bonds issued for the purpose of financing and raising funds to pay the cost (as defined in the Act) of the Project, or any part thereof, including Bonds issued for the purpose of refunding any Project Bonds;

(7) "Consulting Engineer's Certificate" means an opinion signed by or on behalf of an independent engineer or engineering firm or corporation employed by the Authority (who may be an engineer, firm or corporation employed by the Authority in connection with other matters) with a reputation for skill and experience with respect to construction and operation of sewerage systems or facilities;

(8) The term "county" shall have the meaning given or ascribed to such term in the Act;

(9) "District" means the area within the territorial boundaries of the Participants;

(10) "Fiscal Year" means the period of twelve calendar months ending with November 30 of any year and beginning with December 1 of the next preceding year;

(11) The term "governing body" shall have the meaning given or ascribed to such term in the Act;

(12) The term "industrial wastes" shall have the meaning given or ascribed to such term in the Act;

(13) "First Segment" means sewerage facilities, located in or near the District, initially for the receipt from the Local Sewerage Systems of Princeton Borough, Princeton Township, West

Windsor Township and South Brunswick Township of sanitary sewage and other wastes subject to and in accordance with the Service Contract, and the transmission, treatment and disposal of the same, by means of the Wastewater Treatment Plant, Millstone Pumping Station, Stony Brook Interceptor, Millstone Force Main, Millstone Interceptor and South Brunswick Connection substantially as so designated or identified on the System Map, including all sewers, interceptors, mains, pumping stations, sewage treatment and disposal works, connections, manholes, valves, metering chambers or stations, equipment, apparatus, structures and appurtenances and all other real or tangible personal property necessary or desirable for the efficient operation of such facilities;

(14) "Local Sewerage System" means all sewer systems of, or within the territorial area of, a Participant which are or may be connected, or are or may be required under the terms of Article III to be connected, with the System, including all outfalls of such systems, and with respect to South Brunswick Township, the provisions of Section 604 shall be applicable thereto;

(15) The term "municipality" shall have the meaning given or ascribed to such term in the Act;

(16) "Participant" shall have the meaning given or ascribed thereto in the preamble hereto;

(17) "Person" means any person, association or corporation, or any nation or state or any agency or subdivision thereof including any county, municipality or sewerage or other authority, other than a Participant;

(18) The term "pollution" shall have the meaning given or ascribed to such term in the Act;

(19) "Project" means the First Segment and the Second Segment, subject to such changes therein as may be made from time to time by the Authority as necessary or desirable to carry out the purposes of the System under the Act;

(20) "Second Segment" means sewerage facilities, located in or near the District, for the receipt from Local Sewerage Systems of Hopewell Borough, or Pennington Borough, of sanitary sewage and other wastes, subject to and in

accordance with the Service Contract, and the transmission, treatment and disposal of the same by means of the two upstream wastewater treatment plants, or otherwise, including all sewers, interceptors, mains, pumping stations, sewage treatment and disposal works, connections, man-holes, valves, metering chambers or stations, equipment, apparatus, structures and appurtenances and all other real or tangible personal property necessary or desirable for the efficient operation of such facilities;

(21) "Service Charges" means rents, rates, fees or other charges for direct or indirect connection with, or the use or services of, the System which the Authority, under the provisions of Section 8 of the Act, is or may be authorized to charge and collect with regard to persons or real property;

(22) "Service Contract" means this agreement;

(23) "Sewage" means waterborne animal, vegetable or other wastes (except industrial wastes) from septic tanks, water closets, buildings, residences, industrial establishments or other places, together with such ground water infiltration, surface water, admixtures or other wastes as may be present;

(24) "South Brunswick Connection" means those sanitary sewerage facilities necessary for the connection with the System of the Local Sewerage System of South Brunswick Township at a point therein in Kingston and including therefor pumping station, force main, interceptor and other sewers and appurtenances and all lands, rights-in-land or other properties necessary, desirable or convenient for the aforesaid purpose, such connection to be generally as shown on the System Map;

(25) "System" means the Project and all other sewers, conduits, pipe lines, mains, pumping and ventilating stations, sewage treatment and disposal systems, plants and works, connections and outfalls, and all other plants, structures, equipment, boats, conveyances and other real and tangible personal property, and all renewals or replacements 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 public sewage collection or disposal system or facilities of any Participant;

(26) "System Map" means the plan on file in the offices of the Authority and of the Borough Clerk of Princeton Borough, prepared by Metcalf & Eddy, Inc., Engineers, dated July 11, 1977 and entitled "Stony Brook Regional Sewerage Authority, Princeton, New Jersey, System Map of Regional Sewerage Facilities," as the same may be amended by the Authority; and

(27) 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.

ARTICLE II

Construction and Operation of System

Section 201. **Construction of Project and Local Sewerage Systems.** (A) Subject to the requirements of State and Federal laws, the authority will with all practicable speed prepare and complete plans for the designing, construction and acquisition of the First Segment and, upon completion of the financing for the First Segment or the making of arrangements therefor satisfactory to the Authority, will with all practicable speed construct, acquire and complete the First Segment.

(B) Upon completion of the studies currently being funded by a "Step 1" grant from the Federal Environmental Protection Agency, the Authority will with all practicable speed prepare and complete plans for the designing, financing, construction and acquisition of the Second Segment, and will with all practicable speed construct, acquire and complete the Second Segment.

(C) The Authority will promptly complete and submit to the appropriate State and Federal agencies an application for financial aid for design and construction costs (known as a "Step 2" or "Step 3" grant) for the construction, acquisition and completion of the Second Segment in accordance with the preferred alternative as indicated by the "Step 1" grant studies, and the Authority will proceed forthwith to design, finance, construct, acquire and complete the Second Segment. In the

event that the Authority shall fail to comply with the provisions of Paragraph (B) above, any one or more of the Participants may proceed to construct, acquire and complete any part of the Second Segment not so constructed, acquired or completed by the Authority, subject to applicable requirements of Federal and State regulatory agencies, and the aforesaid remedy is without prejudice to the use of any other remedy at law or equity which any Participant shall or may have against the Authority with respect to its covenants in Paragraph (B) above, and the Authority does hereby agree and consent to the aforesaid.

(D) Each Participant covenants and agrees with the Authority to cause to be prepared, and to submit to the Authority, a construction schedule for the construction or acquisition and completion (to the extent that the same shall not have been so constructed or acquired and completed at the date of this Service Contract) of its Local Sewerage System which shall include those facilities which, as certified by a licensed professional engineer, will be adequate to collect and deliver to the Project at least those flows which are stated in Schedule A referred to in Section 404 hereof. Such construction schedule shall include dates, respectively, for completion of detailed engineering design of such Local Sewerage System, initiation of construction, completion of construction, and connection to the Project. Each Participant does further covenant and agree with the Authority to construct or acquire and complete its Local Sewerage System in accordance with its construction schedule. The Authority shall not be obligated to proceed or continue with the construction of facilities to serve any Participant unless and until such Participant is in compliance with such submitted construction schedule.

Section 202. Operation and Maintenance of System. The Authority at any time may place the Project or any part thereof in operation and, upon completion of the First Segment or Second Segment as provided in Section 201, will place the same in operation. After placing the Project or any part thereof in operation, the Authority will maintain and operate the System and, whenever necessary, will alter, improve, enlarge and extend the System so as to treat and dispose of all sewage, without limitation as to volume, which may be delivered into the System by any Participant in accordance with Article III.

