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AGREEMENT NO. 2
BINGHAMTON-JOHNSON CITY
JOINT SEWAGE PROJECT

This agreement, dated December 7, 1967, between THE CITY OF BINGHAMTON, a municipal corporation in the County of Broome and State of New York, and the VILLAGE OF JOHNSON CITY, a municipal corporation of the County of Broome and State of New York.

WITNESSETH as follows:

The Parties hereto mutually agree as follows:

1. THE CITY OF BINGHAMTON (hereinafter referred to as the "City") and the VILLAGE OF JOHNSON CITY (hereinafter referred to as the "Village"), pursuant to Article 5G of the General Municipal Law, established a joint sewage project by agreement dated July 14, 1965, hereafter referred to as "Agreement No. 1". This project is administered by a board established by such agreement and known as BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD (hereinafter referred to as the "Board").
2. Subsequent to the execution of Agreement No. 1 and in compliance with certain requirements of the New York State Department of Health and the New York Commissioner of Health, the City and Village jointly retained Clinton Bogert Associates to prepare a project study on secondary treatment facilities. Said study has been completed, and copies filed with the City and the Village and with the New York State Department of Health. Said study is entitled "Binghamton-Johnson City Joint Sewage Project: Report on Secondary Treatment Facilities: January 16, 1967" and includes a supplementary letter dated March 9, 1967, and is hereafter referred to as the "Report".
3. The Report recommends the construction of secondary treatment facilities at the site of the Binghamton-Johnson City

joint sewage treatment plant, and the provision of sewage treatment for the City and the Village, and for portions of the Towns of Vestal, Union, Dickinson, Maine, Chenango, Binghamton, Kirkwood and Conklin. This agreement is intended to modify Agreement No. 1 to incorporate the substantial portion of the recommendations made in the report.

4. The City and the Village agree to construct, own, operate, and repair the secondary treatment facilities in accordance with Alternative B of the Report. The City and the Village agree to establish and maintain a schedule of charges to outside users for sewage treatment computed substantially as recommended by the Report, or as subsequently modified by majority votes of the governing bodies of both municipalities. The City and the Village agree to establish and maintain a system of sewer rents for users within each municipality in order to collect the amounts which will be billed to each municipality by the Board under paragraph 8. Title to all real property and improvements thereon, including existing sewage treatment facilities and proposed construction, shall be held by the parties hereto as tenants in common in the following proportions:

The City of Binghamton, an undivided fifty-four and eight tenths per cent (54.8%) interest;

The Village of Johnson City, an undivided forty-five and two tenths per cent (45.2%) interest.

The Village, however, shall continue to own the force main connecting the Johnson City Terminal Pumping Station (which pumping station is more specifically described in paragraph 7) with the sewage treatment plant, and the sewer line or lines connecting the sewer system of the Village with such terminal pumping station. The City shall continue to own the interceptor sewer

line or lines connecting the sewer system of the City of Binghamton with the sewage treatment plant.

5. The City agrees to provide 54.8% of the cost of such secondary treatment facilities. The Village agrees to provide 45.2% of the cost of such facilities. Each shall pay such percentage of the construction and incidental costs as they become due and payable. The estimated cost prior to deduction of amounts expected to be received as state or federal aid is Six Million Five Hundred Thousand Dollars (\$6,500,000.00). Long-term financing shall be by issuance of several (separate) serial bonds having forty-year maturities. Such bonds shall be in the amount of the total cost less state or federal aid received, with 54.8% of such total issued by the City and 45.2% of such total issued by the Village. Total amortizations of both bond issues shall be scheduled so that the greater portion of the amortization is paid in the latter years, in a manner similar to the manner in which amortization is scheduled in the Report (such schedule, however, having been calculated for a thirty-year joint serial bond issue).

6. Sewage treatment service may be provided to areas other than Harpur College, Town of Vestal, City of Binghamton and Village of Johnson City if an agreement substantially in the form of the agreement set forth as Appendix A is duly authorized and executed. Such agreement shall be authorized and executed on behalf of the area to be served by the governing body of such municipality as has the power to tax the area benefited by the service or to impose sewer rents to raise funds to pay the obligations incurred by the agreement. Such agreement shall be authorized and executed on behalf of the parties to this agreement by such of the parties hereto as has responsibility for the "service area" as hereinafter defined, in which the region to be served is located.

