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THIS AGREEMENT, Made this 27 day of April, 1964, between the CITY OF SHERWOOD, a municipality of the State of Oregon, hereinafter termed the "City", and PORTLAND CANNING COMPANY, an Oregon corporation, hereinafter termed the "Company", WITNESSETH:

That the City and the Company do hereby confirm the following statement of facts as premises for the agreements hereinafter contained:

(a) That the present sewage treatment facilities of the City have been determined to be inadequate both in efficiency and capacity to properly treat the domestic, commercial and industrial wastes originating within the City, and that the City is under direction by the Oregon State Sanitary Authority to take such action as may be necessary to meet the standards prescribed by such Authority for the discharge of effluent into the public waters of the State of Oregon.

(b) That each of the City and the Company has completed sewage disposal investigations and studies and has assembled factual data with respect to the furnishing of sewage disposal services to other industry within the City and to the Company's premises and operations on Blocks 1 and 2, Eppler's Addition to the City of Sherwood and other lands of the Company now owned or hereafter acquired within the City of Sherwood.

(c) That based on such studies and the data resulting therefrom, the City has caused to have engineering plans, specifications and estimates prepared and has obtained the approval thereof of the Oregon State Sanitary Authority and the U. S. Department of Health, Education and Welfare for additions and modifications to the sewage treatment plant to increase the hydraulic capacity to an average flow of 0.57 million gallons daily and to increase organic loading capacity to a daily average of 930 pounds of 5-day, 20°C Biochemical Oxygen Demand.

7699 That the total projected cost of construction thus contemplated is the sum of \$203,400.00, including required rehabilitation of the existing sewage treatment facilities estimated to cost \$16,100.00 arising as a result of the discharge of deleterious wastes from the operations of Frontier Leather Company, an industrial patron of the City's sewage facilities.

(d) That a grant in a sum not exceeding 30% of the estimated construction costs, and limited to \$56,700.00, has been approved by the Public Health Service of the U. S. Department of Health, Education and Welfare, thus leaving the estimated sum of \$146,700.00 to be financed by sale of bonds by the City.

(e) That in addition to this contract with the Company, the City will enter into a similar contract with Frontier Leather Company covering its industrial discharge into the City's sewer facilities, and that said Frontier Leather Company has likewise made certain engineering studies and determinations with respect to its sewage disposal problem and its participation in the cost of the rehabilitation and expansion project of the City.

(f) That there remain unpaid, pre-existing general obligation sewer bonds of the City of Sherwood in the sum of \$40,000.00, which obligation is in addition to the costs hereinabove presently projected for rehabilitation and expansion of the plant, and that the sewer service charges now in effect and those projected to be received by the City from industry and other users are pre-committed to the extent necessary to amortize said pre-existing bonded obligation.

(g) That the City in order to obtain funds in addition to said Federal grant wherewith to rehabilitate the existing facilities and construct additional sewage treatment and collection facilities, must necessarily issue and sell general obligation revenue bonds of the city in the approximate sum of \$175,000.00, of which sum

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\$146,700.00 is estimated as necessary to provide facilities in which the Company will participate, and that reliable assurances must be provided to prospective bond purchasers that the City can and will pay for such bonds and interest as and when they fall due, first from revenues of the sewer system, and, if necessary, through general taxation. That execution of this contract in advance of the sale of said bonds and prior to awarding a construction contract is necessary in order to provide a reliable forecast of revenues, sewer disposal patronage by the Company, and the ability of the City to provide treatment and disposal services to the domestic, commercial and industrial users within its boundaries.

The Company and the City, in consideration of the mutual benefits to be derived hereunder, and the promises and agreements herein contained to be kept and performed respectively, do hereby agree as follows:

(1) That the following distribution of hydraulic and organic capacities is an agreeable allowance for each of the parties to this contract, and for the Frontier Leather Company:

	<u>Hydraulic</u>		<u>Organic</u>	
	<u>Flow</u>		<u>BOD</u>	
	<u>mgd</u>	<u>%</u>	<u>lb/day</u>	<u>%</u>
City of Sherwood	0.408	71.60	430	46.24
Frontier Leather Co.	0.080	14.04	250	26.88
Portland Canning Co.	0.082	14.36	250	26.88
	<u>0.570</u>	<u>100.00</u>	<u>930</u>	<u>100.00</u>

(2) That the following data, being based upon the respective engineering studies of each of the parties hereto and the projected cost of construction, rehabilitation, operation and maintenance of the existing and projected sewage treatment facilities, portrays a fair and equitable apportionment of the forecasted costs to be allocated to each of the participants based upon organic loadings as

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measured by the 5-day 20°C Biochemical Oxygen Demand (BOD):

Capital cost allocation:

City of Sherwood	46.24%	(130,600)	=	\$60,400.
Frontier Leather Co. plus rehabilitation costs of	26.88%	(130,600 16,100)	=	\$51,200.
Portland Canning Co.	26.88%	(130,600)	=	\$35,100.
Totals:		100.00		\$146,700.