Section 203. Alteration, Improvement, Enlargement and Extension. The Authority may at any time and at its discretion alter, improve, enlarge and extend the System in any respect or renew or replace any part thereof and issue Bonds to finance any such work. The Authority, following the end of second successive Fiscal Year in which the volume of sewage delivered or discharged into the System from the Local Sewerage Systems of the Participants, shall exceed ninety per centum (90%) of the designed treatment and disposal capacity of the System, shall forthwith initiate such studies and surveys as may then be necessary for the designing, construction and financing of enlargements to, or improvements of, the System for such increase of its treatment and disposal capacity as may be required for the purposes of the System and acceptable to those regulatory agencies having jurisdiction with respect thereto.

Section 204. Approval of Plans. Before undertaking physical construction of the Project or of any substantial part of the System, the Authority will secure all necessary governmental approvals and, without limiting the generality of the foregoing, will submit the plans and specifications for such construction to the State Department of Environmental Protection of New Jersey (or the successor thereof) for approval as to sufficiency of design and compliance with standards for wastewater treatment plants and sewers as then promulgated by said Department and the Authority will obtain all necessary permits from said Department to proceed with such construction and all necessary approvals from every other agency of the State of New Jersey or of which the State shall constitute a member, which has jurisdiction or authority as to type or degree of treatment of sewage by its Wastewater Treatment Plant or as to effluent therefrom.

Section 205. Location of System and Use of Public Property. The Authority shall have the rights to construct, acquire, maintain, operate and use such trunk, intercepting and outlet sewers, conduits, pipe lines, mains, pumping and ventilating stations, sewage treatment and disposal systems, plants and works at such places within or without the District and such other plants, structures, boats and conveyances as in the 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 ter-

ritory of each Participant but doing no unnecessary damage to public property and restoring all street paving and subject to the municipal street-opening regulations, may construct, maintain and operate the System, free of charge by such Participant, along, over, under and in any streets, alleys, highways and other public places of such Participant.

Section 206. **Insurance.** The Authority will at all times maintain with responsible insurers all such insurance as is customarily maintained with respect to sewerage systems of like character against loss or damage to the System and against public or other liability to the extent not less than that reasonably necessary to protect the interests of the Authority and the Participants, and will at all times maintain with responsible insurers all insurance reasonably required and obtainable within limits and at costs deemed reasonable by the Authority to indemnify and save harmless the Participants against all liabilities, judgments, costs, damages, expenses and attorney's fees for loss, damage or injury to persons or property resulting directly or indirectly from the operation or a failure of operation of the System caused by the negligence or willful act of the Authority, its employees or agents.

Section 207. **Accounts.** The Authority will keep proper books of record and account in which complete and correct entries shall be made of its transactions relating to the System or any part thereof, and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to public inspection. The Authority will cause its books and accounts to be audited annually, and annually within one hundred days after the close of each Fiscal Year, copies of the reports of such audits so made shall be furnished to the Authority and to each Participant, including statements in reasonable detail, accompanied by an Accountant's Certificate with respect thereto, of financial condition, of revenues and operating expenses, and of all funds held by or for the Authority.

ARTICLE III

Connections to the System

Section 301. **Required Connections for Participants.** Upon notice from the Authority, each Participant will permit all or that part of its Local Sewerage System or the outfalls therefrom to be connected with the System at each point and at the

elevation designated therefor in the plans approved by the Authority for the construction and acquisition of the Project, or at such other location for said point and at such elevation as may be requested by such Participant and accepted and agreed to by the Authority and be substituted in lieu of such point. Every such connection at such a point or substituted location shall be made by the Authority at its own cost and expense.

Section 302. **Additional Connections.** (A) Except for the connections established under Section 301 for the Local Sewerage System of a Participant, there shall be no other connection to the System unless and until written notice thereof is given by the Authority to the New Jersey Department of Environmental Protection or the successor or successors thereof, and sixty days shall have elapsed after the delivery of such notice without objection to such connection having been made by such agency.

(B) Subject to the provisions of paragraph (A) hereof, and upon request by a Participant for any connection of all or a part of its Local Sewerage System to the System in addition to those mentioned in Section 301, the Authority may at its discretion, but shall not be required to, make such additional connection or consent to the making thereof. All costs and expenses of installing any such additional connection including any metering station or other facilities appurtenant thereto shall be paid by the Participant requesting the same.

Section 303. **Installation, Completion and Operation of Connections.** Every connection between the System and the Local Sewerage System of a Participant as referred to above in this Article shall be designed and 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 and expense will construct, install and operate any and all extensions of its Local Sewerage System, or the outfalls therefrom, necessary to cause the same to reach to and deliver sewage at the said point or points of connection of its sewer or drainage sys-

tems and, after the making of such connection or connections, will keep its Local Sewerage System connected with the System and will deliver and discharge into the System all sewage originating in and collected by the Participant or collected in such Local Sewerage System. Not less than 90 days prior to initiation of construction by any Participant of any part of its Local Sewerage System (or any extension thereof) not in existence at the date of this Service Contract, such Participant shall submit the plans and specifications for such construction to the Authority for its advice and recommendation, and such construction shall not proceed or any connection thereof made with the System until approval of such construction shall be given to such Participant by the Authority, which approval shall not be unreasonably withheld, and decision with respect to such construction shall be provided by the Authority to such Participant within 45 days after date of such submission to the Authority.

Section 304. Sewage Not Required to be Discharged in System. Notwithstanding the foregoing provisions of this Article, or any other provisions of the Service Contract:

(A) Princeton Township shall not be obligated hereunder to deliver and discharge into the System Sewage originating in the territory of said Township located north of the ridge line therein shown on the System Map.

(B) West Windsor Township shall not be obligated hereunder to deliver and discharge sewage originating in the territory of said Township located south of the ridge line therein shown on the System Map.

(C) South Brunswick Township shall not be obligated hereunder to deliver and discharge any sewage (1) originating in the territory of said Township located east and north of the ridge line therein shown on the System Map as running from its northerly boundary near Beekman Road to its southerly boundary near New Jersey State Highway Route No. 130, (2) originating in any franchise service area of said Township in any other municipality and delivered into the Local Sewerage System of said Township for delivery or discharge into the sewerage system of the Middlesex County Sewerage Authority, (3) originating (now or hereafter) within or without the territorial area of said Township and required

to be delivered or discharged into the sewerage system of the Middlesex County Sewerage Authority pursuant to any agreement between said Township and said Authority existing as of the date of this Service Contract, or (4) originating in those small drainage areas therein and marked "South Brunswick Township - Section 304(D) - Drainage Area" on the System Map.

(D) No Participant shall be obligated hereunder to deliver and discharge into the System (i) sewage which the Authority may by its written consent exempt from delivery and discharge into the System, or (ii) sewage which, with the written consent of the Authority, it discharges into the Local Sewerage System of another Participant or any other Person.

Section 305. Sewage Not Required to be Accepted in System. Notwithstanding the foregoing provisions of this Article or any other provisions of the Service Contract:

(A) South Brunswick Township shall not have the right hereunder to deliver and discharge into the System sewage originating in the territory of said Township located east and north of the ridge line shown on the System Map as running from its northerly boundary near Beekman Road to its southerly boundary near New Jersey State Highway Route No. 130.

(B) No Participant shall have the right hereunder to deliver and discharge into the System any sewage or other wastes except (i) sewage originating in said Participant or (ii) sewage discharged, with the written consent of the Authority, into its Local Sewerage System by any other Participant or Person; or (iii) any other sewage delivered and discharged into the System by said Participant with the written consent of the Authority; or (iv) sewage originating in Princeton Borough or in Princeton Township and discharged into the Local Sewerage System of either.