7. Two service areas shall be established, one known as the Binghamton Service Area and the other known as the Johnson City Service Area. Sewage treatment shall be provided to the Binghamton Service Area through sewer lines connected to the pumping station on the sewage plant site, which is hereafter referred to as the "Binghamton Terminal Pumping Station". Sewage treatment shall be provided to the Johnson City Service Area through sewer lines connected to the terminal pumping station presently being constructed at the intersection of Gates Road and a private road in the Town of Vestal, which is hereafter referred to as the "Johnson City Terminal Pumping Station". The boundaries of each service area and of the region to be served by the sewage treatment plant shall be as shown on the map annexed hereto, designated Appendix B, and made a part hereof. Neither of the parties shall, without the approval of the other party, permit sewer lines to be connected to its terminal pumping station which carry sewage originating in the service area for which the other party has responsibility, or originating in any area outside the above-described service areas.

8. On and after January 1, 1969, the provisions of Sections 12 and 16 of Agreement I shall be null and void and shall no longer be applicable or effective, and charges for sewage service shall be determined by the Board according to the following formulae:

A. Debt service charges for primary treatment facilities shall be charged according to the formula:

$$B + JC = C_1 Q_1 + 1.25 C_1 Q_2;$$

Where:

B = Binghamton debt service - primary plant
JC = Johnson City debt service - primary plant

Q_1 = Total annual dry-weather sewage flow from City of Binghamton, Village of Johnson City, Town of Vestal and Harpur College

Q_2 = Total annual dry-weather sewage flow from other municipalities

C_1 = Primary debt service charge per unit of dry-weather sewage flow from Town of Vestal and Harpur College.

1.25 C_1 = Primary debt service charge per unit of dry-weather sewage flow from all other outside communities

Dry-weather

flow = The flow of sewage or industrial wastes in the sewer during dry weather; it shall normally be measured as the amount of water supplied to users discharging sewage to the Binghamton-Johnson City Joint Sewage Project; provided however, that in the case of users who discharge into the sewer system an amount of sewage substantially less than or substantially more than the amount of water supplied to them, the amount of sewage discharged into the sewer system shall be determined by sewer meters, gages or other suitable measuring devices or methods acceptable to the Board and installed by such users at the users' expense and at no cost or expense to the Board, the City or the Village.

B. Debt service charges for secondary treatment facilities shall be charged in the same manner as debt service charges for primary treatment facilities.

C. Debt service for sewer construction shall be charged to users in the Johnson City Service Area according to the following formula:

$$D_1 = C_2 Q_3 + 1.25 C_2 Q_4;$$

Where:

D_1 = Debt service for construction of the extension of the Johnson City Trunk Sewer and the force main from the Johnson City Terminal Pumping Station to the sewage treatment plant

Q_3 = Total annual dry-weather flow from Village of Johnson City and Town of Vestal drainage area V-2 as shown in Report

Q_4 = Total annual dry-weather sewage flow from

Towns of Maine, Union and Chenango and from
Town of Dickinson drainage area JC-1 as shown
in Report

C_2 = Charge per unit of dry-weather sewage flow from
Town of Vestal drainage area V-2 as shown in
Report, and from Johnson City

1.25 C_2 = Charge per unit of annual dry-weather flow
from Towns of Maine, Union and Chenango and
Town of Dickinson drainage area JC-1 as shown
in Report

Dry-weather

flow = Same definition as set forth in subparagraph A.

D. Debt service for sewer construction shall be charged to
users of the Binghamton Service Area according to the following
formula:

$$D_2 = C_3 Q_5 + 1.25 C_3 Q_6$$

Where:

D_2 = Debt service for construction of the
existing City of Binghamton Interceptor
Sewers

Q_5 = Total annual dry weather flow from City
of Binghamton and Town of Vestal drainage
Area V-1 as shown in the Report

Q_6 = Total annual dry weather flow from the Towns
of Binghamton, Kirkwood, Conklin and Town of
Dickinson Drainage Area D as shown in the
Report

C_3 = Charge per unit of dry-weather sewage flow
from Town of Vestal Drainage Area V-1 as
shown in the Report, and the City of Binghamton

1.25 C_3 = Charge per unit of annual dry weather sewage
flow from the Towns of Binghamton, Kirkwood,
Conklin and Town of Dickinson Drainage Area
D as shown in the Report

Dry-weather

flow = Same definition as set forth in subparagraph A.