Based upon engineering estimates, the initial operation and maintenance cost is \$10,700. annually. Applying the foregoing percentages based upon hydraulic loadings to the annual operation and maintenance charges, and assuming new debt retirement based on 20-year bonds at four percent, and including the agreed distribution of pre-existing bond charges, the following annual costs must be provided for:

	<u>O &amp; M</u>	<u>New Bonds</u>	<u>Old Bonds</u>	<u>Totals</u>
City of Sherwood	7,661.	4,445.	3,050.	15,156.
Fontier Leather Co.	1,502.	3,770.	2,100.	7,372.
Portland Canning Co.	<u>1,537.</u>	<u>2,585.</u>	<u>1,200.</u>	<u>5,322.</u>
Totals:	\$10,700.	\$10,800.	\$6,350.	\$27,850.

(3) Subject to adjustments hereinafter stated, the Company agrees, therefore, to continue its pre-existing rate of payment of \$100.00 per month to the City until July 1, 1964, and effective with the month of July, 1964, and thereafter to and including the fiscal year ending June 30, 1971, the Company shall pay to the City per month the sum of \$443.50, for an annual sum of \$5,322.00, as and for sewage treatment service and in recognition of the Company's obligation to the City with respect to the amortization of the pre-existing bonds, payment of the new bond issue, and operation and maintenance of the plant, exclusive of any public revenue arising from general taxation.

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Effective July 1, 1971, the monthly rate shall be the sum of \$343.50 for the annual charge of \$4,122.00, in recognition of the retirement of the pre-existing sewer bonds, until July 1, 1984. thereafter only the annual charge of \$1,537.00 O & M shall be paid so long as mutually agreeable to the City and the Company.

It is understood and agreed between the parties that in July of each year, after the total cost of the operation and maintenance of the City's sewer facilities for the preceding fiscal year becomes available, should such actual cost experience differ by more than 10% from the projected annual O & M estimate of \$10,700. as shown in Paragraph 2 hereof, the O & M charge set forth in Paragraph 2 hereof with respect to the Company shall be increased or decreased for the then current fiscal year by an annual sum derived by multiplying the total of the excess O & M cost by 14.36% (the Company's hydraulic loading allowance shown in Paragraph 1 hereof).

(4) The City shall advertise for sale and undertake to sell, in accordance with law, general obligation sewer bonds of the City in the approximate sum of \$175,000.00 on the basis of the lowest interest rate offered and shall by ordinance provide for the payment of said bonds to the fullest extent practicable from the revenue derived from sewer service within the City, and secondly only to the extent necessary by general levy of taxes, and the City will further review the sewer service rates being paid by other commercial and residential users to provide an equitable charge against such users as a source of revenue for this purpose.

(5) That the City will forthwith solicit bids for the completion of the additions and modifications of the City's sewage treatment plant and will make the award therefor to the lowest responsible bidder in accordance with law.

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(6) That at such time as complete information is available to the City with respect to the interest rate and cost of said new bonds and with respect to said construction, the City agrees to re-evaluate the annual costs hereinabove set forth, and the monthly payment to be made by the Company shall be adjusted, based upon the above percentages, by addendum to this contract.

(7) That the City and the Company may respectively and individually install such devices as necessary to measure the quantity and evaluate the quality of effluent discharged by the company into the city's sewers, and the hereinabove stated monthly charge to the company being based on a hydraulic loading allocation of 0.082 mgd and a 250-lb-day BOD, should the Company exceed either allocation at any time by more than 10%, as determined by the average of tests on three or more composite samples taken on three or more consecutive days by the City, the Company shall pay to the City as and when billed therefor, the sum of \$50.00, beginning retroactively with the first day of such overloading, and for each day thereafter on which the overloading condition occurs. The records of the City in connection with the tests shall be available to the Company for its inspection. The peaking or overloading charge shall not exceed \$50.00 per day, even though both the hydraulic and BOD limitations may be exceeded during such day.