Section 306. Meters and Measurements of Sewage and Records Thereof. (A) The Authority will provide, install and use as part of the System meters (which meters shall be calibrated at least annually, by an independent agency, person, firm or corporation) or other devices, methods or procedures for determining the volume, directly or by differentials or otherwise, and from time to time as nec-

essary make tests and use other means for determining the quality and other characteristics, of all sewage which shall be delivered and discharged into the System (i) by or for the account of each of the Participants and (ii) from all other sources, and, in accordance with sound engineering practice, 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 twelve months (or lesser period of months) last past prior to the malfunction or failure of any such meter or other device. A copy of every such determination made by the Authority as to the Participants with respect to any Fiscal Year shall be mailed to each Participant at its usual place of business, and for all purposes of the Service Contract, shall be conclusively deemed to have been made in accordance with the Service Contract and to be correct at the expiration of the period of ninety days after such mailing except as may be provided by an award in an arbitration or the final judgment of a court of competent jurisdiction in any action or proceeding begun by a Participant within such period.

(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 (i) by or for the account of each of the Participants and (ii) from all other sources. For the purpose of determining the volume, quality and other characteristics of any sewage which shall or may be delivered and discharged into the System by any Participant the Authority shall have the right at all reasonable times to enter upon and inspect the sewer, sanitation or drainage systems of such Participant and to take normal samples under ordinary operating conditions and make tests, measurements, and analyses of sewage or other wastes entering or to be discharged into such sewer, sanitation or drainage systems. The Authority will make and keep a record of tests, measurements and analyses of such sewage or other wastes entering such sewer, sanitation or drainage systems, and

upon the written request of any Participant will make available to such Participant the results of such tests, measurements or analyses.

ARTICLE IV

Authority Charges and Payment Thereof

Section 401. **Definition of Certain Terms Used in This Article.** As used in this Article, unless a different meaning clearly appears from the context:

(1) "Net Annual Cost", when used for or with respect to a particular Fiscal Year, means the sum of money equal to the excess (if any) of the following Items of Expense over the following Items of Receipts:

(A) *Items of Expense:* All of the amounts necessary or expended in such Fiscal Year (i) to pay or provide for the expenses of administration, operation and maintenance of the System, including any refunds or revenues lawfully due to others and also (without limitation of the foregoing) the cost of repairs, insurance, renewals, replacements, extensions, enlargements, alterations and betterments, (ii) to pay or provide for any interest becoming due on Bonds at or prior to the end of such Fiscal Year, (iii) to pay or provide for the principal and redemption premium of any Bonds becoming due at or prior to the end of such Fiscal Year, (iv) to pay any other current expenses or obligations of the Authority, (v) to provide for any deficits of the Authority resulting from failure to receive sums payable to the Authority by any Participant or any Person, or from any other cause, and (vi) to provide or maintain such reserves or sinking funds to provide for expenses of administration, operation, maintenance, repair, renewal, replacement, extension, enlargement, alteration or betterment of the System or for payment or security of interest on or principal or redemption premium of Bonds or for any deficits aforesaid, as may be required by the terms of any contract of the Authority or agreement with or for the benefit of holders of Bonds or be deemed necessary or desirable by the Authority.

(B) *Items of Receipts:* Such of the following amounts received or available in such

Fiscal Year as are properly applicable in accordance with the Act and the Authority's agreements (if any) with or for the benefit of holders of Bonds to pay or provide for items of expense for such Fiscal Year referred to in clause (A) of this subparagraph: (i) Service Charges collected by the Authority and any other revenues collected by the Authority for or with respect to the use or services of the System other than payments to the Authority made by or for the account of any Participant pursuant to this Article, (ii) the proceeds of Bonds received by or for account of the Authority, (iii) the proceeds of insurance received by or for account of the Authority, (iv) interest received by or for account of the Authority on investments of funds held for the benefit or security of the Authority or the holders of Bonds, (v) contributions (other than payments to the Authority made by any Participant pursuant to this Article) received by or for the account of the Authority and not under any circumstances repayable by the Authority until after the payment in full of all other obligations of the Authority including its Bonds, original or refunding or both, and (vi) reserves on hand and available to the Authority to pay or provide for said items at the beginning of such Fiscal Year.

(2) "Project Debt Service" when used for or with respect to a particular Fiscal Year, means the amount of money equalling (a) the sum of all moneys which were expended by or on behalf of the Authority during said Fiscal Year in payment and discharge of principal, redemption premium or interest with respect to Project Bonds, reduced by (b) any part of the said moneys so expended which (i) constituted the proceeds of Bonds or interest on investment or reinvestment of such proceeds, or (ii) was received at or prior to the end of said Fiscal Year by the Authority from any Person (other than a Participant) as a payment or contribution on account of such principal, redemption premium or interest with respect to Project Bonds or as a sum properly allocable to payment thereof by the Authority; and the amount of such Project Debt Service paid (including credited amounts) as to any Fiscal Year by a Participant through application of Annual Charges shall be as stated in and determined by an Accountant's Certificate

filed in the office of the Authority with respect to such Fiscal Year and covering the period in question.

Section 402. **Base Charge.** The Base Charge, when used for or with respect to a particular Fiscal Year and a particular Participant, shall be that proportion of the Net Annual Cost for such Fiscal Year determined by application thereto of the fraction of which (a) the numerator is the volume of sewage received in the System during said Fiscal Year from the Local Sewerage System of said Participant and (b) the denominator is the total volume of sewage received in the System during said Fiscal Year from the Local Sewerage Systems of all of the Participants.

Section 403. **Annual Charge.** (A) An Annual Charge to be payable with respect to each Participant and Fiscal Year shall be such sum of money as is equal to that amount resulting from combination of (i) the Base Charge, (ii) the Project Debt Service Adjustment (except as to any Fiscal Year which is a Connecting Year), and (iii) each Connecting Installment as shall then be applicable with respect to any Connecting Year, and the same shall be expressed as a positive or negative amount, as may be applicable and so determined pursuant to this Article IV.

(B) A Project Debt Service Adjustment shall be computed with respect to each Participant and for each particular Fiscal Year which is prior to December 1, 2015 in the following manner: the aggregate of Project Debt Service of the Authority for all prior Fiscal Years (i) shall be multiplied by that fraction required to be used by Section 402 with respect to such particular Fiscal Year and Participant, and from such resulting product (ii) there shall be subtracted the aggregate of Project Debt Service for all prior Fiscal Years attributable to such Participant by application of its Base Charge and Project Debt Service Adjustment computed as to all such prior Fiscal Years, and (iii) the resulting remainder (expressed as a positive or negative amount) shall constitute the Project Debt Service Adjustment as to such Participant and particular Fiscal Year.

(C) The Project Debt Service Adjustment (expressed as a positive or negative amount and herein called "Connecting Adjustment") which shall be computed with respect to each Participant for any

Fiscal Year (herein called "Connecting Year") in which any particular Participant (herein called "Connecting Participant") shall receive notice to connect to the System through the Second Segment, shall be divided by a number equal to twice the number of years elapsed from the first day of the Fiscal Year in which any Project Debt Service is first met or paid through Annual Charges to the first day of that Fiscal Year in which any Project Debt Service is first met or paid through Annual Charges by such Connecting Participant, and the quotient (herein called "Connecting Installment") resulting from such division and expressed as a positive or negative amount, shall constitute the Connecting Installment with respect to such Participant and particular Connecting Adjustment. The aggregate of particular Connecting Installments with respect to a particular Connecting Adjustment shall equal, and shall in no event exceed, the amount of such Connecting Adjustment for any purpose of clause (iii) of paragraph (A) hereof.

