FUNDING AGREEMENT

Lancaster County Conservation District
72517
12/20/2011

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This AGREEMENT is made this 20th day of December, 2011, by and between the Lancaster County Conservation District, organized and existing under the laws of the Commonwealth of Pennsylvania or duly authorized to do business in the Commonwealth of Pennsylvania, with an address of 1383 Arcadia Rd, Rm 200, Lancaster, PA-17601 (the "Funding Recipient"), and the Pennsylvania Infratructure Investment Authority, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, with an office at 22 South Third Street, Harrisburg, Pennsylvania (the "Authority").

WHEREAS, the Funding Recipient has applied for funds from the Authority for a project eligible for financing by the Authority;

WHEREAS, the Authority has approved funding for Funding Recipient's project; and

WHEREAS, on December 5,2011, the Funding Recipient accepted the funding offer provided by the Authority.

NOW, THEREFORE, the Authority and the Funding Recipient, with the intention of being legally bound, hereby agree as follows:

A. DEFINITIONS

The following words and phrases shall have the meanings given to them in this Section when used in this Agreement. Certain terms are defined elsewhere in the Agreement.

"ACT" shall mean the Pennsylvania Infrastructure Investment Authority Act, act of March 1, 1988, P.L. 82, No. 16, as amended (35 P.S. § 751.1 et seq.).

"ATTORNEY" shall mean an attorney, licensed to practice law in the Commonwealth, retained by the Funding Recipient to provide legal assistance and advice with regard to the Funding Offer and Project Funding and to provide the requisite opinions of counsel at Settlement.

"AUTHORITY REGULATIONS" shall mean all regulations of the Authority, including 25 Pa. Code §§961, 963 and 965, as may be amended or supplemented from time to time.

"BOARD" shall mean the Authority Board of Directors.

"BOARD APPROVAL DATE" shall mean the date that the Board approved the funding request application for the Project.

"COMMONWEALTH" shall mean the Commonwealth of Pennsylvania.

"COMPLETION DATE" shall mean the date when the Project is expected to be completed as set forth in the Project Management Plan for the Project, attached hereto as Exhibit E.

"CONTRACTORS" shall mean the Persons retained by the Funding Recipient to provide the services or materials required to complete the Project in accordance with Project Plans, including any subcontractors, materialmen, or other parties employed by the Contractors to fulfill their obligations to the Funding Recipient.

"COST SHEETS AND BREAKDOWN" shall mean the summary of total Project costs as of the Settlement Date, broken down by cost category, as established by the Funding Recipient under the Authority's Funds Disbursement

Website and appearing as a portion of the Project Cost Sheets/Breakdown, attached hereto as Exhibit I.

"DEP" shall mean the Pennsylvania Department of Environmental Protection.

"EASEMENTS" shall mean all easements, rights-of-way or similar interests in real property, other than fee simple ownership interests or leasehold interests, which are required to construct, operate and/or maintain the Project.

"ELIGIBLE COSTS" shall mean the Project costs which the Authority has determined can be paid using the proceeds of the Project Funding in accordance with the Act and the Authority Regulations.

"ENGINEER" shall mean the professional engineer(s) and/or geologist(s) licensed to provide engineering or geological services in the Commonwealth, or such other qualified technical person as may be approved by the Authority, or the firm employing such persons, retained by the Funding Recipient under the Engineer's Agreement to plan, design, implement and/or oversee the Project.

"ENGINEER'S AGREEMENT" shall mean the professional services agreement for the Project entered into by the Funding Recipient with the Engineer.

"EVENT OF DEFAULT" shall mean any of the events set forth in Paragraph J.1. herein.

"FUNDING DOCUMENTS" shall mean the Funding Offer, this Agreement, together with all other documents, certifications and other instruments executed and delivered to the Authority by the Funding Recipient or any Guarantor pursuant to this Agreement.

"FUNDING OFFER" shall mean the commitment for funding issued by the Authority upon the approval of the Board and accepted by the Funding Recipient on December 5,2011.

"FUNDS DISBURSEMENT" shall mean the Authority's Funds Disbursement Website, which can be found at https://www.pennvestportal.state.pa.us/pvloginportal/default.aspx, through which the Funding Recipient will submit all requests for payment and change orders, and track and manage the Project's budget.

"LEASES" shall mean all leases, subleases, lettings, occupancy agreements, tenancies and licenses, or other similar agreements, now or hereafter entered into by the Funding Recipient which relate to the System, the Project Collateral or the Real Property, or any part thereof.

"OPERATING AGREEMENT" shall mean any agreement by which a Person other than the owner of the System provides services relating to the operation or maintenance of the System.

"ORGANIZATIONAL DOCUMENTS" shall mean all documents which provide evidence of the organizational status of the Funding Recipient (e.g., articles of incorporation, bylaws, operating agreements, partnership agreements, etc.)

"OTHER FUNDING" shall mean any loan, or the proceeds of any other form of debt, or grant, other than the Project Funding, which the Funding Recipient intends to use to finance a portion of the cost of the Project.

"PERSON" shall mean a municipality, municipal authority, or other form of government, including a governmental subdivision, agency or other instrumentality, an individual, any form of corporation or

partnership, a business trust, an estate, a trust, a cooperative, an association, two or more individuals or entities having a joint or common interest, or any other legal or commercial entity.

"PROJECT" shall mean the design, acquisition, construction, improvement, expansion, extension, remediation, repair or rehabilitation of all or part of the System as further described in the Description of System/Project, attached hereto as Exhibit C.

"PROJECT CONTRACTS" shall mean the agreements executed by the Funding Recipient and the Contractors for the performance of the work required to complete the Project.

"PROJECT COST SHEETS" shall mean the description of contract line items and invoice amounts that will be submitted to the Authority for reimbursement, as built by the Funding Recipient in the Authority's Funds Disbursement Website and appearing as a portion of the Project Cost Sheets/Breakdown, attached hereto as Exhibit I.

"PROJECT FUNDING" shall mean any loan and/or grant, if applicable, provided by the Authority to the Funding Recipient through this Agreement to finance Eligible Costs associated with the Project, in an amount not to exceed the loan and/or grant amounts set forth in the Project Specific Terms, attached hereto as Exhibit A.

"PROJECT MANAGEMENT PLAN" shall mean the document prepared by or on behalf of the Funding Recipient identifying all major tasks necessary to complete the Project, including, but not limited to, obtaining all required permits and approvals, awarding contracts, starting and completing construction, the person(s) responsible for each task, and the date upon which each task is expected to be commenced and completed, as more particularly identified in the Project Management Plan, attached hereto as Exhibit E.

"PROJECT PLANS" shall mean the plans, scope of work, designs, specifications, Act 2 Clean-up Plan or other similar documents, as may be applicable, reviewed and approved by the Pennsylvania Department of Environmental Protection that describe the work to be performed to complete the Project.

"PUC" shall mean the Pennsylvania Public Utility Commission.

"REAL PROPERTY" shall mean all interests in real property, including, but not limited to, fee simple interests, leasehold interests and the Easements, required to lawfully construct, operate and maintain the Project.

"REIMBURSEMENT REGULATIONS" shall mean Section 1.150-2 of the United States Treasury Regulations, 26 C.F.R. § 1.150-2.

"REQUIRED EQUITY CONTRIBUTION" shall mean (1) the difference between the total cost of the Project and the Project Funding and the amount funded by any Other Funding, or (2) at any particular time in the future, the difference between the amount necessary to complete the Project and the amount of the Project Funding remaining to be advanced to the Funding Recipient by the Authority hereunder and the amount remaining to be advanced to the Funding Recipient by any third party providing any Other Funding.

"SETTLEMENT" shall mean the closing of the funding transaction between the Funding Recipient and the Authority, including execution of the Funding Documents.

"SETTLEMENT DATE" shall mean the effective date of this Agreement.

"SYSTEM" shall mean the public drinking water, sanitary sewage disposal or storm water management system; acid mine drainage or Brownfield site; real property affected by non-point source pollution; or any other facility or site upon which an eligible project can be performed, as more specifically described in the Description of System/Project, attached hereto as Exhibit C, including all Real Property, all personal property of the Funding Recipient located thereon or used or useful in connection therewith, all pipes, conduits, lines, equipment and structures located on or in the Easements, or located on other property leased or controlled by the Funding Recipient for such purpose, as may be now or hereinafter owned or held by the Funding Recipient.

"SYSTEM AUTHORIZATIONS" shall mean any and all licenses, permits, contracts and agreements with or from all boards, public utilities, agencies, departments, governmental or otherwise, required by law or applicable contract to construct the Project or operate the System, whether heretofore or hereafter issued or executed, together with all amendments, modifications or addenda thereto.

"SYSTEM REVENUES" shall mean all accounts, accounts receivable, contract rights and general intangibles related to or arising from the ownership or operation of the System, including without limitation the proceeds of such accounts, contracts and general intangibles.

B. FINANCIAL ASSISTANCE

1. APPROVED FINANCIAL ASSISTANCE

The Authority has approved funding for the Project in the amount set forth in the Project Specific Terms, attached hereto as Exhibit A. The Authority shall disburse the approved funding to the Funding Recipient for the Project, in accordance with the terms and conditions set forth herein.

2. FUNDING OFFER SURVIVAL

The terms and conditions of the Funding Offer are incorporated herein by reference and made a part hereof. The Funding Recipient hereby agrees that the obligations set forth in the Funding Offer shall survive Settlement on the funding being provided by the Authority and shall be continuing obligations of the Funding Recipient until all required payments, including applicable interest and fees, have been made in full and all other obligations of the Funding Recipient under the Funding Documents have been fully completed and discharged.

C. REPRESENTATIONS AND WARRANTIES

The Funding Recipient represents and warrants the following to the Authority, which representations and warranties shall survive until the Project has been completed in accordance with Section D.1 herein and shall be deemed to be made as of the Settlement Date and the date of each request for disbursement:

1. FORMATION; EXISTENCE; COMPOSITION

The Funding Recipient is duly organized and existing under the laws of the Commonwealth of Pennsylvania or is duly authorized to do business in the Commonwealth of Pennsylvania; has the power and authority to carry on its business as now conducted; has furnished correct and complete copies of its Organizational Documents

to the Authority; and has provided a correct and complete list of its directors and officers, shareholders, or other management structure, as may be applicable, in the List of Officer and Directors, attached hereto as Exhibit D and incorporated herein by reference.

2. POWER AND AUTHORITY; AUTHORIZATION; ENFORCEABILITY

The Funding Recipient has the full power, authority and legal right to execute, deliver and comply with the Funding Documents and has taken all actions necessary or appropriate for the execution and delivery of and compliance with the Funding Documents. The Funding Documents constitute valid and legally binding obligations of the Funding Recipient enforceable against the Funding Recipient in accordance with their respective terms.