E. Debt service for construction of future interceptor sewer
lines or reconstruction of existing interceptor sewer lines by
the City of Binghamton or the Village of Johnson City shall be
charged to the respective Service Areas by formulae similar to
those set forth in subparagraphs C and D above. Interceptor

sewer lines, as used in this subparagraph, shall refer only to a sewer, including appurtenances and pumping stations, which receives or will receive sewage flow, directly or indirectly, from a number of other sewers and from more than one municipality; as used herein the term municipality shall include the City or the Village.

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F. Operating and maintenance costs shall be charged to the various users of the facilities, based upon their annual dry-weather sewage flow, as such flow is determined by the Board.

Cost of operation and maintenance of the sewage treatment plant shall be distributed in this manner to all users. Cost of operation and maintenance of the Binghamton Terminal Pumping Station and the Binghamton Sewer System shall be distributed among users in the Binghamton Service Area, including the City of Binghamton. Cost of operation and maintenance of the Johnson City Terminal Pumping Station and the Johnson City Sewer System shall be distributed among users in the Johnson City Service area, including the Village of Johnson City. Charges to the Town of Union in the Johnson City Service Area shall include 125% of that portion of debt service for the cost of construction of the North Side Trunk Storm Drainage Elimination Project (1964-1966) as the Village of Johnson City and the Town of Union shall agree upon.

G. It is recognized that a prior agreement exists between the City and the Town of Kirkwood whereby the City is obligated to accept sewage flows not exceeding in total gallonage for any one day a flow of one million gallons from Sewer District No. 1 of the Town of Kirkwood. That agreement extends through the year 1994 and provides that charges for sewer service are based upon 125% of the equivalent city tax levy. Because of the large

industrial waste flow originating in Kirkwood Sewer District No. 1, charges to that district, on the basis of the existing Binghamton-Kirkwood agreement, are estimated to result in a smaller sum than charges based upon the formulae set forth in the preceding subparagraphs. The difference, if any, in revenue between that obtained under the existing Binghamton-Kirkwood agreement or any agreement modifying or amending same, and that computed according to the formulae set forth in the preceding subparagraphs, shall be distributed among users in the following manner:

- (1) For all users except Kirkwood Sewer District No. 1, on the basis of annual dry-weather flow;
- (2) Only in case of a loss of revenue, for Kirkwood Sewer District No. 1, on the basis of 125% of the equivalent city tax levy.

Neither party hereto shall agree to an extension of Kirkwood Sewer District No.1, nor to the provision of sewage treatment service to any area in the Town of Kirkwood not presently within the boundaries of Kirkwood Sewer District No. 1, nor to modification or amendment of the existing Binghamton-Kirkwood agreement without the approval of the other party hereto. Any sewage flows which exceed the amount of flow the City is obligated to accept under the existing agreement between the City and the Town of Kirkwood shall be charged according to the existing agreement between the City and the Town of Kirkwood or according to the formulae in paragraph 8, whichever results in a higher charge. The Board shall determine annually which method will result in a higher charge, and shall use whichever method results in a higher charge for that particular year.

H. Charges shall be billed by the Board to all users, including the City and the Village, and all payments shall be

made to the Board. The Board shall pay to the City the amount of debt service required to be paid by the City on the following obligations:

- (1) Obligations authorized and issued by the City pursuant to the provisions of a 1952 ordinance (Permanent No. 86) adopted May 19, 1952.
- (2) Obligations authorized and issued by the City pursuant to the provisions of a 1958 ordinance (Permanent No. 56) adopted April 21, 1958.
- (3) Obligations authorized and to be issued by the City pursuant to the provisions of a 1967 ordinance (Permanent No. 248) adopted November 6, 1967, or as the same may hereafter be amended or modified.
- (4) Various capital notes issued by The City in connection with interceptor sewer line construction.

The Board shall pay to the Village the amount of debt service required to be paid by the Village on the following obligations:

- (1) Serial bonds authorized in the amount of \$3,000,000.00 on June 10, 1965, as such authorization may be subsequently amended or superseded, and bond anticipation notes issued in anticipation of such serial bonds.
- (2) Serial bonds authorized November 6, 1967 in the amount of \$2,938,000.00, as such authorization may be subsequently amended or superseded, and bond anticipation notes issued in anticipation of such serial bonds.