For purposes of this agreement, hydraulic loading shall mean the waste flow discharged into the City's sewers by the Company during a 24-hour period, and BOD shall be calculated from the tests of composite samples collected during each day of overloading during a 6-hour period, with a minimum of twelve individual grab samples taken at approximately 30-minute intervals.

(8) Should the Company discontinue its operation uninterruptedly for more than one year, beginning with July 1 of the

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second calendar year after such discontinuance the Company's obligation to pay the rates required for operation and maintenance purposes, computed as set forth in Paragraphs (1) and (2) above, shall during such inoperative status thereafter be suspended; provided, that the Company's obligation to pay with respect to its pro rata share of the pre-existing bonded obligations above specified, computed as set forth in Paragraphs (1) and (2), shall continue in full force and effect.

(9) If at any time the allocation of loading of the City's sewage treatment plant as hereby made available to the Company, shall exceed the Company's needs over any protracted period, and if the City then has written request from other industry or user for such allotment or portion thereof, the Company may release said excess capacity to the City, and, upon reassignment of such allocation to another user by the City, the Company's O & M and bond charges as shown in Paragraph (2) hereof, shall be reduced in direct proportion thereto.

(10) The City agrees, so long as the Company shall comply herewith and meet its obligations hereunder, that the Company shall be entitled to discharge its effluent into the City's sewers, and the City shall accept such effluent provided that all industrial waste discharged by the Company shall first be screened through a vibrating or rotary 20-mesh screen meeting the requirements of the State Sanitary Authority and the ordinances of the City of Sherwood. The Company shall discharge no materials or matter into the City's sewers of such concentration or character as to create a toxic effect or to impair the usefulness of the biological treatment units of the City's sewage treatment facilities.

(11) The City agrees to enter into a separate, substantially similar agreement with Frontier Leather Company, binding such

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company to participate in the burden of pre-existing indebtedness, new indebtedness, and operation and maintenance, in the proportions set forth opposite the name of Frontier Leather Company in the table contained in Paragraph (2) hereof.

(12) That subject only to the sale of said sewer revenue bonds, the receipt of said Federal construction grant by the City, and the execution of said contract with Frontier Leather Company, this contract shall be and remain binding on the City and the Company, its successors and assigns.

(13) Nothing herein contained shall be deemed to abrogate the statutory powers reserved to the City for the control, policing and management of its sewer facilities, as set forth in Chapter 224 ORS and the charter of the City of Sherwood.

IN WITNESS WHEREOF, the undersigned officers of PORTLAND CANNING COMPANY have executed this agreement for and on behalf of the Company under authority of resolution of its Board of Directors duly passed on the 27 day of April, 1964, and the undersigned Mayor and Recorder of the CITY OF SHERWOOD have executed this agreement on behalf of the City under authority of resolution duly passed by the City Council of Sherwood on the 24 day of April, 1964.

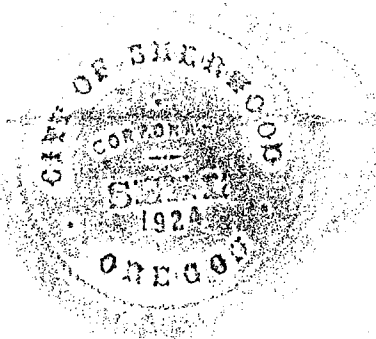
PORTLAND CANNING COMPANY

By: [Signature]  
Title: [Title]  
By: [Signature]  
Title: [Title]



CITY OF SHERWOOD, OREGON

By: [Signature] Mayor  
By: [Signature] Recorder





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STATE OF OREGON )  
County of Washington ) ss.

On this 27 day of April, 1964, before me appeared Courtney Lasselle and S. E. Lasselle, both to me personally known, who being duly sworn, did say that he, the said Courtney Lasselle, is the President, and he, the said S. E. Lasselle is the Vice President of PORTLAND CANNING COMPANY, the within named Corporation, and that the seal affixed to said instrument is the corporate seal of said Corporation, and that the said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors, and President and Vice President acknowledged said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Cameell F. Bradley  
Notary Public for Oregon  
My Commission expires: 1-9-67

STATE OF OREGON  
County of Washington  
INDEXED  
I, Roger Thomssen, Director of Records and Elections, and Ex-Officio Recorder of Conveyances for said county, do hereby certify that the within instrument of writing was received and recorded in Book \_\_\_\_\_ in the Records of \_\_\_\_\_ of said County.  
Witness my hand and seal affixed.  
ROGER THOMSEN, Director  
D. Olson Deputy  
MAY 7 9 10 AM '64  
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