3. GOVERNMENTAL APPROVAL OF FUNDING DOCUMENTS

No consent, approval or other authorization of or by any court, administrative agency or other governmental authority is required in connection with the execution and delivery of or the performance of the Funding Recipient's obligations under this Agreement or any of the Funding Documents, except as disclosed on the Project Management Plan and the List of Permits/Approvals, attached hereto as Exhibits E and F, respectively, and incorporated herein by reference.

4. CONFLICT; BREACH

The execution and delivery of and compliance with the Funding Documents and any other documents and instruments related to the Project will not conflict with or result in a breach of any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or the Organizational Documents, or of any agreement or other document or instrument to which the Funding Recipient is a party or by which it or its properties are bound, and such action by the Funding Recipient will not result in the creation or imposition of any lien, charge or encumbrance upon any property of the Funding Recipient in favor of anyone other than the Authority.

5. LITIGATION

No action, suit or proceeding is pending or, to the knowledge of the Funding Recipient, is threatened, against or affecting the Funding Recipient, the Project, the Project Collateral or the System, before or by any court, administrative agency or other governmental authority, which questions the validity of the Project contemplated hereby, or which could result in a material adverse change in the financial condition or business of the Funding Recipient or the Project Collateral, except as disclosed in the List of Litigation, attached hereto as Exhibit G and incorporated herein by reference.

6. FINANCIAL STATEMENTS

The most recent audited annual financial statements of the Funding Recipient, a copy of which has been furnished to the Authority, have been prepared in accordance with generally accepted accounting principles and practices, or generally accepted governmental accounting principals and practices, consistently applied, as may be applicable, and fairly and accurately presents the financial condition of the Funding Recipient in all material respects as of the date thereof and for the fiscal period then ended. No material change in

the financial condition or business of the Funding Recipient has occurred between the end of the fiscal year covered by such financial statements and the Settlement Date, except as disclosed by the Funding Recipient to the Authority in writing. The timeliness of the financial statements submitted to the Authority shall comply with the requirements set forth in the Subsection entitled "Financial Statements" in Section D herein.

7. REQUIRED GOVERNMENTAL FILINGS

Any and all filings, reports or other documents required by any federal, state or local government that affect, either directly or indirectly, the completion of the Project in conformity with the Funding Documents, including the completion of major milestones in accordance with the Project Management Plan set forth in Exhibit E herein, have been filed or submitted, and all fees or assessments required upon making any such filings or submission, as well as any interest or penalties due thereon, have been paid.

8. REAL PROPERTY INTERESTS

The Funding Recipient has acquired sufficient interest in all Real Property to complete the Project. All Easements necessary to complete the Project have been obtained and recorded in the applicable County Recorder of Deeds Office. All valid and binding leasehold interests necessary to complete the Project have been obtained for terms that exceeds the time necessary to complete the Project in accordance with Section D.1 herein. A complete list of all Real Property, including recording information and adequate information to demonstrate that all condemnation actions and preliminary objections to such action have been resolved, if applicable, has been provided by the Funding Recipient in the List of Real Property, attached hereto as Exhibit H and incorporated herein by reference.

9. STATUS OF PRIOR AUTHORITY FUNDING

To the extent that the Funding Recipient has previously received any financing from the Authority, the Funding Recipient is in compliance with all obligations under the prior funding documents and is not delinquent on its repayment obligations.

10. REFINANCING; OTHER FINANCING

The Funding Recipient has not been offered or received a commitment from anyone other than the Authority to provide long-term financing, as defined by Authority regulations, for the costs of the Project being funded by the Authority under this Agreement.

11. GOVERNMENTAL APPROVAL OF CONSTRUCTION OF THE PROJECT

All necessary permits, approvals and licenses from governmental or quasi-governmental authorities having jurisdiction over the construction of the Project or operation of the Project upon completion, including but not limited to wastewater discharge permits, water supply permits, water obstruction and encroachment permits, erosion and sedimentation control permits, highway occupancy permits, zoning or use permits, variances or special exceptions, zoning reclassifications, foundation permits, building permits, subdivision approvals, earth moving permits, water allocation permits and other environmental permits, have been obtained and such permits, approvals and licenses are final and in full force and effect, and the time for filing all appeals has expired with no appeals having been taken therefrom, except as otherwise disclosed to

the Authority. Exhibit F contains a correct and complete list of all permits, approvals and licenses required for completion and operation of the Project, the date each permit, approval or license was issued, the date any appeal period expired, and the status of any appeals filed.

12. UTILITY SERVICES

All utility services which may be needed to adequately serve the Project, including water, electric, gas and telephone, and all storm and sanitary sewer drainage facilities are available on or at the boundary of the Project, or will be available upon completion of the same as part of the Project, for use at competitive rates and are of sufficient capacity to adequately serve the Project.

13. PROFESSIONAL ENGINEER

The Funding Recipient has retained the Engineer and executed the Engineer's Agreement for the Project, in form and substance satisfactory to the Authority, to develop the Project Plans and Project Management Plan, input the Project Cost Sheets and Cost Sheets and Breakdown, monitor implementation of the Project and provide necessary sign-offs and certifications at Settlement and upon completion of the Project. The Engineer's Agreement shall include an agreed upon estimate of the costs for such services as of the date of Settlement. The costs attributed to each of the services provided by the Engineer shall be provided as part of the Project Cost Sheets, as set forth in the Project Cost Sheets/Breakdown, attached hereto as Exhibit I. The Funding Recipient has provided to the Authority an executed copy of the Engineer's Agreement and hereby certifies that the Engineer's Agreement is in full force and effect and no party thereto is in default thereunder.

14. PROJECT PLANS

The Funding Recipient shall construct the Project in accordance with the Project Plans, copies of which have been made available to the Authority and are hereby made a part of this Agreement. The Project Plans are identical in all material respects to those on which all approvals from governmental and quasi-governmental authorities having jurisdiction over implementation of the Project were based, and all final Project Plans have been provided to the Authority.

15. PROJECT CONTRACTS

Project Contracts have been executed in form and substance satisfactory to the Authority and copies have been provided the Authority. The Project Contracts provide for performance of the work required to complete the Project in a good and workmanlike manner and in strict accordance with the Project Plans. Implementation of the Project Contracts shall proceed with due diligence to completion. The Funding Recipient hereby certifies that the Project Contracts are in full force and effect and no party thereto is in default thereunder.

16. PROJECT MANAGEMENT PLAN

The information provided in the Project Management Plan, attached hereto as Exhibit E, is complete and accurate and the projected date for completion of the Project is reasonable.

17. COST SHEETS AND BREAKDOWN

The Cost Sheets and Breakdown, as set forth in Exhibit I, provides the following:

a. The best available estimate of the costs to be incurred to perform the various categories of work required to complete the Project;

b. An accurate estimate of Eligible Costs to be funded by the Authority and those Project costs which will be funded by sources of Other Funding; and

c. Completed Project Cost Sheets for all Contractors and Project Contracts.

Adjustments may be made to the Cost Sheets and Breakdown as the Project is implemented and the actual costs in the various categories are determined.

18. BANKRUPTCY; INSOLVENCY

The Funding Recipient has not applied for or consented to the appointment of a receiver, conservator, trustee or liquidator for itself or any of its property; admitted in writing its inability to pay its debts as they mature; made a general assignment for the benefit of creditors; been adjudicated a bankrupt or insolvent or filed a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law; and no action has been taken by it for the purpose of effecting any of the foregoing. No order, judgment or decree has been entered by any court of competent jurisdiction approving a petition seeking reorganization of the Funding Recipient or all or a substantial part of the assets of the Funding Recipient, or appointing a receiver, conservator, sequestrator, trustee or liquidator of it or any of its property.

19. RESPONSIBILITY PROVISIONS

a. No one receiving any Project Funding is under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority.

b. The Funding Recipient is not delinquent in payment of any tax liabilities or other obligations to the Commonwealth.

20. INTEGRITY PROVISIONS

a. For purposes of this Paragraph only, the following terms shall have the meanings set forth below:

(i) "Confidential Information" shall mean information that is not public knowledge, or available to the public on request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with the Authority or the Commonwealth.

(ii) "Consent" shall mean written permission signed by a duly authorized officer or employee of the Authority, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Authority shall be deemed to have consented by virtue of execution of this Agreement.

(iii) "Financial Interest" shall mean ownership of more than a five percent interest in a business, or holding a position in the business as an officer, director, trustee, partner, employee, or the like, or

holding any position of management.

(iv) "Gratuity" shall mean any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.

b. The highest standards of integrity in the performance of this Agreement have been maintained and no action has been taken in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth.

c. No Confidential Information gained by virtue of this Agreement has been disclosed to others.

d. No pecuniary benefit has been conferred in connection with this Agreement or any other agreement with the Authority, directly or indirectly, on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employee of the Commonwealth.

e. No Gratuity has been offered, given or promised to anyone in connection with this Agreement or any other agreement with the Authority, directly or indirectly, for the benefit of or at the direction or request of any officer or employee of the Commonwealth.

f. No Gratuity has been accepted from or given to anyone in connection with the performance of work under the Agreement.

g. Except with the Consent of the Authority, the Funding Recipient does not currently have and agrees not to obtain a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on a Project.

h. The Funding Recipient, upon being informed that any violation of these provisions has occurred or may occur, has immediately notified the Authority in writing.

i. The Funding Recipient, upon the inquiry or request of the Inspector General of the Commonwealth or any of that official's agents or representatives, has provided, or if appropriate, has made promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to the Funding Recipient's integrity or responsibility, as those terms are defined by the Commonwealth's statutes, regulations, or management directives. Such information may include, but shall not be limited to, the Funding Recipient's business or financial records, documents or files of any type or form, which refer to or concern the Agreement. Such information shall be retained by the Funding Recipient for a period of three years beyond the termination of the Agreement unless otherwise provided by law.

j. For violation of any of the above provisions, the Authority may terminate this Agreement and any other agreement with the Funding Recipient, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining complete performance hereunder, and debar and suspend the Funding Recipient from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Authority may have under law, statute, regulation, or otherwise set forth in this Agreement.

21. CONFIDENTIAL INFORMATION

The Funding Recipient has made every effort not to include confidential or proprietary information or trade

secrets as part of any submission to the Authority. If the Funding Recipient has determined that it must divulge such information as part of any submission to the Authority, the Funding Recipient has submitted to the Authority a signed written statement to that effect in accordance with 65 P.S. § 67.707(b), and additionally has provided a redacted version of its submission, which has removed only the confidential or proprietary information and trade secrets for public disclosure purposes.