Section 404. Guaranteed Minimum Flow. For the purposes of Section 402, the volume of sewage received in the System from the Local Sewerage System of each Participant during any Fiscal Year shall be deemed and considered to be at least the minimum flow per Fiscal Year set forth opposite the name of such Participant in the Minimum Flow Table attached hereto and marked "Schedule A" and by this reference made a part hereof; provided, however, that if the Participant is Hopewell Borough, or Pennington Borough, such minimum volume of sewage received during any Fiscal Year shall be computed as that portion of the number of gallons set forth per Fiscal Year in said table which the number of whole months of such year during which service was available to the Participant bears to twelve, and such service shall be deemed to be so available only from and after the date the Authority has given to the Participant notice to connect as provided in Section 301.

Section 405. Capitalization of Start-Up Expenses of First Segment. The Authority shall use its best efforts to fund as part of its bonded indebtedness a portion of the cost of operation during the start-up period of the First Segment of the System. All sums borrowed by the Authority for such purpose shall be treated as items of receipt pursuant to Section 401(1)(B) hereof and the net annual cost shall be reduced by the amount of Bond proceeds avail-

able during each Fiscal Year of the start-up period. For purposes of this Section, the term "start-up period" shall mean that period commencing with the date that the First Segment treatment plant becomes operational and ending with the date that the Authority advises West Windsor Township and South Brunswick Township to connect to the system.

Section 406. Obligation and Payment of Annual Charges by Participants. (A) The Participants will make payment of Annual Charges, determined as provided in this Article, to the Authority annually 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 and other wastes originating within their territory.

(B) On or before December 15 in the first Fiscal Year beginning after the date of this Service Contract and on or before December 15 in each Fiscal Year thereafter, the Authority will make an estimate of the amount of the Net Annual Cost for such Fiscal Year and of the Annual Charge (if any) which will become payable by each Participant for such Fiscal Year, and make and deliver to such Participant its certificate signed by an Authority Officer stating such estimated amount of such Annual Charge for such Fiscal Year.

(C) Each Participant will pay to the Authority the estimated amount of Annual Charge stated in the certificate delivered to it in each Fiscal Year by the Authority as aforesaid in four equal installments on or before February 15, May 15, August 15 and November 15 of such Fiscal Year.

(D) On or before December 31 next following the close of each Fiscal Year beginning after the date of this Service Contract, the Authority will make and deliver to each Participant its certificate signed by an Authority Officer stating (i) the amount of the Annual Charge with respect to such Participant for said Fiscal Year computed in accordance with the Service Contract and (ii) the part (if any) of such Annual Charge not previously paid to the Authority by such Participant pursuant to and in accordance with Paragraph (C) of this Section, accompanied by an Accountant's Certificate approving the statements in such certificate, and on or before March 1 next ensuing, such Participant will pay to the Authority the unpaid

part of any Annual Charge so stated in such certificate. The Annual Charge payable by each Participant for each Fiscal Year shall at all events be due and payable not later than March 1 next following the close of such Fiscal Year, but current provision for and payment of all such Annual Charges on an estimated basis shall be made by each Participant in accordance with the foregoing Paragraphs of this Section. In the event that (i) the Annual Charge for any Fiscal Year with respect to a Participant, upon adjustment to the extent required by paragraph (C) of Section 403, is a negative figure, or (ii) the amount of the Annual Charge made and charged by the Authority to and payable by such Participant for any Fiscal Year computed as provided in this Article shall be less than the estimated amount of such Annual Charge stated in the certificate delivered in such Fiscal Year to it by the Authority and paid by it to the Authority, the Authority will repay the amount of said negative figure and the difference between said amounts of Annual Charge to the Participant on or before March 15 of the next succeeding Fiscal Year. The amount of the aforesaid repayment, upon written request of the Participant to whom such amount is required to be repaid by the Authority, may be credited equally to the next four (4) equal installments on account of any Annual Charge required to be thereafter paid on quarterly dates by such Participant pursuant to the provisions of Paragraph (C) of this Section.

(E) Each Participant will in each year make all budgetary, emergency and other provisions or appropriations necessary to provide for and authorize the prompt payment by the Participant to the Authority during each Fiscal Year of the estimated amount of the Annual Charge for said Fiscal Year, and, by March 1 next ensuing, of the amount of the actual Annual Charge (if any) for said Fiscal Year, all as stated in the certificates delivered in or with respect to such Fiscal Year to it by the Authority as aforesaid.

Section 407. **Limitation on Service Charges.** The sums payable by a Participant to the Authority under the provisions of this Article are and shall be in lieu of Service Charges with regard to real property in such Participant directly or indirectly connected with the System and real property connected with the Local Sewerage System of such Participant connected with the System in ac-

cordance with Article III. So long as such Participant shall not be in default in the making of any payments becoming due from it under the provisions of this Article, the Authority will suspend Service Charges with regard to such real property. For the purposes of this Section, a Participant shall be deemed to be in default if such Participant, for a period of thirty 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 Article.

ARTICLE V

Local Operations

Section 501. **Limitation on Special Wastes.**

(A) The Authority shall from time to time make, promulgate, issue, publish and from time to time amend, 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, including but not limited to rules and regulations (herein sometimes called "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 sewer, sanitation or drainage systems connected therewith of (i) storm water drainage from ground surface, roof leaders, catch basins or from any other source, (ii) industrial wastes, or (iii) oils, acids, garbage, metallic salts, radioactive, toxic or explosive materials or any other substances which alone or in combination with other substances discharged or existing in the System are or may reasonably be expected to be substantially injurious or deleterious to the System, or to its efficient operation or economical maintenance, or dangerous to the public health or safety. Such of said Service Rules as the Authority may designate shall apply to operation of the Local Sewerage System of each Participant as well as the System, and such Participant will fully conform with such applicable Service Rules and will cause the same to be fully observed and conformed with throughout its territory. Said Service Rules shall include lists of harmful wastes discharge of which into the System or any sewer, sanitation or drainage systems connected therewith shall be prohibited. In the event of failure of a Participant to enforce said Service Rules, the Au-

thority, after reasonable notice to the Participant, may refuse to permit or continue the connection to the System of an offending discharger of such Participant, and such refusal shall not be deemed to result in any violation by the Authority of the provisions of the Service Contract 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, shall take effect ten days after a copy thereof (as adopted) shall have been mailed to each Participant, and, for all purposes of the Service Contract, shall be conclusively deemed to have been prescribed, adopted and made in accordance with this Article and to be fully authorized thereby at the expiration of the period of thirty days after such 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 period.

(B) Each Participant will cause all sewage at any time discharged into the System by it or on its behalf to comply with the Service Rules above referred to in this Section as then in effect. Each Participant will permit no new connections and will discontinue existing public connections and will require the discontinuance of existing private connections to its Local Sewerage System, which allow entrance therein of such sewage as will cause the discharge at any time into the System from such Local Sewerage System of sewage which does not comply with said Service Rules. The Authority may from time to time make determination of the respects in which sewage discharged into the System by or on behalf of any Participant is not in compliance with said Service Rules. A copy of such determination shall be mailed to such Participant at its usual place of business and, for all purposes of the Service Contract, shall be conclusively deemed to have been made in accordance with this Article and to be correct at the expiration of the period of twenty days after such mailing except as may be provided by an award in arbitration or the final judgment of a court of competent jurisdiction in an action or proceeding begun by said Participant within such period.

