
EXHIBIT Z

RESPONSES TO STANDARD DATA REQUESTS

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

1. Estimate the potential monthly incremental cost impact on existing and acquired customers following the actual results of the Buyer's most recently adjudicated base rate proceeding, whether litigated or settled, allocating the fair market value of the acquired system according to the Buyer's previously approved single-tariff pricing model.
 - a. In the case of a wastewater acquisition, a Buyer that employs a combined revenue requirement pursuant to 66 Pa. C.S. § 1311 will provide information assuming a combined water and wastewater revenue requirement consistent with its most recent adjudicated base rate proceeding.
 - b. If a Buyer has filed the thirty-day notice of 52 Pa. Code § 53.45(a), or has filed a rate case, it should calculate the above using data as proposed in its upcoming or filed rate case.

Response: Regarding a. and b. above, please refer to Appendix A of Aqua Statement No. 1, Direct Testimony of William C. Packer, included as Exhibit U to the Application.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

2. If the Buyer has a present intention to increase the acquired system's rates to a certain level, please state the basis for the targeted rate.

Response: Aqua has no present intention to increase East Norriton Township rates to a targeted rate.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

3. Provide the annual depreciation expense using the purchase price/proposed rate base. If the exact depreciation expense is not available, provide the best estimate of the annual depreciation expense. Show how the depreciation expense is calculated.

Response: Please refer to Appendix A of Aqua Statement No. 1, Direct Testimony of William C. Packer, included as Exhibit U to the Application.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

4. Provide an estimate of the annual revenue requirement of the municipal system under the Buyer's ownership. Provide the assumptions for the annual revenue requirement, including expected rate of return, expected depreciation expense, O&M expenses, etc.

Response: Please refer to Appendix A of Aqua Statement No. 1, Direct Testimony of William C. Packer, included as Exhibit U to the Application.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

5. Other than the STAS, does Buyer’s current water/wastewater tariff include any provisions that would fall under “pass-through costs or charges imposed by the Commonwealth of Pennsylvania”?

Response: Aqua has a Distribution System Improvement Charge (DSIC) in its current wastewater tariff.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

6. Provide a listing of any entities that currently receive free service from the Seller.

Response: None.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

7. In the next rate case, does buyer anticipate including the acquired system in a combined revenue requirement?

Response: Aqua anticipates including the East Norriton system in a combined revenue requirement in the next rate case.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Rates/Ratemaking

8. If Seller has increased rates in the last year, please state the date of the increase and provide a copy of the new rate schedule and the total annual revenues produced under the new rates.

Response: East Norriton Township has not increased rates in the last year.

AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests

Rates/Ratemaking

9. Are there any leases, easements, and access to public rights-of-way that Buyer will need in order to provide service which will not be conveyed at closing? If yes, identify when the conveyance will take place and whether there will be additional costs involved.

Response: The Company is not presently aware of any needed leases, easements or access to public rights-of-way that will not be transferred at closing. The mapping of easements and right of ways from the Township's Abstractor's report is not yet complete.

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Costs/Benefits

10. Provide a breakdown of the estimated transaction and closing costs. Provide invoices to support any transaction and closing costs that have already been incurred.

Response: The estimated total transaction and closing costs are included in the application at paragraph 56. Please see below for a breakdown of costs projected through closing. Please see Application Exhibit S1 for Gannett UVE invoices. Please see the attachments to SDR-10 for copies of other invoices incurred to date on the Application.

Legal	\$140,000
UVE	\$75,000
Engineering Assessment	\$7,894
Total	\$222,894

The costs shown above are estimated costs and are subject to change.