22. RIGHT-TO-KNOW LAW

a. The Pennsylvania Right-to-Know Law (hereinafter referred to as the "RTKL"), 65 P.S. §§ 67.101-3104, applies to this Agreement. For the purpose of administering the matters relating to the RTKL set forth in this Section, the applicable "Commonwealth agency" as provided in the RTKL shall be the Authority. Capitalized terms used but not otherwise defined herein shall have the same meaning as set forth in the RTKL.

b. If the Authority needs the Funding Recipient's assistance in any matter arising out of the RTKL, the Authority shall notify the Funding Recipient using the legal contact information provided in this Agreement. The Funding Recipient, at any time, may designate a different contact for such purpose upon reasonable prior written notice to the Authority.

c. Upon written notification from the Authority that it requires the Funding Recipient's assistance in responding to a request under the RTKL for information that may be in the Funding Recipient's possession, constituting, or alleged to constitute, a Public Record in accordance with the RTKL, Funding Recipient shall:

(i) Provide the Authority, within ten (10) calendar days after receipt of such notification, access to, and copies of, any document or information in the Funding Recipient's possession arising out of this Agreement that the Authority reasonably believes may be a Public Record under the RTKL ("Requested Information"), to permit the Authority to evaluate whether such Requested Information is, in fact, a Public Record within the scope of the subject RTKL information request; provided, however, that providing such Requested Information not previously in the Authority's possession shall not be considered an admission by the Funding Recipient that such records are Public Records under the RTKL; and

(ii) Provide such other assistance as the Authority reasonably may request, in order to comply with the RTKL.

If the Funding Recipient fails to provide the Requested Information within ten (10) calendar days after receipt of such request, the Funding Recipient shall indemnify and hold the Authority harmless for any damages, penalties, detriment or harm that the Authority may incur under the RTKL as a result of the Funding Recipient's failure, including any statutory damages assessed against the Authority.

d. If the Funding Recipient considers the Requested Information not to be a Public Record, or exempt from production due to the inclusion of trade secret, confidential proprietary information, or any other reason for exemption from production as a Public Record under the RTKL, the Funding Recipient shall provide a written statement to the Authority within seven (7) days of receipt of the Authority's request for the Requested Information. This statement shall be signed by a representative of the Funding Recipient, explaining why the Funding Recipient considers the Requested Information exempt from public disclosure.

e. If such a written statement is timely provided, the Authority will rely upon it in denying a RTKL request for the information. However, if the Authority reasonably determines that such written statement is

patently flawed or the Requested Information is, on its face, clearly not protected from disclosure under the RTKL, the Funding Recipient shall, subject to its rights of appeal, provide the Requested Information within five (5) business days of notification of the Authority's decision.

If the Funding Recipient fails to provide the Requested Information within the five (5) business days, the Funding Recipient shall indemnify and hold the Authority harmless from any damages, legal fees, penalties, detriment or harm, including statutory damages assessed against the Authority that the Authority may incur under the RTKL as a result of the Funding Recipient's failure to provide the records.

f. The Funding Recipient shall be entitled to challenge or appeal any decision of the Authority, the Commonwealth Office of Open Records ("OOR") or any applicable court mandating the release of any record to the public which the Funding Recipient believes is not properly subject to disclosure under the RTKL; provided, however, that

(i) the Funding Recipient shall be solely responsible for all costs related to such action; and

(ii) the Funding Recipient shall indemnify and hold harmless the Authority from and against any and all legal fees, damages, penalties, detriment or harm that the Authority may incur under the RTKL as a result of such action, including any statutory damages assessed against the Authority, regardless of the outcome of such legal challenge. If the Funding Recipient does not appeal or is not successful after final appeal from a determination by the OOR or Pennsylvania courts, the Funding Recipient agrees to waive all rights or remedies that may be available to it as a result of the Athority's subsequent disclosure of Requested Information pursuant to such a decision by the OOR or Pennsylvania courts. The Authority will reimburse the Funding Recipient for any costs associated with complying with this provision, but only to the extent allowed under the fee schedule established by the OOR, or as otherwise provided by the RTKL, if the fee schedule is inapplicable.

g. Notwithstanding the foregoing, nothing set forth herein is intended, nor shall it be construed, to expand the Funding Recipient's obligations, or the Authority's authority, beyond those obligations and authority, respectively, as are set forth in the RTKL, and the sole remedy for any failure by the Funding Recipient to perform any obligation arising hereunder, or under the RTKL, shall be limited to those specifically provided for pursuant to the RTKL, and the failure of the the Funding Recipient to comply with the provisions of this Section shall not constitute a default or Event of Default under the Agreement.

23. USE OF PROCEEDS TO REIMBURSE

To the extent that Project Funding is used to reimburse the Funding Recipient for costs previously paid or expended, the requirements of the Reimbursement Regulations have been met, and if applicable, a declaration of official intent or reimbursement resolution has been provided to the Authority.

24. PROPERTY, LIABILITY AND OTHER INSURANCE

The following documents have been delivered to the Authority by or on behalf of the Funding Recipient:

a. A certificate to the effect that the Contractor has procured insurance policies covering worker's compensation, and comprehensive general liability, protecting the Funding Recipient and the Contractor against any liability for loss or damage to persons or property in any way occurring during the process of the construction of the Project or in any way arising therefrom. The worker's compensation insurance shall

cover the Contractor's full statutory liability as employer without limit, and the comprehensive general liability insurance shall be for amounts and with a company satisfactory to the Authority;

b. A certificate to the effect that the Funding Recipient has procured insurance policies covering worker's compensation and comprehensive general liability, protecting the Funding Recipient against any liability for loss or damage to persons or property in any way occurring during the process of the construction of the Project or in any way arising therefrom. The worker's compensation insurance shall cover the Funding Recipient's full statutory liability as employer without limit, and the comprehensive general liability insurance shall provide adequate business insurance coverage on the Funding Recipient's business assets. In the event that the Funding Recipient is self-insured, the Funding Recipient alternatively shall deliver to the Authority a certificate to the effect that the Funding Recipient

(i) self-insures with regard to its liability under Pennsylvania law for negligent acts or omissions of its officers and employees and for physical loss to property,

(ii) has established an adequate indemnity fund to provide for general liability or worker's compensation claims, and

(iii) is a qualified self-insurer in the Commonwealth of Pennsylvania for general liability and worker's compensation;

c. An original policy of builder's all risk insurance with extended coverage (with a standard mortgagee clause in favor of the Authority), in an amount and with a company satisfactory to the Authority, and containing a provision allowing the insured to complete the work provided for hereunder and in the Project Contracts and covering the building materials for the Project during construction; and

d. An original policy of flood insurance, to the extent required by any applicable federal, state or local law, including without limitation the Flood Disaster Protection Act of 1973 (P.L. 93-234).

Receipt of the aforesaid policies or certificates of insurance shall not bar the Authority from requiring other or additional insurance, which the Authority may reasonably require based on the unique nature of the Project.

25. ENGINEER'S CERTIFICATION

The Funding Recipient has delivered to the Authority a written certification of the Engineer stating that:

a. The Project, if implemented in accordance with the signed and sealed Project Plans, will be in compliance with those governmental building code, environmental permitting and other contractual requirements agreed to relative to the design of the Project in effect at the time that the Project Plans were prepared, as may be amended from time to time;

b. The Project design is adequate to serve the purposes for which it is intended, as set forth in the Funding Agreement;

c. No specifications used in connection with the Project contain proprietary, exclusionary, or discriminatory requirements other than those based upon performance, unless such requirements were necessary to satisfy physical restrictions of the Project site or to provide for necessary interchangeability of parts and equipment. When brand or trade names were used in specifications, such specifications included at least two manufacturers/suppliers of comparable quality or utility (if available, known to the Engineer, or generally known to a professional engineer practicing in the same or similar geographic area) followed by

the words "or equal";

d. The Project design conforms with the applicable county watershed stormwater management plan, if any, adopted pursuant to the Pennsylvania Storm Water Management Act, Act 167 of 1978, 32 P.S. §680.1 et seq., as amended;

e. The Project Plans state, or will state, if applicable that Contractors are required to comply with the provisions of the Steel Products Procurement Act, Act of March 3, 1978, P.L. 6, No. 3, 73 P.S. § 1881 et seq. Contractors shall be required by the Funding Recipient to supply the Engineer and the Funding Recipient with a certification that construction on the Project complies with the Steel Products Procurement Act, upon which the Funding Recipient and the Engineer may rely to demonstrate compliance; and

f. The necessary environmental permits and approvals required by the Department of Environmental Protection, which has jurisdiction over the Project being undertaken by the Funding Recipient, contemplated by the Project Plans, and to be financed by the Authority, including but not limited to System construction permits (NPDES Part II), erosion and sedimentation control permits, water allocation or supply permits, discharge permits (NPDES Part I), and other environmental permits and approvals, were obtained by the Funding Recipient and are currently in full force and effect. The Project Plans state or will state that Contractors or the Funding Recipient is required to obtain any and all construction and or building permits necessary to complete the Project.

26. FUNDING RECIPIENT'S CERTIFICATION

The Funding Recipient has delivered to the Authority a written certificate of the Funding Recipient stating that:

a. The Funding Recipient will comply with the Steel Products Procurement Act, Act of March 3, 1978, P.L. 6, No. 3, 73 P.S. § 1881 et seq., in connection with the Project and the Project Contracts require compliance with the same; and

b. No material change in the financial condition of the Funding Recipient or the business of the Funding Recipient has occurred between the date of application and the date of Settlement.

27. SURETY BONDS

The Funding Recipient has delivered to the Authority performance bonds with respect to implementation of the Project in an amount totaling not less than the total amount due under the Project Contracts, as identified on the Costs Sheets and Breakdown, and labor and material payment bonds in an amount totaling not less than the total amount due under the Project Contracts, with such corporate surety or sureties as are acceptable to the Authority and in form and substance satisfactory to the Authority. The Funding Recipient has required bid guarantees and performance and payment bonds from each Contractor in accordance with 40 C.F.R. § 31.36(h) and provided the Authority with evidence thereof.

28. OPINIONS OF COUNSEL

The Funding Recipient has delivered to the Authority a written opinion of counsel from its Attorney directed to the Authority, which shall be satisfactory in form and substance to the Authority and its counsel, with respect to the matters set forth in the Subsections entitled "Formation; Existence; Composition", "Power and Authority; Authorization; Enforceability", "Governmental Approval of Funding Documents", "Conflict; Breach",

"Governmental Approval of Construction of the Project" and "Use of Proceeds to Reimburse" in Section C of this Agreement and to the effect that the Attorney is not aware of any matters contrary to the representations and warranties of the Funding Recipient contained in this Agreement.

29. FEES, CHARGES AND PREMIUMS

The Funding Recipient has paid all premiums on insurance policies and bonds and all recording and conveyancing costs assessed against the Funding Recipient in connection with the Project, including, without limitation, transfer taxes and title insurance premiums.

