

A G R E E M E N T

AGREEMENT made this 21st day of August, 1979, by and between Augusta Sanitary District, a quasi-municipal corporation organized under the laws of the State of Maine (hereinafter referred to as "District"), and Hallowell Water District, Manchester Sanitary District, Monmouth Sanitary District and Winthrop Water District, all being quasi-municipal corporations organized under the laws of the State of Maine (hereinafter referred to together as "Participants"), and Carleton Woolen Mills, Inc., a corporation organized under the laws of the State of Maine with a principal place of business in Winthrop, County of Kennebec and State of Maine (hereinafter referred to as "Company").

WHEREAS, District, Participants, and Company will participate in a Winthrop to Augusta intercommunity trunkline sewer constructed and operated for the benefit of Participants under the provisions of Chapter 49 of the Private and Special Laws of 1969 and Chapter 197 of the Private and Special Laws of 1974; and

WHEREAS, District, Participants, and Company desire to provide for the equitable allocation of capital cost recovery charges, operation and maintenance charges, user charges and industrial cost recovery charges; and

WHEREAS, District is responsible for insuring the federal and state statutes, regulations, and guidelines for wastewater collection, transport, treatment, and disposal are met; and

WHEREAS, District, Participants and Company desire to provide the obligations and responsibilities of each other with regard to said intercommunity trunkline sewer;

NOW THEREFORE, in consideration of the following covenants mutually given, the parties hereto covenant and agree as follows, to-wit:

ARTICLE I. -- DEFINITIONS:

The terms used herein shall be defined in accordance with Article I of District's "Sewer Use Ordinance", dated October 1, 1976, as amended from time to time.

ARTICLE II. -- OBLIGATIONS AND RESPONSIBILITIES:

2.1. Said District shall operate and maintain said intercommunity trunk-

line sewer from Winthrop to Augusta in order to receive domestic, commercial, municipal, and industrial wastes and sewage from said Participants and Company and treat the same prior to discharge into the Kennebec River at Augusta.

2.2. Said intercommunity trunkline sewer will be financed in part with federal and state grants and the balance shall be borrowed by said District.

2.3. Said District shall receive, transport, treat, and dispose of the Participants' and Company's wastes in accordance with all existing and future laws, regulations, District Sewer Use Ordinance, water quality standards, and orders and decrees of any governmental authority having jurisdiction over the collection, transport, treatment and disposal of said wastes; provided, however, that the treatment to be provided by the District of the Participants' and Company's wastes shall be of such a type and degree as may be necessary to provide for the application of best practicable waste treatment technology.

2.4. Said Participants and Company shall be responsible to and fully cooperate with the District in meeting the District's obligation of adhering to and enforcing all existing and future laws, regulations, District Sewer Use Ordinance, water quality standards, and orders and decrees of any governmental authority having jurisdiction over the collection, transport, treatment, and disposal of wastes originating in the Participants' jurisdiction and from the Company.

ARTICLE III. -- CAPITAL COST RECOVERY:

3.1 Said Participants and Company shall pay said District their proportionate shares of the capital cost of the project and interest costs previously or hereafter incurred, the respective shares being based on the proportional part of the total design capacity of 2.57 million gallons per day reserved for their use as follows:

Carleton Woolen Mills, Inc.	23.4%
Hallowell Water District	2.0%
Manchester Sanitary District	14.3%
Monmouth Sanitary District	18.3%
Winthrop Water District	42.0%

3.2. Each Participant and Company shall pay said District its respective share of each principal and interest payment due from said District to bond-

holders or bond trustee at least 30 days prior to each date upon which payments are due on such bonds, except that said Company will pay in accordance with Article V, paragraph 5.5 herein.

3.3. No Participant or Company may exceed the aforementioned reserved capacity without receiving prior approval from the other Participants and Company. In the event such approval is given, the aforementioned reserved capacity shall be adjusted on a pro-rata basis.

ARTICLE IV -- OPERATION AND MAINTENANCE CHARGES, USER CHARGES AND INDUSTRIAL COST RECOVERY:

4.1. On or before December 1 of each year said District shall prepare a reasonable budget for the cost of operating and maintaining said intercommunity trunkline sewer, including all costs of receiving, transporting, treating, and disposing of said wastes over and above the capital cost as aforesaid and shall furnish a copy of same to each Participant and Company. During the month of December said District will meet with said Participants and Company to discuss said budget estimate. Such operation and maintenance costs shall be borne by said Participants and Company proportionate to the gallons of sewage or waste which each contributes to the intercommunity trunkline sewer from each Participant's respective service area and from Company, based upon the previous 12 months actual flow. Said costs of usage shall be paid to said District in advance on the first days of January, April, July and October, and any necessary adjustments to meet actual costs for the previous year shall be made at the time of the April payment, except that said Company will pay in accordance with Article V, paragraph 5.5 herein. Additional charges may be applicable for commercial and industrial users for wastewater with strength in excess of domestic wastewater strength as defined by the Augusta Sanitary District Sewer Use Ordinance.

4.2. User Charges:

Said Participants each shall develop, in accordance with the provisions of federal regulation ("Code of Federal Regulations, 40 CFR 35.925-11 and 35.935-13, et seq."), an equitable User Charge System to assure that each recipient of waste treatment services within each Participants' service area will pay its proportionate share of the costs of operation and maintenance (including replacement) of all waste collection, transport, treatment, and disposal services provided by said District.

Said Participants must each obtain approval of the Maine Department of

Environmental Protection, Bureau of Water Quality Control, and the Region I Office of the Environmental Protection Agency for its User Charge System for the above costs.

Each Participant, upon approval of its User Charge System, must incorporate by formal vote its System into its official fee schedule.