East Norriton Township

2501 Stanbridge Street East Norriton PA 19401

610-275-2800

Billing Address:

Aqua Pennsylvania Inc
762 W Lancaster Ave
Bryn Mawr PA 19010

Invoice Summary:

Date: 5/9/2019
Invoice #: 1818
Amt Due: \$7,893.78
Account: 99094
Due Date: 6/8/2019

Invoice Date	Item Description	Invoice Amount
5/9/2019	Engineering Assessment of the tangible assets of the sanitary sewer facilities and equipment of East Norriton Township. Total cost = \$15,787.56 - 1/2 payable by Aqua Pennsylvania	\$7,893.78
	Invoice Total:	\$7,893.78

TOTAL DUE

\$7,893.78

Date: 5/9/2019
Invoice #: 1818
Amt Due: \$7,893.78
Account: 99094
Due Date: 6/8/2019

**Payment is due within 30 days of this invoice.
Please reference this invoice number on all payments and correspondence.
Interest at the rate of 10% addum will be added to all balances
not paid within 90 days of the invoice date.**

LAMB | McERLANE^{PC}

ATTORNEYS AT LAW

March 10, 2018

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 161249

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: **\$ 95.00**
Disbursements: 0.00
Total: \$ 95.00

LAMB | McERLANE^{PC}
ATTORNEYS AT LAW

May 10, 2018

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 163026

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: **\$ 3,610.00**
Disbursements: 0.00
Total: **\$ 3,610.00**

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ATTORNEYS AT LAW

July 10, 2018

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 164622

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: **\$ 1,805.00**
Disbursements: 0.00
Total: **\$ 1,805.00**

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ATTORNEYS AT LAW

August 10, 2018

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 165346

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: **\$ 1,900.00**
Disbursements: 0.00
Total: \$ 1,900.00

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ATTORNEYS AT LAW

September 10, 2018

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 165853

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: **\$ 2,375.00**
Disbursements: 101.00
Total: **\$ 2,476.00**

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ATTORNEYS AT LAW

November 14, 2018

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010

Invoice: 6900

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:

Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: **\$ 5,320.00**

Disbursements: 0.00

Total: **\$ 5,320.00**

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ATTORNEYS AT LAW

December 21, 2018

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010

Invoice: 16557

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:

Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ **1,995.00**
Disbursements: 0.00
Total: \$ 1,995.00

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ATTORNEYS AT LAW

January 8, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010

Invoice: 167230

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:

Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ **475.00**
Disbursements: 0.00
Total: \$ 475.00

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ATTORNEYS AT LAW

February 8, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010

Invoice: 168601

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:

Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ **600.00**
Disbursements: 0.00
Total: \$ 600.00

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ATTORNEYS AT LAW

March 6, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010

Invoice: 169470

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:

Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 1,200.00
Disbursements: 0.00
Total: \$ 1,200.00

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ATTORNEYS AT LAW

April 8, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 170609

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: **\$ 1,200.00**
Disbursements: 0.00
Total: \$ 1,200.00

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ATTORNEYS AT LAW

May 6, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 171318

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ **600.00**
Disbursements: 0.00
Total: \$ 600.00

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ATTORNEYS AT LAW

June 7, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010

Invoice: 172438

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:

Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered during May 2019 in connection with acquisition of wastewater system assets.

Services: **\$ 2,100.00**
Disbursements: 0.00
Total: \$ 2,100.00

LAMB | McERLANE^{PC}
ATTORNEYS AT LAW

July 10, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 173438

Re: Acquisition of Wastewater System Assets from East Norriton Township
LM Account Number: 180379.0028

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered during June 2019 in connection with acquisition of wastewater system assets.

Services: \$ 2,975.00
Disbursements: 0.00
Total: \$ 2,975.00



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

March 19, 2019

AQUA PENNSYLVANIA WASTEWATER

TO: THOMAS, NIESEN & THOMAS, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101

Invoice No. 12406

For professional services rendered to Aqua Pennsylvania Wastewater, Inc. during February 2019 in connection with the following matter:

AQUAWW-0027 Acquisition of East Norriton Wastewater System

		\$	493.50
Disbursements		\$	<u>0.00</u>
	TOTAL	\$	<u>493.50</u>



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

May 15, 2019

AQUA PENNSYLVANIA WASTEWATER

TO: THOMAS, NIESEN & THOMAS, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101

Invoice No. 12496

For professional services rendered to Aqua Pennsylvania Wastewater, Inc. during April 2019 in connection with the following matter:

AQUAWW-0028

Acquisition of East Norriton Wastewater System

[REDACTED]		
[REDACTED]		
[REDACTED]		\$ 3,572.00
Disbursements		\$ <u>195.83</u>
TOTAL		\$ <u>3,767.83</u>