The Board shall pay to the City the amounts collected for the operation and maintenance of the Binghamton Sewer System. The Board shall pay to the Village the amounts collected for the operation and maintenance of the Johnson City Sewer System. The Board shall pay to the Village the amounts collected from Town

of Union users for debt service for the cost of construction of the North Side Trunk Storm Drainage Elimination Project (1964-1966). The Board shall pay to the City or to the Village, respectively, any amounts collected on their behalf for debt service for construction or reconstruction of interceptor sewer lines in accordance with subparagraph E of this paragraph. The Board shall retain the remainder of funds collected and expend them for the operation and maintenance of the sewage treatment plant and terminal pumping stations.

9. Nothing in this agreement is intended to create any rights for or in favor of any persons not parties to this agreement.

10. Except as provided in paragraph 6 hereof, neither of the parties hereto shall enter into an agreement, or modify or amend an existing or future agreement relative to sewage treatment or an agreement set forth in Appendix A hereof, without the approval of the other party hereto.

11. Agreement No. 1 and this Agreement shall be effective and continue for forty-five years from the date hereof. To the extent permitted by law, Agreement No. 1 and this Agreement shall be automatically renewable for five (5) year periods, unless one party gives written notice of termination signed by its chief executive officer by personally serving such notice upon the clerk of the other party at least one year prior to the end of the original term or of any renewal term.

12. The provisions of the agreement dated July 14, 1965 between the City and the Village, herein referred to as Agreement No. 1 shall remain in full force and effect except to the extent that such provisions are inconsistent with this agreement.

13. This agreement shall not be assigned by either party

without the approval of the other party.

14. Unless otherwise provided herein, whenever the approval or agreement of a party is required herein, such approval or agreement shall be construed to mean at least a three-fourths affirmative vote of the voting strength of the governing body of such party.

15. This agreement may be modified or amended by an instrument in writing, duly executed and acknowledged by the authorized representative of each party, after approval by a three-fourths vote of the voting strength of the governing body of each party.

16. This agreement shall be executed by the mayor of each party, and the seal of each party shall be affixed and attested by the clerk of each party, after adoption of the agreement by a three-fourths vote of the voting strength of the governing body of each party.

IN WITNESS WHEREOF, the said City of Binghamton has caused its corporate seal to be affixed hereto, and these presents to be signed by its Mayor, and to be attested by its City Clerk, both duly authorized so to do, and the said Village of Johnson City has caused its corporate seal to be affixed hereunto and these presents to be signed by its Mayor, and to be attested by its Village Clerk, both duly authorized so to do, the day and year first above mentioned.

ATTEST:

Walter Irving
City Clerk

THE CITY OF BINGHAMTON

BY: [Signature]
Mayor

ATTEST:

Frank A. Havel
Village Clerk

VILLAGE OF JOHNSON CITY

BY: James W. McCabe
Mayor

STATE OF NEW YORK)
COUNTY OF BROOME) ss:
CITY OF BINGHAMTON)

On this 16th day of December 1967, before me the undersigned, personally appeared, JOSEPH W. ESWORTHY, who being by me duly sworn deposes and says: That he is the Mayor of the City of Binghamton, the municipal corporation named in and which executed the above instruments; that he knows the seal of said City, and that the seal affixed to said instrument is such corporate seal and that it was so affixed by order of the Council of said City, and that he signed his name thereto by like order.

And on the same day before me personally appeared WALTER V. IRVING, City Clerk of said corporation, who being by me duly sworn did depose and say that he is the City Clerk of the City of Binghamton; that he knows the seal of said city and that the seal affixed to said instrument in such corporate seal, that it was so affixed by order of said Council; that the said JOSEPH W. ESWORTHY is Mayor of said City and that the signature on said instrument is the signature of said JOSEPH W. ESWORTHY as Mayor.



Notary Public

ALICE TOMAN

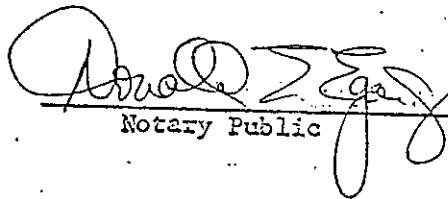
Notary Public, State of New York
Residing in Broome County

My commission expires March 30, 1969

STATE OF NEW YORK)
COUNTY OF BROOME) ss:
VILLAGE OF JOHNSON CITY)

On this 12th day of December 1967, before me the undersigned, personally appeared JAMES W. McCABE, who being by me duly sworn deposes and says: That he is the Mayor of the Village of Johnson City, the municipal corporation named in and which executed the above instrument; that he knows the seal of said Village, and the seal affixed to said instrument is such corporate seal and that it was so affixed by order of the Board of said Village, and that he signed his name thereto by like order.