(C) The Authority may from time to time fix, charge and collect reasonable rates or other charges for the discharge into the System from a Participant or from any other source, of sewage in volumes or of a quality or other characteristics which are not in compliance with said Service Rules then in effect. Every 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. Competitive Facilities. No Participant shall, after the completion of the Project, construct, enlarge or operate a plant for the treatment and disposal of sewage required by the provisions of the Service Contract to be delivered and discharged by the Participant into the System unless (i) it is necessary to do so in order for the Participant to comply with the terms of Section 501, or (ii) the Authority shall have given its written consent thereto.

Section 503. Infiltration and Inflow. No Participant shall make or permit any new connection to or extension of its sewer, sanitation or drainage systems 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, and each Participant, before making any new connection to or extension of its said sewer, sanitation or drainage systems, will submit the plans therefor to the Authority and, in making the same, will permit the Authority to inspect the work and will comply with all requests of the Authority with respect thereto reasonably designed to assure exclusion from the System of any such storm water drainage. Each Participant shall maintain and operate its Local Sewerage System in such manner so as to exclude therefrom any excessive infiltration or storm water inflow into the System. If such excessive infiltration or storm water inflow shall exist or occur at any future time, the Participant shall effect such repairs or take such other measures as may be necessary to reduce such infiltration or inflow to normally allowable limits acceptable to those regulatory agencies having jurisdiction with respect thereto. The final analysis for determining the method for dealing with extraneous flows in a Local Sewerage System shall be

based upon cost-effective evaluation as may be required by such regulatory agencies.

Section 504. Recovery of Costs of Facilities for Industrial and Other Users. (A) Each Participant will establish rates and charges for sewerage services, furnished in whole or in part pursuant to the Service Contract, according to such standards and principles of cost recovery as are now or may be hereafter required for wastewater treatment facilities funded in whole or in part by grants from the United States of America or the State of New Jersey or agencies of either. Each Participant shall pay to the Authority (if so requested) all amounts of moneys derived by it as such cost recovery for any required repayment thereof by reason of any such grants.

(B) To the extent necessary to satisfy the requirements of the United States Environmental Protection Agency, the Authority and each Participant shall adopt and enforce such ordinances or resolutions as may be necessary or desirable to provide for (i) an industrial-waste cost recovery system, (ii) a system of user service charges, and (iii) regulations concerning use of the System and the Local Sewerage System, all subject to the approval of the United States Environmental Protection Agency and the New Jersey State Department of Environmental Protection or their respective successors.

ARTICLE VI Miscellaneous

Section 601. Contracts with or Service to Others. (A) The Authority will not hereafter enter into any other agreement providing for or relating to the treatment and disposal by it of sewage originating in any Participant or sewage originating outside such Participant collected in sewers which at the date of the Service Contract are connected with the Local Sewerage System of such Participant, unless (i) the other contracting party be such Participant or (ii) such Participant shall have given its written consent thereto.

(B) Except as otherwise provided in Paragraph (A) of this Section and Section 302, nothing in this Service Contract contained shall restrict in any way the right and power of the Authority, in its discretion and upon written consent given to the

Authority by or on behalf of two-thirds (in number) of the member municipalities, at any time and from time to time to accept delivery and discharge into the System of sewage from sources other than a Participant, or to enter into agreements with any municipality or county or with any other Person providing for or relating to the disposal of sewage or with respect to the delivery or discharge into the System of sewage or other wastes originating outside the District.

Section 602. Enforcement. The Authority will at all times take all reasonable measures permitted by the Act or otherwise by law to collect and enforce prompt payment to or for it of all Service Charges and Annual Charges prescribed, fixed, certified or charged by it in accordance with the Service Contract. If any payment or part thereof due to the Authority from any Participant shall remain unpaid for thirty days following its due date, such Participant shall be charged with and will pay to the Authority interest on the amount unpaid from its due date until paid, at the rate of ten per centum (10%) per annum, and the Authority, in its discretion, may charge and collect Service Charges with regard to persons and real property within such Participant sufficient to meet any default or deficiency in any payments herein agreed to be made by such Participant. If in any such case Service Charges are so collected, the amount so collected by the Authority, less the cost to the Authority of collecting the same, will be credited against the amount of such default or deficiency or any payments then or theretofore due to the Authority from such Participant under the provisions of Article IV, and the Authority will furnish to such Participant a list of the names of the Persons making payment to the Authority of such Service Charges and of the several amounts so paid by such Persons, respectively, and the Participant will give fair and proper credit to such Persons for the several amounts so paid by them. Every obligation assumed by or imposed upon a Participant by the Service Contract 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.

Section 603. Liability of Princeton Township and Borough. As to each Fiscal Year in which any

sewage originating in Princeton Township is discharged into the System at or through a point of connection through which sewage originating in Princeton Borough shall also be or have been discharged into the System, both of said municipalities shall be jointly and severally liable for the full and complete payment to the Authority of the aggregate sum of the Annual Charges for such Fiscal Year and any other payments becoming due hereunder to the Authority from either of them.

Section 604. Local Sewerage System of South Brunswick Township. With respect to the Local Sewerage System of South Brunswick Township, such Local Sewerage System shall include as a part thereof (a) the sanitary sewerage system or facilities now or hereafter acquired or constructed and operated by South Brunswick Township to provide sanitary sewerage service in its sewer franchise area existing in the Township of Plainsboro, in the County of Middlesex, as of the date of this Service Contract, and (b) the sanitary sewerage system or facilities now or hereafter acquired or constructed and operated by South Brunswick Township to provide sanitary sewerage service in its sewerage area in the Township of Franklin, in the County of Somerset, existing as of the date of this Service Contract, but shall not include (c) the sanitary sewerage system or facilities of South Brunswick Township in its industrial area as so designated on the System Map and as of the date of this Service Contract required, pursuant to agreement with The Middlesex County Sewerage Authority, to be connected with the sanitary sewerage system of said Authority for the purpose of sewage treatment and disposal.

Section 605. Effect of Breach. 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 the Service Contract 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 the Service Contract, but such Participant may have and pursue any and all other remedies provided by law for compelling performance by the Authority of said obligation assumed by or imposed upon the Authority.

Section 606. Certain Acts Not a Waiver. Acceptance by the Authority into the System of sewage or other wastes in volume or at a rate or with characteristics exceeding or violating any limit or restriction provided for by or pursuant to the Service Contract in one or more instances or under one or more circumstances shall not constitute a waiver of such limit or restriction or of any of the provisions of the Service Contract and shall not in any way obligate the Authority thereafter to accept or make provision for sewage or wastes delivered into the System in a volume or at a rate or with characteristics exceeding or violating any such limit or restriction in any other instance or under any other circumstances.

Section 607. Special Consents or Requests by Participants. Whenever under the terms of the Service Contract a Participant is authorized to give its written consent or any notice or make any request, such consent, notice or request may be given or made and shall be conclusively evidenced by a copy, certified by its Clerk or Secretary and under its seal, of a resolution purporting to have been adopted by its governing body and purporting to give or make such consent, notice or request.