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law




June 21, 2019

AQUA PENNSYLVANIA WASTEWATER

TO: THOMAS, NIESEN & THOMAS, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101

Invoice No. 12544

For professional services rendered to Aqua Pennsylvania Wastewater, Inc. during May 2019 in connection with the following matter:

AQUAWW-0028	Acquisition of East Norriton Wastewater System	
		
		
		\$ 8,977.00
	Disbursements	\$ <u>400.48</u>
	TOTAL	\$ <u>9,377.48</u>

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Costs/Benefits

11. Please describe known and anticipated general expense savings and efficiencies under Buyer's ownership. State the basis for all assumptions used in developing these costs and provide all supporting documentation for the assumptions, if available.

Response: Aqua estimates annual operating and maintenance expenses of approximately \$1.8M based on East Norriton Township's operating expenses presented in the 2017 financial statements adjusted by the Company. The assumed reduction in operating costs is based on Aqua's experience and estimates of costs during the first year of operations. Please also refer to the direct testimony of William C. Packer (Aqua Statement No. 1), included in the Application as Exhibit U, for further costs/benefits of the system under the Buyer's ownership.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Costs/Benefits

12. Please provide a copy of the Seller's request for proposals (if there was one) and any accompanying exhibits with respect to the proposed sale of the system.

Response: Please see the attachment to SDR-12.

TOWNSHIP OF EAST NORRITON SEWER SYSTEM REQUEST FOR BIDS

July 20, 2018

1. GENERAL INFORMATION FOR THE PROPOSER:

This Request for Bids (“RFB”) is being provided to your team by the Township of East Norriton, Montgomery County (“East Norriton” or the “Seller”) to solicit a final, binding proposal (the “Proposal”) to enter into the Township of East Norriton Asset Purchase Agreement (the “APA” or the “Agreement”) for the sanitary sewer collection and conveyance system owned by East Norriton. East Norriton has engaged PFM Financial Advisors LLC. (“PFM” or the “Advisor”) as an advisor in conjunction with the proposed transaction (the “Transaction”).

The assets included in the Transaction are described in more detail in the APA. The final version of the Agreement will be posted in the data room and labeled “Binding Proposal, Execution Copy” for clarity. Except for removing relevant bracketed information and filling in blanks, and except as otherwise provided herein, no changes will be permitted to the APA prior to signing.

All recipients of this RFB submitted responses to the Request for Qualifications for Sewer System Monetization dated January 4, 2018 (the “RFQ”) and were determined to be eligible for consideration in moving forward with the proposed transaction process (“Pre-Qualified Proposers”). The Pre-Qualified Proposers were subsequently provided with the opportunity to conduct additional due diligence on the sewer system assets included in the Agreement (the “System”), including (i) access to an online data room, and (ii) meetings with East Norriton representatives and advisors. In addition, East Norriton solicited feedback on a draft of the Agreement.

2. SYSTEM DESCRIPTION:

All assets owned by the Seller comprising the System are set forth in Section 2.01 of the APA.

3. INFORMATION REQUIRED FROM PROPOSERS AND SELECTION CRITERIA:

All Pre-Qualified Proposers eligible to respond to this RFB were deemed eligible to move forward based on their demonstrated technical and financial qualifications detailed in their response to the RFQ. All Pre-Qualified Proposers who submit a response to this RFB (“Proposers”) must comply with the requirements set forth in this document for submitting a Proposal. Provided that the Proposal requirements are met and the Proposer is found to remain qualified, responsible and responsive, the award of the Agreement will be based on the amount of Purchase Price included as part of Proposal Form 6. In accordance with 62 Pa.C.S. §513(d), the contents of Proposals will not be publically disclosed at the time of opening of the Proposals.