And on the same day before me personally appeared FRANK J. Sweet, Village Clerk of said corporation, who being by me duly sworn did depose and say that he is the Village Clerk of the Village of Johnson City; that he knows the seal of said Village and that the seal affixed to said instrument in such corporate seal, that it was so affixed by order of said Board; that the said JAMES W. McCABE is Mayor of said Village and that the signature on said instrument is the signature of said JAMES W. McCABE, as Mayor.



Notary Public

I DO HEREBY CERTIFY that Joseph W. Esworthy, Mayor of the City of Binghamton, who executed the foregoing contract on behalf of the City of Binghamton had authority and power to make such contract and that such contract is in proper form and properly executed.

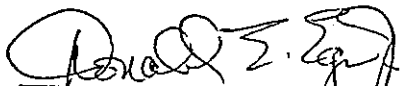
Dated at the City of Binghamton on this 7th day of December 1967.



Stuart H. Pearis
Comptroller General of the
City of Binghamton, New York

I DO HEREBY CERTIFY that James W. McCabe, Mayor of the Village of Johnson City, who executed the foregoing contract on behalf of the Village of Johnson City had authority and power to make such contract and that such contract is in proper form and properly executed.

Dated at the Village of Johnson City on this 12th day of December, 1967.



Donald E. Egan, Jr.
Village Attorney of
the Village of
Johnson City

APPENDIX A

BINGHAMTON-JOHNSON CITY
JOINT SEWAGE PROJECT

STANDARD AGREEMENT FOR TREATMENT
OF SEWAGE FROM OUTSIDE USERS

This Agreement, dated _____ between THE CITY OF BINGHAMTON and VILLAGE OF JOHNSON CITY, municipal corporation in the County of Broome and State of New York, parties of the first part, hereinafter referred to as the "Owners", and _____ a municipal corporation in the County of Broome and State of New York, having the power to impose sewer rents or to levy ad valorem taxes for payment of sewer charges to the Owners, party of the second part, hereinafter referred to as the "User," WITNESSETH THAT the Parties hereto hereby mutually agree as follows:

1. The Owners are the owners of facilities for the treatment and pumping of sewage and of trunk sewers and a force main located in the Town of Vestal, Broome County, New York, and operate and maintain the aforesaid facilities. The treatment and pumping facilities are administered by a board established by the Owners and known as the BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD (hereinafter referred to as the "Board").
2. The Owners also are the owners of sewer systems within their respective municipal boundaries and operate and maintain the aforesaid facilities. Sewage conveyed by the above sewer systems discharges to the Johnson City Terminal Pumping Station located in the Town of Vestal at the foot of Gates Road approximately 400 feet to the east of the Erie-Lackawanna Railroad Bridge crossing the Susquehanna River, and also discharges to the Binghamton Terminal Pumping Station located at and an integral part of the joint treatment plant in the Town of Vestal.

3. The User is a municipal corporation duly authorized to impose sewer rents or to levy ad valorem taxes for payment of sewer charges to the Owners. The User has constructed or intends to construct a system of sanitary sewers within the boundaries described hereinafter in Exhibit I to serve its residents and industries, and commercial and other developments.

4. The Owners agree to receive and dispose of sewage from the sewer system of the User. Such sewage will be received into the sewer system of one or both of the Owners at the following point or points:

Nothing herein shall be deemed to require the Owners to provide any specific degree of sewage treatment.

5. Where sewers must be constructed within the boundaries of the municipalities of the Owners to reach the above-designated points, such sewers shall be constructed at the expense of the User. Construction of such sewers shall be subject to rules, regulations and prior approval of the governing body of such Owner or Owners.

6. Where sewage from the above designated points is eventually delivered to the Binghamton Terminal Pumping Station, payment for the conveyance, pumping and treatment of such sewage shall be made at rates hereinafter defined for the Binghamton Service Area. Where sewage from the above designated points is eventually delivered to the Johnson City Terminal Pumping Station, payment for the conveyance, pumping and treatment of such sewage shall be made at rates hereinafter defined for the Johnson City Service Area.