30. REQUIRED EQUITY CONTRIBUTION

The Funding Recipient has delivered to the Authority evidence that the current amount of the Required Equity Contribution, as indicated on the Cost Sheets and Breakdown, has been disbursed or will be available for disbursement in accordance with the Project Management Plan, attached hereto as Exhibit E.

31. SYSTEM AUTHORIZATIONS

a. The Funding Recipient has the right to assign all of the System Authorizations hereby assigned under the Subsection entitled "System Authorizations" in Section D herein;

b. The Funding Recipient has duly and timely performed to date all of the obligations, terms, covenants, conditions and warranties of the System Authorizations on the Funding Recipient's part to be kept, observed and performed; and

c. All System Authorizations are in full force and effect on the date hereof, subject to no defenses, setoffs, claims or counterclaims whatsoever, unless otherwise disclosed to the Authority in writing.

D. COVENANTS

All representations and warranties stated in Section C that continue to apply to the Project are incorporated into this Section as if restated in their entirety. In addition, the Funding Recipient covenants and agrees to the following until the Project has been completed in accordance with Section D.1 below:

1. COMPLETION OF PROJECT

The Funding Recipient shall cause its Contractors to commence construction of the Project in accordance with the Project Plans promptly after the execution of this Agreement. The Authority shall have no obligation to disburse funds hereunder if the Project is not commenced promptly. Further, Contractors shall be required to proceed diligently, employing sufficient workmen and supplying sufficient materials for that purpose, in accordance with the Project Management Plan and the Cost Sheets and Breakdown, so that the Project shall be completed no later than the Completion Date, which date is of the essence for purposes of this Agreement. Construction of the Project shall be deemed completed only when:

a. The Engineer has certified to the Authority in writing that the Project has been completed in accordance with the Project Plans, as the same may have been amended and supplemented from time to time with the prior written approval of the Authority, and any other governmental authorities having jurisdiction over

the Project, and that the Project is ready for use and occupancy for the purposes for which designed;

b. The Pennsylvania Department of Environmental Protection shall have inspected and approved completion of the Project;

c. All change orders, changes of scope and advices of change have been submitted, reviewed and approved by the Authority as applicable; and

d. The most recent annual audited financial statements of the Funding Recipient have been timely provided to the Authority in accordance with the Subsection entitled "Financial Statements" under Section D of this Agreement.

If the progress of the work is delayed at any time by labor disputes, fire, unusual delay in transportation, extraordinary and unusual weather conditions not reasonably anticipated, unavoidable casualties, war, acts of God or similar causes beyond its control, then at the option of the Authority, the Completion Date may be extended for such reasonable time as the Authority may determine.

2. IMPLEMENTATION IN ACCORDANCE WITH PROJECT PLANS

The Project shall be performed in accordance with the Project Plans, all statutes, laws, ordinances, rules, regulations and other governmental requirements applicable to the Project, the requirements of fire underwriters and the requirements of any Other Funding. If requested by the Authority, the Funding Recipient shall provide a list of all contractors and subcontractors the Contractors have engaged or intend to engage to provide services or materials for the Project, together with fully executed copies of the agreements between the Contractors and their contractors or subcontractors.

3. ELIGIBLE COSTS

The proceeds of the Project Funding shall be used solely to finance Eligible Costs.

4. REMOVAL OF NONCONFORMING MATERIALS

All materials that fail to substantially conform to the Project Plans shall be removed from the Project promptly after notice is provided by the Authority. The cost of replacing such materials, and any part of the Project damaged by the removal of such materials, shall not be an Eligible Cost under this Agreement.

5. AS-BUILT SURVEY

If requested by the Authority on or before the Completion Date, an as-built survey prepared by a registered surveyor or engineer shall be provided showing that all improvements constructed as part of the Project are entirely on the Real Property (in accordance with the terms thereof), are located in conformance with all governmental requirements and do not encroach upon or overhang any property of others.

6. AMENDMENT OF DOCUMENTS

The Project Plans, Project Contracts, Engineer's Agreement or documents related to any Other Funding shall not be amended without the prior written approval of the Authority, which shall not be unreasonably withheld or delayed, as well as the prior written approval of each of the governmental authorities having jurisdiction over the Project. A copy of any amended document shall be provided to the Authority within thirty (30) days of its execution.

7. AMERICANS WITH DISABILITIES ACT

a. Pursuant to federal regulations promulgated under the authority of the Americans With Disabilities Act, 28 C.F.R. § 35.101 et seq., no individual with a disability shall, on the basis of the disability, be excluded from participation in this Agreement or from activities provided for under this Agreement, and the Funding Recipient agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. § 35.130, and all other regulations promulgated under Title II of the Americans With Disabilities Act which are applicable to the benefits, services, programs, and activities provided by the Authority as an agency of the Commonwealth through this Agreement.

b. The Commonwealth and the Authority shall be indemnified and held harmless from all losses, damages, expenses, claims, demands, suits and actions brought by any party against the Commonwealth or the Authority as a result of the Funding Recipient's failure to comply with its obligations under the provisions of Section D.7.a above.

8. NONDISCRIMINATION; SEXUAL HARASSMENT CLAUSE

The Funding Recipient shall comply, or cause its Contractors, or other agents or representatives to comply, with the following requirements:

a. In the hiring of any employees for the manufacture of supplies, performance of work, or any other activity required under this Agreement or any Project Contract, no person who is qualified and available to perform the work to which the employment relates shall be discriminated against by reason of gender, race, creed or color.

b. No employee involved in the manufacture of supplies, the performance of work or any other activity required under the Agreement shall be discriminated against in any manner or intimidated on account of gender, race, creed, or color.

c. A written sexual harassment policy providing that sexual harassment will not be tolerated and employees who practice it will be disciplined shall be established and maintained and employees shall be informed of the policy.

d. No contractor or supplier who is qualified to perform the work relating to this Agreement shall be discriminated against by reason of gender, race, creed, or color.

e. All necessary employment documents and records shall be provided and access by the Authority and the Department of General Services' Bureau of Contract Administration and Business Development to books, records, and accounts shall be permitted for purposes of investigation to ascertain compliance with the provisions of this Nondiscrimination/Sexual Harassment Clause. If documents or records reflecting the necessary information requested are not available, such information shall be furnished on reporting forms supplied by the Authority or the Bureau of Contract Administration and Business Development.

f. This Nondiscrimination/Sexual Harassment Clause shall be included in each of the Project Contracts so that such provisions will be binding upon the Contractors.

g. The Authority may cancel or terminate the Agreement and all money due or to become due under the Agreement may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the Authority may proceed with debarment or suspension and may place the party not in compliance in the Contractor Responsibility File, a repository of information on contractors.

9. RESPONSIBILITY PROVISIONS

a. The Funding Recipient shall inform the Authority of any delinquency in the payment of taxes, or other Commonwealth obligations, or of any suspension or debarment by the Commonwealth, the federal government, or any other state or governmental entity within 15 days of the date of the delinquency, suspension or debarment. The Funding Recipient may obtain a current list of suspended and debarred Commonwealth contractors by either searching the internet at http://www.dgs.state.pa.us or contacting the following:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125

b. The Commonwealth shall be reimbursed for the reasonable costs of investigation incurred by the Office of Inspector General for investigations of the compliance with the terms of this Agreement that results in the suspension or debarment. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. Investigative costs for investigations that do not result in suspension or debarment shall not be reimbursed.

10. LEASES

The Funding Recipient is not a party to any Leases, except as identified in the Description of System/Project, attached hereto as Exhibit C. Until the Project is completed in accordance with Section D.1 herein, the Funding Recipient shall not enter into any Leases without in each case obtaining the prior written consent of the Authority of all terms and conditions thereof and, once approved, the Funding Recipient shall not amend, modify or cancel such Leases without obtaining the Authority's prior written approval. A copy of any Leases, and any amendments thereto, shall be provided to the Authority within thirty (30) days of its execution.

11. CONTROL; OWNERSHIP

Until the Project is completed in accordance with Section D.1 herein, control or ownership of the System or the Project, or any part thereof, shall not be transferred, directly or indirectly, voluntarily or involuntarily, without the prior written approval of the Authority, except as may otherwise be required by court order.

12. MECHANIC'S LIENS AND OTHER ENCUMBRANCES

Any mechanic's liens or other encumbrances that may be filed or recorded against the Project or the Real Property shall be paid or discharged (by bonding or otherwise) within ten (10) days after notice thereof from the Authority. In the event that any such mechanic's lien or other encumbrance is not paid or discharged, the Authority, in addition to such other rights as may be available to it, may pay and discharge such mechanic's lien or other encumbrance or deposit in escrow an amount sufficient to do so and the amounts so paid or deposited shall be treated as advances of the Project Funding from the Authority to the Funding Recipient. Nothing in this Paragraph may be construed to obligate the Authority to pay or discharge any such mechanic's lien or other encumbrance.

13. REQUIRED FILINGS

The Funding Recipient, or its authorized representatives, shall file any and all documents required by any federal, state or local government, either directly or indirectly, for the completion of the Project in conformity with the Funding Documents, which documents shall be filed or submitted in a timely manner, and the Funding Recipient shall pay all fees or assessments required for any such filings or submissions.

14. PROPERTY, LIABILITY AND OTHER INSURANCE

The Funding Recipient shall maintain insurance policies covering worker's compensation and comprehensive general liability protecting the Funding Recipient against any liability for loss or damage to persons or property until the Project has been completed in accordance with Section D.1 herein. The worker's compensation insurance shall cover the Funding Recipient's full statutory liability as employer without limit, and the comprehensive general liability insurance shall provide adequate business insurance coverage on the Funding Recipient's business assets. The policies shall contain the agreement of the insurer to give not less than thirty (30) days notice to the Authority prior to cancellation of such policies or a material change in the coverage thereof. In the event that the Funding Recipient is self-insured, the Funding Recipient alternatively shall maintain an adequate indemnity fund to provide for general liability and worker's compensation claims, and shall maintain its status as a qualified self-insurer in the Commonwealth of Pennsylvania for general liability and worker's compensation until the Project has been completed in accordance with Section D.1 herein.

15. MAINTENANCE OF EXISTENCE

All actions required to maintain the Funding Recipient's existence as an entity duly organized and existing under the laws of the Commonwealth of Pennsylvania shall be taken. The Authority shall be advised of the nature of any changes in Organizational Documents promptly after any such changes are made, and neither the Organizational Documents nor the Funding Recipient's fiscal year shall be changed in any manner that would adversely effect performance of any obligation under the Funding Documents, without in each case obtaining the prior written approval of the Authority, which shall not be unreasonably withheld or delayed.

16. PRINCIPAL OFFICE

The Funding Recipient shall maintain its principal office and the office where it keeps its books and records in the same location unless it gives the Authority prior written notice of any proposed change in the location thereof.