Each Proposal shall be in writing and formatted in accordance with the following outline:

Section 1.0 Executive Summary

Proposal Form 1: Transmittal Letter

Proposal Form 2: Non-Collusion Affidavit

Section 2.0 Project Team and Technical Capability Information

Proposal Form 3: Statement of Ownership - Proposer

Proposal Form 4: Operator Information

Proposal Form 5: Contract and Lobbyist Disclosure

Section 3.0 Business Proposal

Proposal Form 6: Business Proposal

4. SUBMISSION INSTRUCTIONS AND REQUIREMENTS:

One (1) original and two (2) hard copies of the Proposal shall be submitted, with the original copy of the Proposal clearly marked as the original and must contain the original signature forms and other original documents. *All packages shall be sealed and clearly marked with the legend: "RESPONSE TO EAST NORRITON TOWNSHIP SEWER SYSTEM RFB."* In accordance with Section 8 of this RFB, the contents of the Proposal will not be made public until after the award of a contract. The Proposal shall be submitted in a sealed envelope or package addressed to:

PFM Financial Advisors LLC
c/o Scott Shearer
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101

THE SEALED PROPOSAL MUST BE RECEIVED NO LATER THAN 2:00 P.M. EASTERN TIME ON AUGUST 24, 2018.

To the extent there are any questions regarding delivery of the Proposal, please contact Scott Shearer at shearers@pfm.com/717-232-2723 or Ben Kapenstein at kapensteinb@pfm.com/717-232-2723.

By submitting a Proposal, Proposers acknowledge and agree to the following conditions:

- All Proposals submitted in response to this RFB shall become the property of East Norriton. As such, after the award of a contract, or after the opening and rejection of all Proposals, Proposals submitted will become public records subject to public review under applicable law, subject to certain exceptions as described in Section 8 of this RFB.
- The selection of a Proposal by East Norriton shall not waive or limit any assumptions of risk, provision of indemnity, or other obligations of the Proposer under the APA as may be executed between the Proposer and East Norriton.
- Proposers and their representatives shall comply with the communications protocol set forth in Section 5 of this RFB with respect to all communications concerning this RFB.
- Only one Proposal from each Proposer shall be considered.
- Proposals shall comply with all content requirements of Section 3 of this RFB. Failure to comply with such requirements may result in a Proposer being deemed non-responsive.
- The pre-qualification of Proposers to receive this RFB and provide a Proposal does not waive or abridge the right of East Norriton to find that any Proposer is not qualified or that the Proposal is non-responsive to the requirements of this RFB.
- **Proposers should ensure that the written and numerical Purchase Price in Business Proposal 6 match. Should this not be the case, the binding Purchase Price will be assumed to be the lower of the two Purchase Price numbers.**
- **East Norriton reserves the right to reject any and all bids and to determine not to proceed with a sale of the System.**
- **Based on the outcome of regulatory determinations (if applicable) subsequent to the award of the winning bid hereunder, the Seller reserves the right to renegotiate certain terms of the APA, including purchase price, as it deems in its best interests and as are acceptable to the winning bidder, provided however that any adjustment to purchase price shall not result in a price that would have resulted in a Best and Final Offer bid process (“BAFO”) had such adjusted purchase price been the original bid price of Buyer or, if a BAFO has taken place pursuant to this RFB, such adjusted purchase price is higher than the next highest bid received by Seller in the BAFO.**

5. QUESTIONS AND REQUESTS FOR CLARIFICATION:

All questions and requests for clarification concerning this RFB shall be directed in writing to Scott Shearer, whose contact information is provided below, by **NO LATER THAN 2:00 PM EASTERN TIME ON AUGUST 10, 2018**. No questions, written or oral, shall be accepted after this time.

Scott Shearer
PFM Financial Advisors LLC
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101
shearers@pfm.com

All questions and clarification requests should be submitted in writing, and Pre-Qualified Proposers are encouraged to submit such questions and clarification requests in advance of the above deadline. Answers to such questions provided by East Norriton will be in writing and will be made available to all Proposers.

6. POTENTIAL INCREASE TO BEST-AND-FINAL OFFER (“BAFO”):

Your Proposal Form should represent your best offer. However, if the Purchase Price set forth in Proposal Form 6 of one or more of the offers received by such deadline (other than the offer setting forth the highest amount of Purchase Price) is within 10% of the amount of the Purchase Price in such highest offer, East Norriton will allow the Proposer whose offer sets forth the highest amount of Purchase Price and any Proposer(s) whose offer is within 10% of such highest amount of Purchase Price (the “Applicable Proposers”) to increase the amount of proposed Purchase Price by submitting an increased proposal form to be provided by East Norriton at that time.