7. Prior to January 1, 1969, the User shall pay to the Owner executing this Agreement the following charges:

8. On and after January 1, 1969, the User shall pay to the Board charges for sewage treatment service determined by the Board according to the following formulae:

A. Debt service charges for primary treatment facilities shall be charged according to the formula:

$$B + JC = C_1 Q_1 + 1.25 C_1 Q_2$$

Where:

- B = Binghamton debt service - primary plant
- JC = Johnson City debt service - primary plant
- Q₁ = Total annual dry-weather sewage flow from City of Binghamton, Village of Johnson City, Town of Vestal and Harpur College
- Q₂ = Total annual dry-weather sewage flow from other municipalities
- C₁ = Primary debt service charge per unit of dry-weather sewage flow from Town of Vestal, Harpur College, The City of Binghamton and the Village of Johnson City

1.25 C₁ = Primary debt service charge per unit of dry-weather sewage flow from all other outside communities

Dry-weather flow = The flow of sewage or industrial wastes in the sewer during dry weather; it shall normally be measured as the amount of water supplied to users discharging sewage to the Binghamton-Johnson City Joint Sewage Project; provided however, that in the case of users who discharge into the sewer system an amount of sewage substantially less than or substantially more than the amount of water supplied to them, the amount of sewage discharges into the sewer system shall be determined by sewer meters, gages or other suitable measuring devices or methods acceptable to the Board and installed by such users at the users' expense and at no cost or expense to the Board, the City or the Village.

B. Debt service charges for secondary treatment facilities shall be charged in the same manner as debt service charges for primary treatment facilities.

C. Debt service for sewer construction shall be charges to users in the Johnson City Service Area according to the following formula:

$$D_1 = C_2 Q_3 + 1.25 C_2 Q_4$$

Where:

- D_1 = Debt service for construction of the extension of the Johnson City Trunk Sewer and the force main from the Johnson City Terminal Pumping Station to the sewage treatment plant
- Q_3 = Total annual dry-weather flow from Village of Johnson City and Town of Vestal drainage area V-2 as shown in Report
- Q_4 = Total annual dry-weather sewage flow from Towns of Maine, Union and Chenango and from Town of Dickinson drainage area JC-1 as shown in Report
- C_2 = Charge per unit of dry-weather sewage flow from Town of Vestal drainage area V-2 as shown in Report, and from Johnson City
- $1.25 C_2$ = Charge per unit of annual dry-weather flow from Towns of Maine, Union and Chenango and Town of Dickinson drainage area JC-1 as shown in Report

Dry-weather flow = Same definition as set forth in subparagraph A.

D. Debt service for sewer construction shall be charged to users of the Binghamton Service Area according to the following formula:

$$D_2 = C_3 Q_5 + 1.25 C_3 Q_6$$

Where:

- D_2 = Debt service for construction of the existing City of Binghamton Interceptor Sewers
- Q_5 = Total annual dry weather flow from City of Binghamton and Town of Vestal drainage Area V-1 as shown in the Report
- Q_6 = Total annual dry weather flow from the Towns of Binghamton, Kirkwood, Conklin and Town of Dickinson drainage area D as shown in the Report
- C_3 = Charge per unit of dry-weather sewage flow from Town of Vestal Drainage Area V-1 as shown in the Report, and the City of Binghamton

1.25 C₃ = Charge per unit of annual dry weather sewage flow from the Towns of Binghamton, Kirkwood, Conklin and Town of Dickinson Drainage Area D as shown in the Report

Dry-weather flow = Same definition as set forth in subparagraph A

E. Debt service for construction of future interceptor sewer lines or reconstruction of existing interceptor sewer lines by the City of Binghamton or the Village of Johnson City shall be charged to the respective Service Areas by formulae similar to those set forth in subparagraphs C and D above. Interceptor sewer lines, as used in this subparagraph, shall refer only to a sewer, including appurtenances and pumping stations, which receives or will receive sewage flow, directly or indirectly, from a number of other sewers and from more than one municipality; as used herein the term municipality shall include the City of the Village.