#### 4.3 Industrial Cost Recovery:

Said Participants shall annually inventory and survey all the industries in their service areas. The surveys should produce all pertinent information so that a determination can be made by said District and said Participants as to which is an industrial user as defined in ARTICLE I.

Said District shall develop, as applicable, in accordance with the provisions of federal regulation ("Code of Federal Regulations, 40 CFR 35.925-12 and 35.935-13, et seq."), an equitable Industrial Cost Recovery System for all industrial users in its service area for the recovery of their portion of federal grant amounts allocable to sewage works constructed by said District.

Said District must obtain the approval of the Maine Department of Environmental Protection, Bureau of Water Quality Control, and the Region I Office of the Environmental Protection Agency for its Industrial Cost Recovery System.

Said District and each Participant, upon approval of the District's Industrial Cost Recovery System, must incorporate by formal vote said System into its official fee schedule.

Said District shall annually bill said Participants for Industrial Cost Recovery of the federal share of said District's sewage works for all industries within said Participants' service areas as determined by said District's System. Said Participants shall collect all revenues for Industrial Cost Recovery from industries within said Participants' service areas.

Said Participants shall pay to said District revenue collected for Industrial Cost Recovery plus the interest earned thereon beginning with date of collection to the time that the final payment for operation and maintenance costs for each year is made.

Said Participants shall provide said District with copies of all invoices and records pertinent to the assessing of industries and collection of revenue.

Said District shall review the Industrial Cost Recovery System annually, using said Participants' annual industrial inventory and survey reports.

Said District shall keep a permanent file of all reports, invoices and records relative to Industrial Cost Recovery subject to review by said Participants and by any governmental authority having jurisdiction.

Said District shall retain that percent of the amount recovered from industrial users as may be permitted by federal regulation. Accurate records of the retained revenues, including acknowledgement of the source as well as detailed cost accounts of expenditures of these funds, will be maintained so that said Participants will receive full credit and benefit in accordance with the terms of this AGREEMENT. All of the retained amounts recovered from industrial users in said Participants' service areas shall be used in accordance with federal regulation for sewage works on said intercommunity trunkline sewer which will directly benefit said Participants, unless otherwise restricted by federal regulation.

ARTICLE V -- MISCELLANEOUS:

5.1. Said District will allow said Participants to connect lateral sewer lines or individual services to said intercommunity trunkline sewer subject to this AGREEMENT and the Sewer Use Ordinance of said District. Said Participants shall be responsible for payment of applicable user charges to said District for such connections.

5.2. Said District, Participants, and Company shall cooperate at all times with the full use of their powers and privileges to aid in the improvement and proper operation of said intercommunity trunkline sewer and the financing of its capital and operation and maintenance costs.

5.3. Said Participants and Company shall indemnify and save harmless said District for any damages and/or liability caused by breaks or leakage in said intercommunity trunkline sewer, shutdown of the operation or any other situation which interferes with or prevents the proper functioning of said intercommunity trunkline sewer, except for damages caused by said District's negligence. Said indemnification by said Participants and Company shall be allocated based on the pro-rata share of capital costs as determined in ARTICLE III.

5.4. Said District, Participants and Company agree to establish a Committee made up of one representative from each to meet at least annually, and as more often as they choose, to review this AGREEMENT and conduct such business as required by this AGREEMENT. Said District, Participants and Company agree that this AGREEMENT may be amended from time to time by unanimous vote of District, Participants and Company. District, each Participant and Company shall each cast one vote.

5.5. Winthrop Water District guarantees to District the payment to District of the obligations of Company for capital costs, operation and maintenance costs, user charges, and industrial cost recovery charges as set forth above. Accordingly, Company's capital cost, operation and maintenance costs, user charge and industrial cost recovery charge payments shall be made by Company to Winthrop Water District and transmitted to District by Winthrop Water District along with Winthrop Water District's own such payments.

5.6. This AGREEMENT shall remain in full force and effect until 2009, or for the existence of any bonded indebtedness relating to the construction of said trunkline, whichever period is longer, and may be extended by mutual agreement of the parties hereto, evidenced by a duly executed instrument in writing attached hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above mentioned.

WITNESSED BY:

AUGUSTA SANITARY DISTRICT

H. G. Beasley  
H. G. Beasley  
H. G. Beasley

BY: Gerald H. Berridge  
Hugo B. Eckerman  
Robert D. Johnson

WITNESSED BY:

CARLETON WOOLEN MILLS, INC.

Lionel H. Hays

BY: Thomas J. Hays  
Its duly authorized officer

WITNESSED BY:

HALLOWELL WATER DISTRICT

Richard Goddard  
Richard Goddard

BY: Ralph L. Bean  
Richard Goddard

Richard Goddard  
Richard Goddard

Richard W. Boudan  
Veronica M. Molloy

WITNESSED BY:

MANCHESTER SANITARY DISTRICT

Robert J. Holmes  
Robert J. Holmes  
Robert J. Holmes & H. G. Steamly  
Robert J. Holmes  
Robert J. Holmes

BY: *[Signature]*  
James R. Pascoe  
Robert J. Holmes, Treas.  
Susan J. Jewett  
Floyd R. Walker

WITNESSED BY:

MONMOUTH SANITARY DISTRICT

Mark Harper  
Mark Walker  
Mark Walker  
Mark Walker  
Mark Walker

BY: *[Signature]*  
Frank C. ...  
Wesley D. ...  
Richard E. ...  
Mark Harper

WITNESSED BY:

WINTHROP WATER DISTRICT

Charles R. Cusman  
Charles R. Cusman  
H. G. Steamly

BY: *[Signature]*  
Wallace R. ...  
Clifford ...