If necessary, East Norriton will provide further instructions to all Applicable Proposers for submitting such increased proposal forms; however, the timing for submission of such increased proposal forms will be at the complete discretion of East Norriton and may be less than a week from August 24, 2018. All other terms of the offer will remain the same. You should not assume that you will be given the opportunity to increase the amount of your Purchase Price under any other circumstances.

7. APPROVAL AND SIGNING:

East Norriton intends to select the Proposer that offers the highest Purchase Price set forth in Proposal Form 6 under the terms set forth during the procurement process for this transaction, provided that the Proposer complies with all requirements set forth in this RFB for submitting a final Proposal and is found to remain qualified, responsible and responsive. Execution of the Agreement by East Norriton will be subject to final approval and authorization by the East Norriton Board of Supervisors (the “Supervisors”). A recommendation will be submitted to the Supervisors, shortly after the conclusion of the proposal process. After selection of a Proposal and approval by the Commissioners, the selected Proposer and East Norriton shall be required to execute the APA.

8. CONFIDENTIALITY AND DISCLOSURE TO THIRD PARTIES:

The existence and contents of this letter are subject to the confidentiality agreement that you previously executed. We ask you to remind all members of your team of your obligations under such confidentiality agreement and the indemnity obligation for any violation thereof.

Proposers should be aware that records of the Township are subject to the provisions of the Pennsylvania Right-to-Know Law, 65 P.S. §67.101 et seq. (“RTK Law”), and that with certain exceptions, such records are subject to public disclosure. East Norriton understands that in responding to this RFB, Proposers will be submitting information, including financial data, that the parties desire to be kept confidential. It is East Norriton’s position that this RFB is part of a competitive proposal Transaction process, and that prior to the award of a contract or prior to the opening and rejection of all proposals, all such submissions are confidential and exempt from disclosure under the Section 708(b)(26) of the RTK Law, 65 P.S. §67.708(b)(26).

Proposers are advised, however, that following award of a contract or the opening and rejection of all Proposals, such submissions may be subject to public disclosure unless they are otherwise exempt from disclosure under another provision of the RTK Law. Records and information submitted by Prospective Proposers that constitute “trade secrets” or “confidential proprietary information” as defined in the RTK Law are exempt from disclosure under Section 708(b)(11), 65 P.S. §67.708(b)(11). “Confidential proprietary information” includes commercial and financial information which is privileged or confidential to the submitting party and the disclosure of which would cause substantial harm to the competitive position of the person who submitted the information. Proposers are advised that if they believe any information being submitted in response to this Request for Feedback Proposals constitutes or references trade secret or confidential proprietary information, they should clearly so label any such information with a prominent label of either: “TRADE SECRET” or “CONFIDENTIAL PROPRIETARY INFORMATION.” Any such claims may be subject to review pursuant to the procedures set forth in the RTK Law. If East Norriton, the Pennsylvania Office of Open Records or a court determines that such information does not qualify as a trade secret or confidential proprietary information, such information may be subject to public disclosure.

9. RIGHT TO REJECT BIDS AND SALE; MODIFICATION OF PRICE:

East Norriton reserves the right to reject any and all bids and to determine not to proceed with a sale of the System. In addition, based on the outcome of regulatory determinations (if applicable) subsequent to the award of the winning bid hereunder, the Seller reserves the right to renegotiate certain terms of the APA, including purchase price, as it deems in its best interests and as are acceptable to the winning bidder, provided however that any adjustment to purchase price shall not result in a price that would have resulted in a Best and Final Offer bid process (“BAFO”) had such adjusted purchase price been the original bid price of Buyer or, if a BAFO has taken place pursuant to this RFB, such adjusted purchase price is higher than the next highest bid received by Seller in the BAFO.

PROPOSAL FORMS

**Proposal Form 1
Transmittal Letter**

{to be prepared on Proposer's Letterhead}

[Date], 2018

PFM Financial Advisors LLC
c/o Scott Shearer
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101

Re: Township of East Norriton Sewer System Request for Bids

Dear Township of East Norriton:

_____ (the "Proposer") hereby submits the attached Proposal in response to the Township of East Norriton Sewer System Request for Bids (the "RFB") issued by the Township of East Norriton ("**East Norriton**") on July ____, 2018, as amended.