17. BOOKS AND RECORDS

Complete and accurate books and records shall be maintained in accordance with generally accepted accounting principles and practices consistently applied, or generally accepted governmental accounting principles and practices consistently applied, as may be applicable, including without limitation, records that substantiate all activities shown on the Project Management Plan and all expenditures incurred to complete the Project. To the extent requested from time to time by the Authority, all written information relating to obligations under any of the Funding Documents and Project expenditures shall be promptly provided to the Authority.

18. AUDIT

The Authority shall have the right at any time and from time to time to audit the books and records of the Funding Recipient and the Funding Recipient shall make available for any such audit all books, records and other information that the Authority may request for such purposes and cooperate fully with the Authority in connection therewith.

19. MERGER; DISSOLUTION

Until the Project has been completed in accordance with Section D.1 herein, the Funding Recipient shall not be a party to any merger or consolidation or sell all or substantially all of its assets without the prior written consent of the Authority. The Funding Recipient shall not enter into any dissolution or liquidation proceedings.

20. PROJECT STATUS REPORT

For any six month period during the course of Project implementation in which no written application for payment has been submitted to the Authority pursuant to Section F of this Agreement, a written project status report, certified as correct and complete by the Funding Recipient, shall be submitted to the Authority at the conclusion of such period and shall:

a. Describe the status of all work (construction and otherwise) with respect to the Project (relating the same to the Project and the Project Management Plan);

b. Certify that no Event of Default has occurred and no known event or condition exists which with the passage of time or the giving of notice or both would constitute an Event of Default under any of the Funding Documents; and

c. Contain such other information, in such detail, as the Authority may reasonably require.

Such written status reports will continue to be submitted every six months until an application for payment is submitted to the Authority.

21. COMPLIANCE WITH LAWS AND REGULATIONS

The Funding Recipient's business shall be conducted and its properties shall be maintained in accordance with the requirements of all applicable laws, ordinances, rules, regulations, judgments, injunctions, orders and decrees (federal, state or local, judicial, governmental or administrative).

22. COMPLIANCE WITH OTHER FUNDING

Agreements and other documents shall be executed and other action as may be required by the Authority or any third party providing Other Funding shall be taken to comply with the provisions of the Other Funding. In the event that such actions are not taken, the Authority may do so on behalf of the Funding Recipient, and the Funding Recipient hereby irrevocably appoints the Authority or any officer of the Authority its attorney-in-fact for such purposes.

23. USE OF PROCEEDS

a. The proceeds of the Project Funding and all other funding received from the Authority or any part thereof have not been used and will not be used, either directly or indirectly, for any purpose that would

cause the obligations of the Commonwealth of Pennsylvania which were issued, inter alia, to provide the proceeds of the Project Funding to be considered "arbitrage bonds" as that term is defined in Section 148 of the Internal Revenue Code of 1986, as amended;

b. The proceeds of the Project Funding will be deposited in a separate general construction account maintained by the Funding Recipient for capital improvement projects. The Funding Recipient shall use adequate accounting procedures to separately track the expenditure of funds for all capital improvements projects for auditing purposes and the Funding Recipient specifically agrees to track the receipt and expenditure of all funds as it relates to this Project;

c. The proceeds of the Project Funding will be expended immediately and any proceeds not so spent due to unforeseen events or delays shall be immediately returned to the Authority with explanation as to the same;

d. To the extent that the proceeds of any Project Funding are used to retire or redeem any prior indebtedness (interim or temporary financing as provided for in Section 963.17(a) of the Authority Regulations) on the Project or reimburse costs previously paid, it must be done immediately upon receipt of proceeds from the Authority and in compliance with the Reimbursement Regulations;

e. All of the proceeds of the Project Funding shall be used for "government use," as defined in Section 141(b)(7) of the Internal Revenue Code of 1986, as amended, or any successor section thereto;

f. During the term of any Project Funding, the proceeds of any other borrowing or Other Funding shall not be used to pay principal or interest on the Project Funding; and

g. The proceeds of the Project Funding shall only be used for Eligible Costs. In the event the Funding Recipient receives a grant or other funds, at any time for Eligible Costs previously funded by the Authority, the Funding Recipient shall immediately reimburse the Authority for such costs.

24. USE OF PROJECT

The Project shall not be used or operated in such a manner as to contravene any of the rules or regulations governing the use or operation of the Project.

25. AUTOMATIC CLEARING HOUSE PROCEDURES

The Funding Recipient hereby unconditionally agrees and consents to participate and follow any automatic clearing house procedures implemented, or to be implemented, by the Authority in order to facilitate disbursements of the Project Funding and to monitor the Funding Recipient's expenditures of Project Funding disbursements. The Funding Recipient will provide any necessary information or written consent requested by the Authority upon receiving written notification that the Authority is implementing new or revised automatic clearing house procedures.

26. FEDERAL REQUIREMENTS

The Funding Recipient shall comply with the following federal requirements:

a. Federal State Revolving Loan Requirements

Subchapter VI of the Federal Water Pollution Control Act, 33 U.S.C. §1381 et seq., as amended.

b. Discrimination

(i) Pursuant to Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d, the requirement not

to discriminate on the basis or race, color or national origin in any activity funded through this Agreement.

(ii) Pursuant to the Age Discrimination Act, 42 U.S.C. § 6101 et seq., the requirement not to discriminate on the basis of age in any activity funded through this Agreement.

(iii) Pursuant to Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, the requirement not to discriminate on the basis of disability in any activity funded through this Agreement.

(iv) Pursuant to Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Oct. 18, 1972, P.L. 92-500, § 13, and Title IX of the Education Amendments of 1972, 20 U.S.C. § 1681 et seq., as amended, the requirement not to discriminate on the basis of sex in any activity funded through this Agreement.

(v) Pursuant to Executive Order 11246, dated September 24, 1965, as amended by Executive Order 11375, dated October 13, 1967, and as supplemented by U.S. Department of Labor regulations set forth at 41 C.F.R. Ch. 60, the requirement to provide an equal opportunity for employment in all Project Contracts and subcontracts funded through this Agreement.

(vi) Pursuant to Executive Order 12898, dated February 11, 1994, the requirement not to fund any action through this Agreement that will have disproportionately high and adverse effects on minority or low-income populations.

c. Reporting Requirements

All reporting requests and requests for information or materials related to this Project which may be required by the Authority in order to comply with its reporting requirements under the Federal Funding Accountability and Transparency Act.

27. CONTINUING EDUCATION

To the extent that the Project involves operation of a water supply, wastewater or sewer system, the operators of the system shall participate during the term of the Funding Documents in continuing education programs developed by the Pennsylvania Department of Environmental Protection.

28. RECORDING OR FILING OF FUNDING DOCUMENTS

The Funding Documents, where applicable, shall be recorded or filed by the Funding Recipient in the appropriate public office and evidence of the filing shall be provided to the Authority.

29. SYSTEM AUTHORIZATIONS

a.Assignment of System Authorizations

In consideration of receiving the Project Funding pursuant to the Funding Documents, including any amendments, extensions and renewals thereof, as well as the observance, performance and discharge of all other obligations, covenants, conditions and warranties contained in the Funding Documents, the Funding Recipient hereby assigns, transfers and sets over to the Authority all of the Funding Recipient's right, title and interest to System Authorizations until the Project has been completed in accordance with Section D.1. herein to the extent the Funding Recipient is authorized to do so.

b.Covenants Relating to System Authorizations

Until the Project has been completed in accordance with Section D.1. herein, the Funding Recipient covenants and agrees as follows:

(i) To duly and timely observe, perform and discharge all the obligations, terms, covenants, conditions and warranties of the Funding Documents and each System Authorization on the part of the Funding Recipient to be kept, observed and performed; and to give immediate written notice to the Authority of any failure on its part under any System Authorization and of any notice received from the issuer of any System Authorization (together with a copy of any such notice);

(ii) To enforce and secure the performance of each and every obligation, term, covenant, condition and agreement in each System Authorization on the part of the issuer of such authorization to be kept, observed, and performed;

(iii) To appear in and defend any action or proceeding arising under or in any manner connected with any System Authorization, and upon request by the Authority, to do so in the name and behalf of the Authority, but at the expense of the Funding Recipient, and to pay all costs and expenses of the Authority including reasonable attorneys' fees, incurred with respect to any such action or proceeding; and

(iv) To deliver to the Authority, at its request, executed copies of any and all System Authorizations and amendments or modifications thereof.

(v) Except with the prior written consent of the Authority, which shall not be unreasonably withheld or delayed:

(a) Not to sell, pledge, transfer, mortgage or otherwise encumber or assign (except as hereby assigned) any System Authorization or any other right or interest granted therein;

(b) Not to waive, excuse, condone, discount, set off, compromise, or in any manner release or discharge the issuer of any System Authorization of and from any obligations, covenants, conditions and agreement by that issuer to be kept, observed and performed; and

(c) Not to amend, modify, cancel, terminate or consent to any surrender of any System Authorization.

d. Use of System Authorizations

So long as the Funding Recipient is not in default under any of the Funding Documents or any System Authorization, the Funding Recipient shall have the right to retain, use and enjoy the benefits of the System Authorizations, subject at all times to the assignment of the System Authorizations pursuant to this Agreement.

30. NUTRIENT/CARBON CREDITS

The nutrient credits and or carbon credits (if any) generated as a result of this subsidized funding, as well as any proceeds derived from the subsequent sale of the same, shall be the property of the Authority to the extent of the value of the subsidy. Thus a grant, principal forgiveness offer or subsidized interest rate loan shall afford the Authority ownership in the credits and proceeds derived there from in an amount equal to the grant, principal forgiveness or the present value, calculated at the time of funding approval, of the interest rate subsidy provided. The Funding Recipient shall take all steps necessary to certify, verify or register any nutrient credits or carbon credits generated as a result of the Project Funding that are owned by the Authority and for which the Authority requests such steps to be taken on the part of the Funding Recipient. The Authority will reimburse reasonable costs (as determined by the Authority) incurred by the Funding Recipient for the actions undertaken to comply with this requirement, provided that there are sufficient revenues accruing to the Authority from its ownership interest in these nutrient or carbon

credits. If such revenues are insufficient, the Authority, at its discretion, may use other revenues for this purpose.

E. DISBURSEMENT OF FUNDS

1. DEPOSITS OF REQUIRED EQUITY CONTRIBUTION

If at any time during the term of this Agreement the Authority determines that the Required Equity Contribution has increased, the Funding Recipient shall immediately provide, or cause to be provided, evidence to the Authority that sufficient funds are available to satisfy the increase in the Required Equity Contribution and shall disburse such funds as approved by the Authority prior to any further disbursement of funds under this Agreement. The Required Equity Contribution will increase if, at any time during the term of this Agreement, the total cost to complete the Project exceeds the sum of the following:

a. The Required Equity Contribution yet to be disbursed by the Funding Recipient;

b. The proceeds of the Other Funding yet to be advanced;

c. Any equity contribution of the Funding Recipient held for disbursement by the third party providing the Other Funding; and

d. The proceeds of the Project Funding yet to be advanced by the Authority under this Agreement.