F. Operating and maintenance costs shall be charged to the various users of the facilities, based upon their annual dry-weather sewage flow, as such flow is determined by the Board. Cost of operation and maintenance of the sewage treatment plant shall be distributed in this manner to all users. Cost of operation and maintenance of the Binghamton Terminal Pumping Station and the Binghamton Sewer System shall be distributed among users in the Binghamton Service Area, including the City of Binghamton. Cost of operation and maintenance of the Johnson City Terminal Pumping Station and the Johnson City Sewer System shall be distributed among users in the Johnson City Service area, including the Village of Johnson City. Charges to the Town of Union in the Johnson City Service Area shall include 125% of that portion of debt service for the cost of construction of the North Side Trunk Storm Drainage Elimination Project (1964-1966) as the Village of Johnson City and the Town of Union shall agree upon.

G. It is recognized that a prior agreement exists between the City and the Town of Kirkwood whereby the City is obligated to accept sewage flows not exceeding in total gallonage for any one day a flow of one million gallons from Sewer District No. 1 of the Town of Kirkwood. That agreement extends through the year 1994 and provides that charges for sewer service are based upon 125% of the equivalent city tax levy. Because of the large industrial waste flow

originating in Kirkwood Sewer District No. 1, charges to that district, on the basis of the existing Binghamton-Kirkwood agreement, are estimated to result in a smaller sum than charges based upon the formulae set forth in the preceding subparagraphs. The difference, if any, in revenue between that obtained under the existing Binghamton-Kirkwood agreement or any agreement modifying or amending same, and that computed according to the formulae set forth in the preceding subparagraphs, shall be distributed among users in the following manner:

- (1) For all users except Kirkwood Sewer District No. 1, on the basis of annual dry-weather flow;
- (2) Only in case of a loss of revenue, for Kirkwood Sewer District No. 1, on the basis of 125% of the equivalent city tax levy.

Agreement No. 2 provides that neither party thereto shall agree to an extension of Kirkwood Sewer District No. 1, nor to the provision of sewage treatment service to any area in the Town of Kirkwood not presently within the boundaries of Kirkwood Sewer District No. 1, nor to modification or amendment of the existing Binghamton-Kirkwood agreement without the approval of the other party hereto. Any sewage flows which exceed the amount of flow the City is obligated to accept under the existing agreement between the City and the Town of Kirkwood shall be charged according to the existing agreement between the City and the Town of Kirkwood or according to the formulae in paragraph 9, whichever results in a higher charge. The Board shall determine annually which method will result in a higher charge, and shall use whichever method results in a higher charge for that particular year.

H. If other treatment and pumping facilities for general benefit and use are required in the future by Federal, State or other authorities having jurisdiction, or by the owners, debt service charges for such facilities shall be charged in the same manner as debt service charges for primary treatment facilities.

9. For purposes of computing charges, the boundaries of the Binghamton Service Area and of the Johnson City Service Area shall be as shown on the map annexed hereto, designated Exhibit II, and made a part hereof, except that such

boundaries may be changed from time to time by joint action of the Owners, and except that, in accordance with Agreement No. 2, Binghamton-Johnson City Joint Sewage Project, sewer lines may be connected after approval of both of the Owners to a terminal pumping station other than the station for the Service Area in which the sewage originates; in the latter case, charges shall be made for treatment as though the sewage originated in the Service Area served by the pumping station through which it is carried.

10. The User shall adopt a sewer use ordinance or local law substantially in the form of attached Exhibit III, and modify the same from time to time as required by the Board.

11. The manner in which the User obtains funds for payment of sewer charges, whether by general tax levy, sewer rents, or otherwise, shall be determined by the User.

12. This Agreement and the User shall be subject to Agreement No. 1, Binghamton-Johnson City Joint Sewage Project, dated July 14, 1965, Agreement No. 2, Binghamton-Johnson City Joint Sewage Project, dated December 7, 1967, any and all applicable rules or regulations adopted by the Binghamton-Johnson City Joint Sewage Board, and any amendments or modifications to such agreements, rules or regulations.

13. The User agrees to furnish, for treatment in accordance with this Agreement, all of the sewage originating within its boundaries as defined in Exhibit I and received by a public sewer system and to pay the charges for such treatment, during the life of this Agreement. The Owners agree to furnish sufficient facilities for treatment during the life of this Agreement.

14. This Agreement shall be effective and continue until December 7, 2012, and may be renewed at the option of the Owners for such additional time period as may be required for payment of any debt service payments for capital improvements required to convey, pump, or treat sewage and industrial wastes constructed in accordance with the requirements of paragraph 8.

15. The charges referred to in paragraph 8 hereof shall be paid by the User to the Board quarterly, commencing on
Said quarterly payments shall be payable in advance. Said payments shall be made