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Township of East Norriton Asset Purchase Agreement (the "**APA**") for identified sewer facilities owned and operated by East Norriton. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

The Proposer, by its undersigned duly-authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

1. ***RFB and Addendum Acknowledgement.*** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

<u>Addendum No.</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____

2. ***Due Authorization.*** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

3. **Completeness; Warranty as to Proposal Information.** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct and complete, and are made with full knowledge that will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to East Norriton and executing the Agreement.
4. **Identity of Buyer.** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Agreement pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the “Subsidiary”), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the Agreement from and after such execution.
5. **Final Agreements.** The Proposer agrees to enter into the Agreement in each case in the form identified as “Binding Proposal, Execution Copy” as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
6. **Purchase Price.** The amount of the Purchase Price that Proposer will pay pursuant to Section 3.01 of the Agreement will be the total set forth in Proposal Form 6.
7. **Proposal Effective Period.** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on October 1, 2018, unless extended to 5:00 p.m. Eastern Daylight Savings Time on November 1, 2018 by East Norriton or unless further extended by mutual consent of both East Norriton and the Proposer (the “Termination Time”). In the event that the Proposal submission date is delayed beyond August 24, 2018, the Termination Time will be extended for the same such period. If East Norriton does not give written notice to the Proposer that East Norriton is prepared to enter into the Agreement on or prior to the Termination Time, this offer and the terms of this Proposal shall terminate at the Termination Time.
8. **Agreement Execution.** If at any time prior to the Termination Time, East Norriton gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Agreement with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Agreement to East Norriton.
9. **Debarment.** Neither the Proposer, the Operator, nor any other member of Proposer’s project team is currently suspended or debarred from doing business with any governmental entity.
10. **Contract Disclosures.** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation or relationship with any broker- dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
11. **No Litigation.** There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the Agreement contemplated hereby, or which, in

any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any agreement or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.

12. ***Certain Representations.*** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the Agreement pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal or to the execution of the Agreement pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the Agreement, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).
13. ***Material Changes.*** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.
14. ***Principal Contact.*** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

NAME:

TITLE:

ADDRESS:

PHONE:

FAX:

EMAIL:

Submitted by:

Name of Proposer

Name of Designated Signatory

Signature

Title

**Proposal Form 2
Non-Collusion Affidavit**

STATE OF _____)

COUNTY OF _____)

I, [INSERT DESIGNATED SIGNATORY NAME], a resident of _____ MUNICIPALITY OR OTHER JURISDICTION, in the State of [INSERT STATE], of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the [INSERT TITLE] of [INSERT PROPOSER NAME], organized under the laws of the state of [INSERT STATE NAME], the Proposer making the Proposal in response to the Township of East Norriton Sewer System Request for Bids issued by the Township of East Norriton on July _____, 2018, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or with any competitor;

(3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the Agreement; and

(4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I, hereby affirm under the penalties of perjury that the foregoing statements are true.

Name of Proposer

Name of Designated Signatory

Signature

Title

(Notary Public)

State/Commonwealth of _____

County of _____

On this _____ day of _____, 2018, before me appeared [DESIGNATED SIGNATORY], who is [INSERT TITLE] of [INSERT PROPOSER], a [INSERT STATE AND ENTITY TYPE], personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Notary Public in and for the State/Commonwealth of

(seal)

(Name printed)

Residing at _____

Commission Number _____

Proposal Form 3
Statement of Ownership – Proposer

Name of Proposer:

Business Address:

Legal Form of Proposer:

State of Incorporation or Organization:

If not organized in Pennsylvania, is Proposer Yes
authorized to do business in Pennsylvania? No

*List Names and Titles of All Principal
Officers and Directors:*

Significant Equity Owners of the Proposer:

List the names, business addresses and percentage ownership interests of all Persons (individuals or entities) who own, directly or indirectly, 10% or more of the capital stock, units, partnership or membership interests, or other equity interests or securities of the Proposer (including options, warrants and other rights to acquire such equity interests) (the "Significant Equity Owners"). If none, please state "NONE." If one or more such Significant Equity Owner(s) of Proposer is an entity, then list the names and addresses of all Significant Equity Owners of such entity; if none, please state "None." This disclosure shall be continued until names and addresses of every Significant Equity Owners exceeding the ten percent ownership criteria of each entity listed has been identified. Additional pages may be attached.