Section 608. Special Consents by Authority. (A) Whenever under the terms of the Service Contract the Authority is authorized to give its written consent, such consent may be given and shall be conclusively evidenced by a copy, certified by its Secretary and under its seal of a resolution purporting to have been adopted by the Authority or its members and purporting to give such consent.

(B) Whenever under the terms of the Service Contract the Authority is authorized to give its written consent, the Authority, in its discretion, may give or refuse such written consent and, if given, may restrict, limit or condition such consent in such manner as it shall deem advisable.

Section 609. Pledge or Assignment. The Authority may at any time assign or pledge for the benefit and security of the holders of Bonds any or all of its rights under the provisions of the Service Contract to receive payments from any Participant, and thereafter the Service Contract shall not be terminated, modified or changed by the Authority or such Participant except in the manner (if any) permitted, and subject to the conditions (if any) imposed, by the terms and provisions of such assignment or pledge.

[SEAL]

Attest:

/s/ ROBERT F. MOONEY

Borough Clerk

[SEAL]

Attest:

/s/ JOSEPH R. NINI

Township Clerk

[SEAL]

Attest:

/s/ ANITA P. MOUNT

Township Clerk

[SEAL]

Attest:

/s/ KATHLEEN A. THORPE

Township Clerk

[SEAL]

Attest:

/s/ DOUGLAS S. TERHUNE

Borough Clerk

BOROUGH OF PRINCETON

By /s/ ROBERT W. CAWLEY

Mayor

THE TOWNSHIP OF PRINCETON, IN THE
COUNTY OF MERCER

By /s/ JOSEPHINE H. HALL

Mayor

THE TOWNSHIP OF WEST WINDSOR, IN THE
COUNTY OF MERCER

By /s/ R. RAY LOCKHART

Mayor

TOWNSHIP OF SOUTH BRUNSWICK, IN THE
COUNTY OF MIDDLESEX

By /s/ JOSEPH HOMOKI

Mayor

BOROUGH OF HOPEWELL

By /s/ WILLIAM H. WALKER

Mayor

SCHEDULE A

STONY BROOK REGIONAL SEWERAGE AUTHORITY
SERVICE CONTRACT

Assigned Minimum Flow of Wastewater in Millions of Gallons

Participant	Per Day (mgd)	Per Fiscal Year (mgy)
(1) Princeton Borough	0.875	319.375
(2) Princeton Township	1.050	383.250
(3) West Windsor Township	0.550	200.750
(4) Hopewell Borough	0.150	54.750
(5) Pennington Borough	0.150	54.750
(6) South Brunswick Township	0.800	292.000
TOTAL	<u>3.575</u>	<u>1,304.875</u>

STONY BROOK REGIONAL SEWERAGE AUTHORITY
AMENDMENT TO AMENDED SERVICE CONTRACT

AN AGREEMENT dated as of November 30, 1986 amending an agreement dated as of November 1, 1977 between the Stony Brook Regional Sewerage Authority (the "Authority"), and the Boroughs of Hopewell, Pennington, and Princeton and the Townships of Princeton and West Windsor, municipal corporations of the State of New Jersey situate in the County of Mercer, and the Township of South Brunswick, a municipal corporation of said State situate in the County of Middlesex (the municipal corporation being collectively referred to as "Participants" and individually as "Participant").

WHEREAS, the Stony Brook Regional Sewerage Authority by resolution and the municipal parties to this agreement by duly adopted ordinances have authorized the amendment of the Amended Service Contract dated as of November 1, 1977; and

WHEREAS, the parties wish to implement the authorization to amend said Amended Service Contract by a formal agreement amending the Amended Service Contract;

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 Participants, each binding itself, its successors and assigns, do mutually covenant, promise, and agree as follows:

I. Section 403(A) of the Amended Service Contract dated as of November 1, 1977 is amended to read as follows:

Section 403(A). Annual Charge. An Annual Charge to be payable with respect to each Participant and Fiscal Year shall be such sum of money as is equal to that amount resulting from combination of (i) the Base Charge, (ii) the Project Debt Service Adjustment for each Fiscal Year which is prior to December 1, 1986 (except as to any Fiscal Year which is a Connecting Year), (iii) each Connecting Installment as shall then be applicable with respect to any Connecting Year, and (iv) for each Fiscal Year which is prior to December 1, 2015 and after November 30, 1986, each Project Debt Service Adjustment Installment as shall then be applicable with respect to that or any prior Fiscal Year, plus or minus the Adjustment Factor in lieu of interest, and the same shall be expressed as a positive or negative amount, as may be applicable and so determined pursuant to this Article IV.

II. Section 403(B) of the Amended Service Contract dated as of November 1, 1977 is amended to read as follows:

Section 403(B). A Project Debt Service Adjustment shall be computed with respect to each Participant and for each particular Fiscal Year which is prior to December 1, 2015 in the following manner: the aggregate of Project Debt Service of the Authority for all prior Fiscal Years (i) shall be multiplied by that fraction required to be used by Section 402 with respect to such particular Fiscal Year and Participant, and from such resulting product (ii) there shall be subtracted the aggregate of Project Debt Service for all prior Fiscal Years attributable to such Participant by application of its Base Charge and Project Debt Service Adjustment computed as to all such prior Fiscal Years, and (iii) the resulting remainder (expressed as a positive or negative amount) shall constitute the Project Debt Service Adjustment as to such Participant and particular Fiscal Year. For each Fiscal Year which commences after November 30, 1986 said Project Debt Service Adjustment shall be divided by five and the quotient (hereinafter called "Project Debt Service Adjustment Installment") resulting from such division and expressed as a positive or negative amount, shall constitute the Project Debt Service Adjustment Installment with respect to such Participant and such Project Debt Service Adjustment. Of the five Project Debt Service Adjustment Installments relating to each of said Fiscal Year's Project Debt Service Adjustment one shall be included in that Fiscal Year's Annual Charge and one shall be included in each of the next four Fiscal years. For each Fiscal Year which commences after November 30, 1987 there shall be an "Adjustment Factor in lieu of interest," expressed as a positive or negative amount, which shall be computed by applying the Federal Discount Rate of the Federal Reserve Bank of New York (expressed as a per annum rate as of the first Monday of October of the prior Fiscal Year) to the net aggregate amount of each Participant's Project Debt Service Adjustment Installments due or owing as of November 30 of the prior Fiscal Year.

III. Section 406(D) of the Amended Service Contract dated November 1, 1977 is amended to read as follows:

Section 406(D). On or before February 15 next following the close of each Fiscal Year beginning after the date of this Service Contract, the Authority

will make and deliver to each Participant its certificate signed by an Authority Officer stating (i) the amount of the Annual Charge with respect to such Participant for said Fiscal Year computed in accordance with the Service Contract and (ii) the part (if any) of such Annual Charge not previously paid to the Authority by such Participant pursuant to and in accordance with Paragraph (C) of this Section, accompanied by an Accountant's Certificate approving the statements in such certificate, and on or before March 1 next ensuing, such Participant will pay to the Authority the unpaid part of any Annual Charge so stated in such certificate. The Annual Charge payable by each Participant for each Fiscal Year shall at all events be due and payable not later than March 1 next following the close of such Fiscal Year, but current provision for and payment of all such Annual Charges on an estimated basis shall be made by each Participant in accordance with the foregoing Paragraphs of this Section. In the event that (i) the Annual Charge for any Fiscal Year with respect to a Participant, upon adjustment to the extent required by paragraph (C) of Section 403, is a negative figure, or (ii) the amount of the Annual Charge made and charged by the Authority to and payable by such Participant for any Fiscal Year computed as provided in this Article shall be less than the estimated amount of such Annual Charge stated in the certificate delivered in such Fiscal Year to it by the Authority and paid by it to the Authority, the Authority will repay the amount of said negative figure and the difference between said amounts of Annual Charge to the Participant on or before March 15 of the next succeeding Fiscal Year. The amount of the aforesaid repayment, upon written request of the Participant to whom such amount is required to be repaid by the Authority, may be credited equally to the next four (4) equal installments on account of any Annual Charge required to be thereafter paid on quarterly dates by such Participant pursuant to the provisions of Paragraph (C) of this Section.