As to the amounts in the foregoing clauses (b) and (c), the Funding Recipient shall be entitled to rely on written certification from the third party providing the Other Funding.

2. REQUEST FOR DISBURSEMENT OF PROJECT FUNDING

a. Payment Requests

The disbursement of funds from the Authority shall be made to the Funding Recipient in increments as progress payments upon the completion of work and the submission of both the pay request through Funds Disbursement and the coincident submission of a complete and fully executed application form to the Authority.

The request for funds shall be made under the "Request" tab of the Funds Disbursement site, and may include any pay estimates previously reviewed and approved by the Authority. An application will automatically generate from the requested information in the payment request web form and can be obtained by clicking on the "Print" button. The Funding Recipient must print the application and cause the authorized signatories for the Funding Recipient and the Engineer to sign the document and mail the fully executed application to the Authority.

The Funding Recipient shall retain all invoices along with a copy of the executed application, a paper version of the electronic payment request and a printed copy of the pay estimates in a file placed in date order of the application.

The Funding Recipient may submit a payment request and application anytime after the approval by the Authority of any previously submitted payment request and application.

All amounts requisitioned through the payment request and application shall be for Project costs incurred to date. The payment requests and application shall indicate the value of the work completed to date, net of retainage (the amount held back or retained from disbursement by the Engineer or the Funding Recipient).

b. Funding Recipient and Engineer Representations

With the submission of each payment request and application to the Authority for the Project, the Funding Recipient and Engineer warrant and represent that:

(i) The work performed and materials provided to date are in substantial accordance with the Project Plans;

(ii) The work and materials for which payment is requested have been physically incorporated into the Project or suitably stored on the Project site with the Authority's prior approval;

(iii) The value of the work performed and materials provided for the Project is as stated;

(iv) With respect to each category of work for which payment is being sought, the amount of such payment together with all prior payments for such category represents a percentage of the total payments to be made for such category, as shown on the Cost Sheets and Breakdown, which is no greater than the percentage of the total work for such category which has been performed as of the date of the payment request and application, unless approved and revised as a change order after Settlement; and

(v) The work performed and materials provided generally conform to all applicable rules and regulations of the governmental authorities having jurisdiction over the Project.

The foregoing certification by the Funding Recipient applies to all categories of the Project for which payment is being requested. The foregoing certification by the Engineer applies only to those costs related to services and Project oversight responsibilities contracted to be performed by the Engineer under the Engineer's Agreement.

c. Funding Recipient Representations

(i) Payment for the work and materials described in the payment request and application has been made and will be reimbursed by the proceeds of the disbursement made as a result of the submitted payment request and application, or will be made with the proceeds of the disbursement;

(ii) No event has occurred which is, or with the passage of time or giving of notice, or both, would become, an Event of Default under any of the Funding Documents;

(iii) All representations and warranties set forth in this Agreement continue to be true and correct in all material respects, as though separately and independently made on and as of the date of each payment request, or the Funding Recipient has promptly notified the Authority of any change that causes any representation or warranty to no longer be true and correct in any material respect;

(iv) All covenants set forth in this Agreement have been performed and complied with in all material respects as of the date of each payment request, or the Funding Recipient has promptly notified the Authority of any covenant that has not been performed or complied with in all material respects;

(v) All Other Funding continues to be in full force and effect and no defaults have occurred thereunder; and

(vi) The Funding Recipient has promptly paid Project costs that are to be paid from sources of funds other than the Project Funding, including the Funding Recipient's Required Equity Contribution, in amounts identified in each payment request and application; and

(vii) The Funding Recipient has not received and does not expect to receive any funds from any other sources, other than those disclosed at Settlement or later disclosed to the Authority in writing, to pay for Project costs otherwise approved for funding by the Authority. Any funds so received will obligate the Funding Recipient to return funds to the Authority in an equivalent amount.

The Authority reserves the right to verify the above representations by requiring an audit or inspection of the Project. The Authority can withhold the disbursement of funds requested in a payment request if the payment request, application, or the certifications or representations associated therewith do no conform to the requirements of this Agreement.

3. DISBURSEMENT PROCEDURES

a. The Funding Recipient shall submit payment requests to the Authority for the costs of work performed and materials provided not more than once monthly.

b. As soon as practicable after the receipt of a payment request, the Authority will disburse the amount requested in the payment request, provided that any audit or inspections conducted by the Authority or its representatives verifies that the payment request, application and the certifications and representations associated therewith satisfy the requirements of this Agreement. The Authority will make all disbursements of the Project Funding directly to the Funding Recipient by check or other appropriate credit transfer to the order of the Funding Recipient. To the extent that Project Funding includes both grant and loan funds, disbursement of such funds will be on a pro-rata basis.

c. The Authority will disburse Project Funding based on the submitted payment requests until the total disbursements reach 95% of the Project Funding, unless the Project includes funding from other sources, in which case such other sources must be applied toward construction of the Project prior to the Authority's total disbursements reaching 80% of the Project Funding. The remaining 5% of the Project Funding shall be disbursed in accordance with Section F.4 herein.

d. Notwithstanding anything to the contrary herein, if the actual cost to construct the Project is less than the estimated costs provided to the Authority, the Authority may in its sole discretion reduce the amount of the Project Funding accordingly.

e. Notwithstanding anything to the contrary herein, if the Project contains costs which are ineligible for Authority financing, the Authority in its sole discretion shall require the Funding Recipient to pay for the ineligible costs with its own funds or other sources of funds.

f. If it becomes necessary for a surety company to arrange for completion of the Project and construction of the Project is continued, the Authority may make disbursements under this Agreement to reimburse the surety company for eligible costs.

4. RELEASE OF HOLDBACK

Any remaining balance of the amounts paid or payable to the Funding Recipient under the Subsection entitled "Disbursement Procedures" above, shall not be deemed due and payable until:

a. The Funding Recipient submits to the Authority its final payment request;

b. The Funding Recipient delivers to the Authority a final release of liens or releases of liens, or other proof satisfactory to the Authority that final payment has been made for all materials and labor furnished in connection with the Project;

c. All of the conditions necessary for the construction of the Project to be deemed completed under this Agreement have been completed, including, but not limited to, the conditions set forth in Section D.1 herein;

d. All change orders submitted by the Funding Recipient have been submitted, reviewed and approved by the Authority or its designated representatives; and

e. The Funding Recipient delivers an acceptable continuing education plan for the system operators, if applicable.

F. PROJECT MANAGEMENT

1. INSPECTIONS

The Funding Recipient shall provide adequate facilities for inspection of the Project by the Authority, and its authorized representatives, at reasonable times.

2. AUTHORITY OVERSIGHT

The Authority may at any time place at the Project site a manager or inspector who shall require that the Project be constructed in accordance with the Project Plans. If such manager or inspector is placed at a Project at any time after an Event of Default under this Agreement, the cost of providing such manager or inspector shall be paid by the Authority and deemed to be a disbursement from the Project Funding for the benefit of the Funding Recipient. Although the Authority or its representatives may review, approve or inspect the Project Plans, the Cost Sheets and Breakdown and implementation of the Project, such reviews, approvals or inspections are solely for the protection of the Authority as a lender for the Project, and the Authority is not making and will not be deemed to make any representations or warranties as to any matters pertaining to the Project by reason of such reviews, approvals or inspections.

3. CHANGE ORDERS; CHANGE OF SCOPE

All change orders and changes of scope for the Project shall be processed as follows:

a.The Funding Recipient shall submit or cause to be submitted to the Authority in writing all change orders and documentation to support such change orders. The Authority and the Department of Environmental Projection will review the change orders for funding eligibility based on the criteria described in Section 10 of the Act, 35 P.S. § 751.10 and 25 Pa. Code § 963.18;

b.If any single change order exceeds the lesser of $25,000 or two percent (2%) of the amount of the Project's total construction cost, or the aggregate cost of the proposed and previous change orders for the Project exceed ten percent (10%) of the Project's total construction cost, the Authority and the Department of Environmental Protection must provide written approval of the change order prior to the disbursement of funds;

c.The Funding Recipient shall submit or cause to be submitted to the Authority in writing all changes in scope, as defined by Authority regulations, 25 Pa. Code § 963.18(c)(1)(i), including changes in scope that do not result in a change order. The Authority will review the changes in scope for eligibility based on the criteria described in 25 Pa. Code §963.18(c)(1)(iii) and Section 10 of the Act, 35 P. S. § 751.10;

d.No consent of the Authority to any change in scope or change order shall be deemed to increase the amount of Project Funding; and

e.Notwithstanding any provision to the contrary in this Agreement, the Authority reserves the right to request a refund for any cost paid by the Authority that is subsequently determined to be ineligible, including but not limited to any cost associated with the Project, any change order or change of scope. The

Funding Recipient hereby unconditionally agrees to refund or cause to be refunded any such amount requested by the Authority pursuant to this section.

4. RETENTION OF PROJECT RECORDS

The Funding Recipient shall maintain and retain, or cause to be maintained and retained, all records in connection with the Project for at least five (5) years after final approval of the Project by the Department of Environmental Protection. For this paragraph, records shall mean all plans, specifications, invoices, vouchers and other documents executed in connection with the construction of this Project.

G. LIMITATION OF LIABILITY

1. AUTHORITY'S LIABILITY TO FUNDING RECIPIENT

The Funding Recipient has selected or caused to be selected the Contractors, Engineer and all others providing services or materials to or for implementation of the Project. The Authority has not had and shall not have any responsibility whatsoever for their selection or for the quality of their materials or workmanship, it being understood and agreed that the Authority's sole function is that of a lender and the only consideration passing from the Authority to the Funding Recipient is the financial assistance provided in accordance with and subject to the terms of this Agreement. Neither the Funding Recipient nor any other person shall have any right to rely on any procedures required by the Authority herein, such procedures being solely for the protection of the Authority.

2. AUTHORITY'S LIABILITY TO THIRD PARTIES

The rights and benefits of this Agreement shall not inure to the benefit of any third party except as provided in Paragraph K.4 (Successors and Assigns) of this Agreement. Notwithstanding anything to the contrary contained in this Agreement or in any of the other Funding Documents or any conduct or course of conduct by the Funding Recipient or the Authority or their respective affiliates, agents or employees, neither this Agreement nor any Funding Documents shall be construed as creating any rights, claims or causes of action against the Authority in favor of any subrecipient, Contractors, Engineer or any other persons providing services or materials to or for the implementation of the Project or their respective creditors or any other person or entity other than the Funding Recipient.