<i>Name</i>	<i>Address</i>	<i>% Interest</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Proposal Form 4 Operator Information

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the APA. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator:**

2. **Operator's Primary Representative:**

3. **Operator Experience (if not previously provided in response to the RFQ):**

4. **Operator's References (if not previously provided in response to the RFQ):**

5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

Proposal Form 5
Contract and Lobbyist Disclosure

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>

Name of Proposer

Name of Designated Signatory

Signature

Title

Proposal Form
6
Business Proposal

The amount of the Purchase Price that Proposer offers to pay pursuant to Section 3.01 of the Agreement is:

US\$ _____ [*in numbers*],

_____ [*in words*] United States

Dollars.

Proposers should ensure that the written and numerical Purchase Price in this Business Proposal exactly match. Should this not be the case, the binding Purchase Price will be assumed to be the lower of the two Purchase Price numbers.

Name of Proposer

Name of Designated Signatory

Signature

ASSET PURCHASE AGREEMENT

By and Between

Township of East Norriton, Montgomery County

As Seller

and

[_____]

As Buyer

Dated as of September __, 2018

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (“Agreement”), dated as of September __, 2018 (the “Effective Date”), is made and entered into by and between TOWNSHIP OF EAST NORRITON, Montgomery County, a body corporate and politic, duly organized and existing under the laws of the Commonwealth of Pennsylvania (the “Seller”), and [_____] (the “Buyer”), a _____ [organized and existing under the laws of the Commonwealth of Pennsylvania].

WITNESSETH:

WHEREAS, Seller, acting by and through the Board of Supervisors of the Township of East Norriton, Montgomery County (the “Township Board”) owns and operates a sanitary wastewater collection system (the “System”) that provides sanitary wastewater service to various customers in the Township of East Norriton, Pennsylvania and to some surrounding townships pursuant to service agreements (the “Service Area”), and transports and pumps its sewage to the treatment plant that is owned and operated by the East Norriton-Plymouth-Whitpain Joint Sewer Authority (the “Authority”); and

WHEREAS, Seller duly formed the Authority and owns one-third of the assets of the Authority; and

WHEREAS, Buyer is a [regulated public utility]/[municipal authority] that furnishes wastewater service to the public in _____, Pennsylvania; and

WHEREAS, Buyer, in reliance upon the representations, warranties and covenants of Seller herein, desires to purchase and acquire from Seller, and Seller, in reliance upon the representations, warranties and covenants of Buyer herein, desires to sell, transfer and convey to Buyer all of the assets of the System (other than the Excluded Assets), and in connection therewith, Buyer has agreed to assume certain ongoing obligations and liabilities of Seller related to such acquired assets, all on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual representations, warranties, covenants, and agreements herein contained, the receipt and sufficiency of which hereby are acknowledged, intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms, as used in this Agreement (unless otherwise specified herein), shall have the meanings set forth in this Article I:

“**Acquired Assets**” has the meaning specified in Section 2.01.

“**Affiliate**” means, when used to indicate a relationship with a specified Person, a Person that, directly or indirectly, through one or more intermediaries, has a 10% or more voting or economic interest in such specified Person or controls, is controlled by or is under common control with (which shall include, with respect to a managed fund or trust, the right to direct or cause the direction of the management and policies of such managed fund or trust as manager, advisor, supervisor, sponsor or trustee pursuant to relevant contractual arrangements) such specified Person, and a Person shall be deemed to be controlled by another Person if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any Person or Persons with whom that other Person is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise (and for purposes of this definition, a managed fund or trust shall be deemed to be an Affiliate of the Person managing, supervising, sponsoring or advising such fund or trust and a limited partner in a managed fund or trust shall be deemed to be an Affiliate of such fund or trust and of the Person managing, supervising, sponsoring or advising such fund or trust).