IV. This amendment shall be effective as of the Authority's Fiscal Year commencing December 1, 1986.

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

Attest:

Michael A. Dimino
Michael A. Dimino, Secretary

STONY BROOK REGIONAL SEWERAGE
AUTHORITY

By: Ezra L. Bixby
Ezra L. Bixby, Chairman

Attest:

Sharon M. Szalontay
Sharon M. Szalontay, Clerk

BOROUGH OF PENNINGTON, IN THE
COUNTY OF MERCER

By: Theodore I. McCarty
Theodore I. McCarty, Mayor

Attest:

Penelope S. Edwards-Carter
Penelope S. Edwards-Carter, Clerk

BOROUGH OF PRINCETON, IN THE
COUNTY OF MERCER

By: Barbara B. Sigmund
Barbara B. Sigmund, Mayor

Attest:

Patricia C. Shuss
Patricia C. Shuss, Clerk

TOWNSHIP OF PRINCETON, IN THE
COUNTY OF MERCER

By: Gail Firestone
Gail Firestone, Mayor

Attest:

Barbara G. Evans
Barbara G. Evans, Clerk

TOWNSHIP OF WEST WINDSOR, IN THE
COUNTY OF MERCER

By: Steven A. Decter
Steven A. Decter, Mayor

Attest:

TOWNSHIP OF SOUTH BRUNSWICK, IN
THE COUNTY OF MIDDLESEX

Kathleen A. Thorpe
Kathleen A. Thorpe, Clerk

By: *Joseph W. Calvinelli*
Joseph Calvinelli, Mayor

Attest:

BOROUGH OF HOPEWELL, IN THE
COUNTY OF MERCER

Douglas S. Terhune
Douglas S. Terhune, Clerk

By: *William H. Walker*
William H. Walker, Mayor

ORDINANCE NO. 386

LEGAL NOTICE

**BOROUGH OF HOPEWELL
MERCER COUNTY**

**AN ORDINANCE OF THE BOROUGH
OF HOPEWELL TO AMEND THE AMENDED
SERVICE CONTRACT DATED AS OF
NOVEMBER 1, 1977 WITH THE STONY
BROOK REGIONAL SEWERAGE AUTHORITY**

WHEREAS, by ordinance Number 283 adopted on the 12th day of September, 1977, an Amended Service Contract with the Stony Brook Regional Sewerage Authority was authorized in the form made a part of that ordinance by reference; and

WHEREAS, the Stony Brook Regional Sewerage Authority has by its resolution of January 28, 1986 proposed an Amendment to the Amended Service Contract relating to the modification of the Project Debt Service Adjustment; and

WHEREAS, this governing body concurs in the decision and proposal of the Authority; NOW, THEREFORE
BE IT ORDAINED by the Mayor and Council of the Borough of Hopewell:

1. Sections 403 (A) and (B) of the Amended Service Contract dated as of November 1, 1977 with the Stony Brook Regional Sewerage Authority (and various other parties) as authorized and approved by the ordinance of September 12, 1977 are hereby authorized to be amended to read as follows:

Section 403 (A). Annual Charge. An Annual Charge to be payable with respect to each Participant and Fiscal Year shall be such sum of money as is equal to that amount resulting from combination of (i) the Base Charge, (ii) the Project Debt Service Adjustment for each Fiscal Year which is prior to December 1, 1986 (except as to any Fiscal Year which is a Connecting Year), and (iii) each Connecting Installment as shall then be applicable with respect to any Connecting Year, and (iv) for each Fiscal Year which is prior to December 1, 2015 and after November 30, 1986 each Project Debt Service Adjustment Installment as shall then be applicable with respect to that or any prior Fiscal Year, plus or minus the Adjustment Factor in lieu of interest, and the same shall be expressed as a positive or negative amount, as may be applicable and so determined pursuant to the Article IV.

Section 403 (B). A Project Debt Service Adjustment shall be computed with respect to each Participant and for each particular Fiscal Year which is prior to December 1, 2015 in the following manner: the aggregate of Project Debt Service of the Authority for all prior Fiscal Years (i) shall be multiplied by that fraction required to be used by Section 402 with respect to such particular Fiscal Year and Participant, and from such resulting product (ii) there shall be subtracted the aggregate of Project Debt Service for all prior Fiscal Years attributable to such Participant by application of its Base Charge and Project Debt Service Adjustment computed as to all such prior Fiscal Years, and (iii) the resulting remainder (expressed as a positive or negative amount) shall constitute the Project Debt Service Adjustment as to such Participant and particular Fiscal Year. For each Fiscal Year

which commences after November 30, 1986 said Project Debt Service Adjustment shall be divided by five and the quotient (hereinafter called "Project Debt Service Adjustment Installment" resulting from such division and expressed as a positive or negative amount, shall constitute the Project Debt Service Adjustment Installment with respect to such Participant and such Project Debt Service Adjustment. Of the five Project Debt Service Adjustment Installments relating to each of said Fiscal Year's Project Debt Service Adjustment one shall be included in that Fiscal Year's Annual Charge and one shall be included in each of the next four Fiscal years. For each Fiscal Year which commences after November 30, 1987 there shall be an "Adjustment Factor in lieu of interest," expressed as a positive or negative amount, which shall be computed by applying the Federal Discount Rate of the Federal Reserve Bank of New York (expressed as a per annum rate as of the first Monday of October of the prior Fiscal Year) to the net aggregate amount of each Participant's Project Debt Service Adjustment Installments due or owing as of November 30 of the prior Fiscal Year.

2. Section 406 (D) of the Amended Service Contract dated as of November 1, 1977 is amended to change the date, in the first sentence for the delivery of the required year end Certificates from December 31 to February 15 so that the First clause of the Section will read: "On or before February 15 next following the close of each Fiscal Year beginning after the date of this Service Contract, . . ."

3. The Mayor and Clerk are hereby authorized and directed to execute an Amendment to said Amended Service Contract incorporating new Sections 403 (A) and (B) and Section 406 (D) as amended by this ordinance, on behalf of this municipality, under the Corporate Seal of this municipality, which shall be affixed and attested by the Clerk, and to deliver the same, to be legally binding and effective upon the due authorization and signing of a like amendment to Sections 403 (A) and (B) and Section 406 (D) by all other parties to the Amended Service Contract.

4. This ordinance shall take effect ten (10) days after publication thereof by title and after its final passage as provided by law and upon the adoption of similar ordinances by all of the participant municipalities to the November 1, 1977 Amended Service Contract referred to hereinabove.

WILLIAM H. WALKER
Mayor

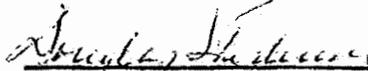
NOTICE

The foregoing ordinance was introduced and passed on first reading at a meeting of the Mayor and Council of the Borough of Hopewell, Mercer County, held on June 9, 1986, and will be considered for final reading and adoption at the Municipal Building on July 14, 1986, at 7:30 p.m., at which time all persons interested may appear for or against the passage of said ordinance.