H. INDEMNITY

The Funding Recipient, for itself and all those claiming under or through it, agrees to protect, indemnify, defend and hold harmless the Authority, its officers and employees, and any operator or consultant retained by the Authority to implement the Project, from and against any and all liability, expense, or damage of any kind or nature and from any suits, claims or demands, including reasonable legal fees and expenses, arising out of this Agreement or in connection therewith including, but without limitation, any disputes arising between the Funding Recipient, Contractors, Engineer, Guarantor(s), if applicable, or any subcontractors, materialmen or suppliers that provided services or materials for the Project, or on account of any act, or omission to act, or negligence of the Authority. This obligation specifically survives the completion of the Project and the repayment of the Project Funding.

I. DEFAULTS

1. EVENTS OF DEFAULT

The occurrence of any of the following events shall constitute an Event of Default hereunder, provided that the default has not been cured within ten (10) days of its occurrence. Events in subsections b-k shall constitute an Event of Default only if it materially impairs the Funding Recipient's ability to satisfy its obligations under the Funding Documents or the Funding Recipient's ability to complete the Project by the Completion Date, or would otherwise have impacted the Authority's initial decision to fund the Project

a. Failure by the Funding Recipient to observe or perform any of the covenants or agreements required to be observed or performed under any of the Funding Documents and such failure continues for thirty (30) days after notice from the Authority of such noncompliance;

b. A representation or warranty made by the Funding Recipient to the Authority pursuant to this Agreement or under any of the Funding Documents is untrue in any material respect;

c. Any Event of Default occurs under any of the documents evidencing Other Funding, subject to all applicable notice and cure periods;

d. The Funding Recipient applies for or consents to the appointment of a receiver, trustee, liquidator, or conservator of itself or any of its property; admits in writing its inability to pay its debts as they mature; makes a general assignment for the benefit of creditors; is adjudicated as bankrupt or insolvent; files a voluntary petition in bankruptcy; files a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute; files an answer admitting the material allegations of a petition filed against it in any proceeding under any such law; or takes any other action for the purpose of effecting any of the foregoing;

e. Any order, judgment or decree is entered by any court of competent jurisdiction, approving a petition seeking reorganization of the Funding Recipient or all or a substantial part of the assets of the Funding Recipient or appointing a receiver, sequestrator, trustee or liquidator of the Funding Recipient or any of its property, and such order, judgment or decree continues unstayed and in effect for any period of sixty (60) days;

f. Work or implementation of the Project is discontinued for twenty (20) consecutive working days for any reason whatsoever, except a delay which is caused by conditions beyond the reasonable control of the Funding Recipient, including, but not limited to, Acts of God, natural disasters, wars, riots or other major upheavals;

g. A default occurs under any of the Project Contracts or the Engineer's Agreement, which the Authority in its sole discretion deems to be substantial default, and any resulting right or remedy has not been exercised in a manner acceptable to the Authority;

h. The Project is materially damaged or destroyed by fire or other casualty for which the cost of restoration is not fully insured;

i. Any requirements of a governmental or quasi-governmental authority having jurisdiction of the Project is not met within thirty (30) days after notice of such requirement has been given;

j. Any permit or approval necessary for implementation of the Project is revoked; or

k. Funding Recipient fails to complete construction of the Project by the Completion Date for any reason whatsoever, except when such failure to complete the Project is caused by conditions beyond the reasonable control of the Funding Recipient, including, but not limited to, Acts of God, natural disasters, wars, riots or other major upheavals.

2. RIGHTS AND REMEDIES

a.Availability

Upon the occurrence of any Event of Default hereunder, in addition to any other rights or remedies available to it hereunder or under any other Funding Documents or at law or in equity, the Authority may exercise any or all of the following rights and remedies, as it deems necessary or appropriate:

(i) Require the Funding Recipient to reimburse the Authority in full for all or any portion of the Project Funding disbursed to date, which amount shall be immediately due and payable in full;

(ii)Cease making any further disbursements hereunder;

(iii)Subject to the rights of existing lienholders, enter the Project and take possession thereof, or retain or appoint an operator or consultant to take possession thereof, together with all materials, supplies, tools, equipment and construction facilities and appliances located thereon. The Authority may proceed either in its own name or in the name of the Funding Recipient, as the attorney-in-fact of the Funding Recipient (which authority is coupled with an interest and is irrevocable by the Funding Recipient), as the Authority shall elect, to complete the Project at the cost and expense of the Funding Recipient. If the Authority elects to complete or cause the Project to be so completed, it may do so according to the terms of the Project Contracts and the Project Plans or according to such changes, alteration or modification in and to the Project Plans as the Authority shall deem expedient or necessary; provided however, that the Authority will obtain all necessary approvals of governmental authorities or third parties to change, alter or modify the Project Plans. The Authority may enforce or cancel all contracts entered into as aforesaid or make other contracts which the Authority, in its sole discretion, may deem advisable;

(iv)Exercise any and all rights granted to the Authority to appoint a receiver for the Project under Section 10(f) of the Act, 35 P.S. § 751.10(f);

b.Timing

No right or remedy conferred upon or reserved to the Authority under any of the Funding Documents, or with respect to performance of any of the obligations under any of the Funding Documents, is intended to be or shall be deemed exclusive of any other such right or remedy, and each and every such right or remedy shall be cumulative and concurrent, and shall be in addition to every other such right or remedy, and may be pursued singularly, concurrently, successively or otherwise, at the sole discretion of the Authority, and shall not be exhausted by any one exercise thereof but may be exercised as often as occasion therefor shall occur. No act of the Authority shall be deemed or construed as an election to proceed under any one such right or remedy to the exclusion of any other such right or remedy; furthermore, each such right or remedy of the Authority shall be separate, distinct and cumulative and none shall be given effect to the exclusion of any other. The failure to exercise or delay in exercising any such right or remedy, or the failure to insist upon strict performance of any term of any of the Funding Documents, shall not be construed as a

waiver or release of the same, or of any Event of Default thereunder, or of any obligation or liability of the Funding Recipient thereunder. Nothing herein, however, shall be construed to prevent Authority from waiving any condition, obligation or default it should so elect. In the event of such election by the Authority, any waiver, in order to be effective, must be in writing and signed by the Authority, and any such waiver shall be strictly limited in its effect to the condition, obligation or default specified therein and shall not extend any subsequent condition, obligation or default or impair any right of the Authority with respect thereto.

c.Effect of Judgment

The recovery of any judgment by the Authority or the levy of execution under any judgment shall not affect in any manner or to any extent any rights, remedies or powers of the Authority under any of the Funding Documents, but such rights, remedies and powers of the Authority shall continue unimpaired as before. Further, the entry of any judgment by the Authority shall not affect in any way any amounts due to the Authority.

d.Waiver of Notice

Presentment, demand, protest, notice of protest, or other notice of dishonor, and any and all other notices in connection with any default in or enforcement of the terms of the Funding Documents are hereby waived, except for the notices of default and opportunities to cure expressly provided in the Subsection entitled "Events of Default" herein, and all errors, defects and imperfections in any proceedings instituted by the Authority under the terms of any of the Funding Documents are further waived and released.

e.Effect of Authority Action

The Authority may take any of the following actions without such actions in any way being construed as a waiver or release of any right or remedy of the Authority, or of any Event of Default, or of any liability or obligation of the Funding Recipient, under any of the Funding Documents:

(i) Release, compromise, forebear with respect to, waive, suspend, extend or renew any of the terms of the Funding Documents (notice of any of the foregoing is hereby waived); or

(ii) Amend, supplement or modify the Funding Documents with the consent of the other signatory parties.

f.Costs and Expenses

Following the occurrence of any Event of Default, all costs and expenses incurred by the Authority in the exercise of any of its rights, remedies or powers under any of the Funding Documents with respect to such Event of Default shall be paid upon demand (including all amounts paid to attorneys, accountants, real estate brokers, consultants, and other advisors and consultants employed by the Authority and/or to any contractors for labor and materials). Any amount not paid promptly upon demand, and interest accrued thereon shall be considered a disbursement of the Project Funding. In connection with and as part of the foregoing, in the event that any of the Funding Documents is placed in the hands of an attorney for the collection of any sum payable thereunder, the Funding Recipient agrees to pay reasonable attorneys' fees for the collection of the amount being claimed under such Funding Documents as well as all costs, disbursements and allowances provided by law.

J. MISCELLANEOUS

1. TIME OF THE ESSENCE

All dates and times for the performance of obligations set forth herein shall be deemed to be of the essence of this Agreement. Without limiting the generality of the foregoing and notwithstanding anything to the contrary contained herein or in any of the Funding Documents, the Project shall be completed by the Completion Date and failure to complete construction of the Project by the Completion Date for any reason whatsoever shall constitute a default hereunder.

2. BROKER'S AND FINDER'S FEES

The Funding Recipient represents and warrants that it has not dealt with or through any broker or other intermediary in connection with the Project Funding and agrees to indemnify, defend and hold the Authority harmless from and against any loss, liability or damage (including reasonable attorneys' fees and expenses) arising from any claim for a brokerage fee or finder's fee in connection with the Project Funding.

3. SEVERABILITY

In the event that for any reason one or more of the provisions of this Agreement or their application to any person or circumstance shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

4. SUCCESSORS AND ASSIGNS

This Agreement inures to the benefit of and binds the parties hereto and their respective successors and assigns, and the words "Funding Recipient", and "Authority" whenever occurring herein shall be deemed to include such respective successors and assigns. However, the Funding Recipient shall not voluntarily, or by operation of law, assign or transfer any interest which it may have under this Agreement or convey the Project, or any part thereof, without the prior written approval of the Authority.

5. NOTICES

All notices required or desired to be given to either of the parties hereunder shall be in writing and shall be deemed to have been sufficiently given for all purposes when presented personally to such party or sent by receipted mail via overnight courier, certified or registered mail, return receipt requested, or Electronic Postmark delivery through the United States Post Office, to such party at its address set forth below:

Recipient:1383 Arcadia Road, Room 200, Lancaster, PA-17601

Authority:Pennsylvania Infrastructure Investment Authority
22 South Third Street
Harrisburg, Pennsylvania 17101
Attention: Executive Director

Such notice shall be deemed to be given when received if delivered personally or two (2) days after the date mailed if sent by certified or registered mail. Any notice of any change in such address shall also be

given in the manner set forth above. Whenever notice is required, the party entitled to receive such notice may waive the requirement by notifying the party required to give the notice in writing.

6. DEFINITIONS: NUMBER AND GENDER

In the event the Funding Recipient consists of more than one person or entity, the obligations and liabilities hereunder of each of such persons and entities shall be joint and several, and the term "Funding Recipient" shall mean all or some or any of them. For purposes of this Agreement, the singular shall be deemed to include the plural and the neuter shall be deemed to include the masculine and feminine, as the context may require.