DOUGLAS S. TERHUNE
Borough Clerk

HVN 6-12-86

I do hereby certify that the foregoing is a true copy of an ordinance adopted by the Hopewell Borough Council at its meeting on July 14, 1986.



Douglas S. Terhune,
Borough Clerk

STONY BROOK REGIONAL SEWERAGE AUTHORITY
SECOND AMENDMENT TO THE AMENDED SERVICE CONTRACT

AN AGREEMENT dated as of November 30, 2003, amending an amended agreement dated as of November 1, 1977, and an amendment to the amended agreement dated November 30, 1986 between the Stony Brook Regional Sewerage Authority (the "Authority") and the Boroughs of Hopewell, Pennington, and Princeton and the Townships of Princeton and West Windsor, municipal corporations of the State of New Jersey situated in the County of Mercer, and the Township of South Brunswick, a municipal corporation of said State situated in the County of Middlesex (the municipal corporation being collectively referred to as "Participants" and individually as "Participant").

WHEREAS, the Stony Brook Regional Sewerage Authority by resolution and the municipal parties to this agreement by duly adopted ordinances have authorized the Second Amendment of the Amended Service contract dated November 1, 1977; and

WHEREAS the parties wish to implement the authorization to amend the Amended Service Contract;

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 Participants, each binding itself, its successors and assigns, do mutually covenant, promise and agree as follows:

I. Sections 403(A) and 403(B) of the Amendment to the Amended Service Contract effective December 1, 1986 are amended to read as follows:

Section 403(A). Annual Charge. An Annual Charge to be payable with respect to each Participant and Fiscal Year shall be such sum of money as is equal to that amount resulting from combination of (i) the Base Charge, (ii) the Project Debt Service Adjustment for each Fiscal Year which is prior to December 1, 1986 (except as to any Fiscal Year which is a Connecting Year), (iii) each Connecting Installment as shall then be applicable with respect to any Connecting Year, and (iv) for each Fiscal Year which is prior to December 1, 2022 and after November 30, 1986, each Project Debt Service Adjustment Installment as shall then be applicable with respect to that or any prior Fiscal Year, plus or minus the Adjustment Factor in lieu of interest, and the same shall be expressed as a positive or negative amount, as may be applicable and so determined pursuant to this Article IV.

Section 403(B)(i). A Project Debt Service Adjustment shall be computed with respect to each Participant and for each particular Fiscal Year which is prior to December 1, 2019 in the following manner: the sum of all debt service (equal to the aggregate principal and interest paid on all bond issues since the formation of the Stony Brook Regional Sewerage Authority) (a) shall be multiplied by the flow percentage of each participant (equal to the sum of the participant's prior seven years of flow divided by the sum of all participants prior seven years of flow) or the minimum flow established in Section 404, which ever is higher and (b) there shall be subtracted: the sum of annual debt service payments (equal to the sum of all debt service payments made by

the participant as part of the annual base charge) plus the sum of all previous Project Debt Service Adjustments (equal to the sum of the calculated Project Debt Service Adjustments prior to the current year (expressed as a positive or negative amount))

(ii) For flow year 2003, the Project Debt Service Adjustment will be divided into six equal installments. The first of the six equal installments shall be included in the current Fiscal Year with each remaining installment included in the next five Fiscal Years.

(iii) For flow years 2004 through 2015, the Project Debt Service Adjustment will be divided into seven equal installments. The first of the seven equal installments will be included in the current Fiscal Year with installments two through seven payable in each of the next six Fiscal Years. Each year the fully paid installment will drop off and the new installment will be added on to the amount payable by the participant for the subsequent Fiscal Year to the Stony Brook Regional Sewerage Authority.

(iv) For flow year 2016, the Project Debt Service Adjustment will be divided into six equal installments to be paid in equal installments in years 2017 through 2022.

(v) For flow year 2017, the Project Debt Service Adjustment will be divided into five equal installments to be paid in equal installments in years 2018 through 2022.

(vi) Installments will be either a positive or negative amount. No additional debt service will be added to the sum of all debt service paid by the Stony Brook Regional Sewerage Authority or the sum of annual debt service after December 1, 2015. For each installment there shall be an "Adjustment Factor in Lieu of Interest" expressed as a positive or negative amount, which shall be computed by applying the Federal Discount Rate of the Federal Reserve Bank of New York (expressed as a per annum rate as of the first Monday of October of the prior Fiscal Year) to the net aggregate amount of each participant's Annual Project Debt Service Adjustment installments due or owing as of November 30 of the prior Fiscal year.

(vii) The total annual Project Debt Service Adjustment payment is a summation of the appropriate installments and Adjustment Factor in lieu of Interest.

(viii) The final Project Debt Service Adjustment will be calculated in Fiscal Year 2019. The final adjustment is based upon a seven year average flow for the year 2012 through 2018 with the year 2015 as the mid point. The final adjustment will be calculated based on the same equation as the annual adjustment (i.e., Aggregate liability minus the sum of annual debt service payments plus the sum of all previous Project Debt Service Adjustments). The final Project Debt Service Adjustment will be divided into four installments. Each installment will be multiplied by an "Adjustment Factor in Lieu of Interest" (as defined above). The final Project Debt Service Adjustment installments will be paid in Fiscal Years 2019 through 2022.

II. This Second Amendment shall be effective as of the Authority's Fiscal Year commencing December 1, 2003.

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

Attest:

John Kantorch
, Secretary

STONY BROOK REGIONAL
SEWERAGE AUTHORITY

[Signature]
, Chairman

Attest:

[Signature]
Deputy, Clerk

BOROUGH OF PENNINGTON, IN
THE COUNTY OF MERCER

James H. Lapan
, Mayor

Attest:

James F. Quinty
, Clerk

BOROUGH OF PRINCETON, IN
THE COUNTY OF MERCER

Jon Therie
, Mayor

Attest:

Genia S. Mpernett
, Clerk

TOWNSHIP OF PRINCETON, IN
THE COUNTY OF MERCER

Chyllis L. Marchand
, Mayor

Attest:

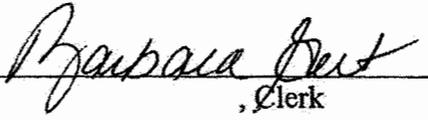
Shawn Young
, Clerk

TOWNSHIP OF WEST WINDSOR,
IN THE COUNTY OF MERCER

[Signature]
, Mayor

Attest:

TOWNSHIP OF SOUTH
BRUNSWICK, IN THE COUNTY
OF MIDDLESEX



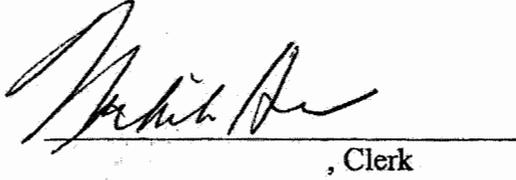
, Clerk



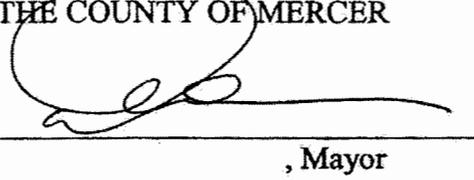
, Mayor

Attest:

BOROUGH OF HOPEWELL, IN
THE COUNTY OF MERCER



, Clerk



, Mayor