7. CONFLICT BETWEEN INSTRUMENTS

In the event of any conflict between the provisions of this Agreement and the provisions of any of the other Funding Documents, the provisions of this Agreement shall prevail.

8. CAPTIONS

The captions or headings of the paragraphs of this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the terms or provisions of this Agreement.

9. FUNDING SOURCE

It is anticipated that all or part of the funding source for the Project Funding will be the Authority Pool Loan Program, as more particularly identified in the Project Specific Terms, attached hereto as Exhibit A.

10. CFDA NUMBER

This Project will be funded in whole or in part with federal monies obtained by the Authority from the U.S. Environmental Protection Agency, awarded by the Authority to the Funding Recipient through the Clean Water State Revolving Fund carrying a Catalog of Federal Domestic Assistance (CFDA) number of 66.458.

11. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument. All signatures need not appear on the same copy hereof.

12. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

13. TERM

The term of this Agreement shall commence with the date hereof and end on the date that all Project Funding have been paid in full and all obligations under the Funding Documents have been satisfied in full.

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IN WITNESS WHEREOF, the Funding Recipient and the Authority have executed this Funding Agreement effective on the date first above written.

PENNSYLVANIA INFRASTRUCTURE
INVESTMENT AUTHORITY

Paul K. Marchetti
Executive Director

Lancaster County Conservation District

Authorized Signatory

ATTEST

(SEAL)

EXHIBIT A
PROJECT SPECIFIC TERMS

Loan Number: 72517 **Project Number:** 36156031105-CN **Current Status:** Loan Closing
Project Title: Lancaster CCD - Samuel F Zook Manure Storage
Funding Recipient: Lancaster County Conservation District

Project Specific Terms

This project has been amended. The information below reflects the latest amendment.

Amended Date: 12/15/2011 Amendment Number: 3,150

Approved Funding Amount

Loan Amount: $0.00 Grant Amount: $199,536.00

Approved Loan Interest Rates and Term:

Years 1-5:	0.000	Interest Only Period:	0 months
Years 5+:	0.000	Amortization Period:	0 months

Funding Sources:

Loan: NONE - NONE

Grant: CWSRF-319-NE - Principal Forgiveness – Clean Water State Revolving Fund Non-Equivalency Project (nonpoint source (319))

Project Collateral:

	Type	Description
1.	Grant Only	All Grant

Special Conditions:

2. In order to comply with 25 Pa. Code §965.3, Funding Recipient shall construct or maintain the nonpoint source or estuary protection project contemplated herein. In the event the Funding Recipient maintains the Project, or employs an agent to maintain the Project on its behalf, such maintenance shall be for the useful life of the equipment or asset, or the life of the loan (if applicable), whichever is greater.

Full Description of the Project Collateral Subject to Lien as Identified Above:

N/A

EXHIBIT B
LIST OF LIENS

Loan Number: 72517	**Project Number:** 36156031105-CN	**Current Status:** Loan Closing	
Project Title: Lancaster CCD - Samuel F Zook Manure Storage			
Funding Recipient: Lancaster County Conservation District			

Background Information

Fiscal Year End date for Financial Statements (MM/DD)	12/31
Is the Funding Recipent regulated by the Public Utility Commission (PUC)?	No
Has or does the Funding Recipient intend to interim finance the costs of the Project using funds borrowed from an entity other than PENNVEST?	No
Has or does the Funding Recipient intend to use the proceeds of the PENNVEST funding to reimburse its own funds which have been or will be used to pay for eligible construction costs associated with the Project?	No

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List of Liens

The Funding Recipient represents and warrants that the Project Collateral and the System Authorizations are free and clear of all liens, encumbrances, security interests and other equitable charges as of the date of Settlement.

EXHIBIT C
DESCRIPTION OF SYSTEM

Loan Number: 72517 **Project Number:** 36156031105-CN **Current Status:** Loan Closing
Project Title: Lancaster CCD - Samuel F Zook Manure Storage
Funding Recipient: Lancaster County Conservation District

Owner / Operator Status

Does Funding Recipient own the System?	No
Does Funding Recipient operate the System?	No

Description of System

This project is for a Manure Storage Facility , Heavy Use Area and additional BMPs. The project location for the dairy is Strasburg Township, Lancaster County, PA and the Little Beaver Creek is the receiving stream and the HUC is 020503061202.

The dairy has:

1)45 Milk Cows—290,822 gallons per year—lbs. Nitrogen
2)Existing 12' x 24' x 8' deep concrete storage provides approximately six weeks of storage time versus a new 10' x 70' circular concrete storage providing 6 months' storage time

Installation of a 10' deep x 66' diameter concrete manure storage structure. A proposed 4' x 12' and 4' deep poured in place concrete reception pit and a 24" transfer pipe will be used to transfer manure to the proposed manure storage structure from the proposed Dairy Barn. The proposed Heavy Use Area is to be constructed in the area of the existing barnyard.

The Heavy use area will allow for the collection of any manure from animals outside the barn minimizing runoff. This area will be approximately 8,000 sq. ft. and will slope gently towards the proposed 10' x 70' storage.

Description of Project at Settlement

Description of Project at Board Approval

Description of Project at Settlement

This project is for a Manure Storage Facility , Heavy Use Area and additional BMPs. The project location for the dairy is Strasburg Township, Lancaster County, PA and the Little Beaver Creek is the receiving stream and the HUC is 020503061202.

The dairy has:

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The Heavy use area will allow for the collection of any manure from animals outside the barn minimizing runoff. This area will be approximately 8,000 sq. ft. and will slope gently towards the proposed 10' x 70' storage.

EXHIBIT D
LIST OF OFFICERS AND DIRECTORS

Loan Number: 72517 **Project Number:** 36156031105-CN **Current Status:** Loan Closing
Project Title: Lancaster CCD - Samuel F Zook Manure Storage
Funding Recipient: Lancaster County Conservation District

List of Officers and Directors - Funding Recipient

NAME	TITLE
Frank R. Burkhart	Chairman
Kenneth S. Meck	Vice-Chairman
Paula J. Harnish	Secretary-Treasurer

EXHIBIT E
PROJECT MANAGEMENT PLAN

Loan Number: 72517 **Project Number:** 36156031105-CN **Current Status:** Loan Closing
Project Title: Lancaster CCD - Samuel F Zook Manure Storage
Funding Recipient: Lancaster County Conservation District

Project Management Plan

Task	Date	Responsible
Pre-Construction Planning Dates		
Bid Date	9/15/2011	Borrower's Engineer
Bid Opening	10/20/2011	Borrower's Engineer
Pre-consultation Conference	11/15/2011	Borrower's Engineer
Obtained all needed permits	9/15/2011	Borrower's Engineer
Awarded contracts	10/24/2011	Borrower's Engineer
Scheduled settlement date Date must be scheduled through the Online Settlement Date Scheduler and confirmed by the PENNVEST Legal Office.	12/20/2011 Confirmed	
Letter of No-Prejudice (LONP) issued (if required) Date is entered by PENNVEST Project Mangement Office upon request and issue of letter.	No	
Start Construction	12/30/2011	Borrower's Engineer
End Construction	4/30/2012	Borrower's Engineer
Request Final Payment for Project Close-Out	6/30/2012	Borrower
Initiate Principal and Interest Payment	N/A	
Phased Projects	No	

Project Plan Major Milestones

Date	Description

Other / Comments

The estimated value of the subsidy as of the date of settlement on this PENNVEST funding offer is $199,536.00."

EXHIBIT F
LIST OF PERMITS / APPROVALS

Loan Number: 72517 **Project Number:** 36156031105-CN **Current Status:** Loan Closing
Project Title: Lancaster CCD - Samuel F Zook Manure Storage
Funding Recipient: Lancaster County Conservation District

List of Permits / Approvals

Type of Permit/Approval Permit/Approval	Permit/Approval Number	Date Issued	Appeal Period Expiration Date	Appeal Filed
Zoning Permit	2011-41	10/4/2011	10/4/2012	No

EXHIBIT G
LIST OF LITIGATION

Loan Number:	72517	**Project Number:** 36156031105-CN	**Current Status:** Loan Closing
Project Title:	Lancaster CCD - Samuel F Zook Manure Storage		
Funding Recipient:	Lancaster County Conservation District		

List of Litigation

The Funding Recipient represents and warrants that there are no actions, suits or proceedings pending against or adversely affecting the Funding Recipient, the Project, the Project Collateral or the System.

EXHIBIT H
LIST OF REAL PROPERTY

Loan Number: 72517 **Project Number:** 36156031105-CN **Current Status:** Loan Closing

Project Title: Lancaster CCD - Samuel F Zook Manure Storage

Funding Recipient: Lancaster County Conservation District

Real Property Interests

The Funding Recipient represents and warrants that it does not need to acquire or condemn any real property interests in order to complete the Project.

List of Real Property Acquired by Condemnation

NONE

EXHIBIT I
PROJECT COST BREAKDOWN

Loan Number: 72517 **Project Number:** 36156031105-CN **Current Status:** Loan Closing

Project Title: Lancaster CCD - Samuel F Zook Manure Storage

Funding Recipient: Lancaster County Conservation District

Project Cost Breakdown

	Total Approved By Board [Original + Amendments]			Total Cost Pending Approval			Final Costs at Settlement			Required Adjustments to
Cost Category	PENNVEST Funding -A-	Other Sources -B-	Total -C(A+B)-	PENNVEST Funding -D-	Other Sources -E-	Total -F(D+E)-	PENNVEST Funding -G-	Other Sources -H-	Total -L(G+H)-	PENNVEST Funding -J(A-G)-
1. Administrative Costs	$6,534.00	$0.00	$6,534.00	$0.00	$0.00	$0.00	$3,950.00	$0.00	$3,950.00	$2,584.00
2. Legal Fees	$8,000.00	$0.00	$8,000.00	$0.00	$0.00	$0.00	$6,000.00	$0.00	$6,000.00	$2,000.00
3. Financing / Accounting Charges	$6,500.00	$0.00	$6,500.00	$0.00	$0.00	$0.00	$6,500.00	$0.00	$6,500.00	$0.00
4. Interest During Construction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
5. Architecture/Engineering Fees	$19,000.00	$0.00	$19,000.00	$0.00	$0.00	$0.00	$19,000.00	$0.00	$19,000.00	$0.00
6. Permits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
7. Land	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
8. Construction	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$156,273.00	$0.00	$156,273.00	($156,273.00)
9. Contingency [5.00%]	$163,831.00	$0.00	$163,831.00	$0.00	$0.00	$0.00	$7,813.00	$0.00	$7,813.00	$156,018.00
10. Other	$8,191.00	$0.00	$8,191.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$8,191.00
TOTAL	$212,056.00	$0.00	$212,056.00	$0.00	$0.00	$0.00	$199,536.00	$0.00	$199,536.00	$12,520.00