“**Agreement**” has the meaning ascribed thereto in the recitals to this Agreement (and includes all Schedules and Exhibits referred to herein), as amended, modified and supplemented from time to time in accordance with the terms hereof.

“**Allocation Schedule**” has the meaning specified in Section 3.03.

“**Assigned Contracts**” has the meaning specified in Section 2.01(c).

“**Assignment and Assumption Agreement**” has the meaning specified in Section 13.02(c).

“**Assumed Liabilities**” has the meaning specified in Section 2.04(a).

“**Authority**” has the meaning specified in the Preamble of this Agreement.

“**Authority Agreements** means, collectively, the following agreements to which East Norriton Township is a party: (i) a Joint Treatment Agreement dated October 5, 1959 (the “1959 Agreement”) among Seller, Plymouth Township, the East Norriton Township Municipal Authority, the Plymouth Township Municipal Authority, and the Authority, (ii) an Intermunicipal Sewage Treatment Service Agreement dated September 1, 1991 (the “1991 Agreement”) among Seller, Plymouth Township, Whitpain Township, the East Norriton Township Municipal Authority, the Plymouth Township Municipal Authority, and the Authority; and (iii) Supplement No. 1 to the 1991 Agreement dated on or about October 25, 2005 (the “2005 Agreement”).

“**Authorizations and Permits**” mean all licenses, permits, franchises, authorizations, certificates, registrations, consents, orders, adjudications, variances, waivers and approvals currently in effect issued or granted by Governmental Authorities, including without limitation, environmental permits, operating permits and approvals that are held by Seller that primarily relate directly or indirectly to the operation of the System, including those described in Schedule 4.12.

“**Business Day**” means any day that is neither a Saturday, Sunday nor a day observed as a holiday by either the Commonwealth of Pennsylvania or the United States government.

“**Buyer**” has the meaning specified in the Preamble of this Agreement.

“**Buyer Fundamental Representations**” has the meaning specified in Section 8.01.

“**Buyer Indemnified Persons**” has the meaning specified in Section 8.02.

“**CERCLA**” means the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq., as amended.

“**Closing**” means the consummation of the sale and purchase of the Acquired Assets and assumption of the Assumed Liabilities, the release/waiver of liabilities and the other transactions contemplated hereby, all in accordance with the terms and conditions of this Agreement and as provided for in Article XIII.

“**Closing Date**” has the meaning specified in Section 13.01.

“**Closing Effective Time**” has the meaning specified in Section 13.01.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Confidential Information**” means any information about Buyer, Seller or the System related to the transactions contemplated by this Agreement; provided, however, that such term does not include information which the receiving Party can demonstrate (a) is generally available to or known by the public other than as a result of improper disclosure by the receiving Party, (b) is obtained by the receiving Party from a source other than the disclosing Party, provided that such source was not bound by a duty of confidentiality to the disclosing Party with respect to such information, or (c) is legally in the public domain.

“**Customer Sewer Laterals**” has the meaning specified in Section 2.02(k).

“**Easements**” means all easements, rights of way, licenses, use agreements, occupancy agreements, leases and other agreements and appurtenances for and over the real property of third parties that are necessary for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Acquired Assets (including access thereto).

“**EDU**” means equivalent dwelling unit and having a use rate of 230 gallons per day and is recognized by the Authority at the same rate for planning purposes as of the Effective Date.

“**Effective Date**” has the meaning specified in the Preamble.

“**Environment**” means soil, surface waters, ground waters, land, stream sediments, flora, fauna, surface or subsurface strata and ambient air.

“**Environmental Claims**” means all notices of investigations, warnings, notice letters, notices of violations, Liens, orders, claims, demands, suits or administrative or judicial actions for any injunctive relief, fines, penalties, third party claims, or other claims asserting violations of Environmental Requirements or responsibility for Environmental Liabilities.

“Environmental Conditions” means the Release of Hazardous Materials or the presence of Hazardous Materials on, in, under or within any property (including the presence in the Environment), other than the presence of Hazardous Materials in locations and at concentrations that are naturally occurring.

“Environmental Liabilities” means any legal obligation or liability arising under Environmental Requirements or related to or arising out of any Environmental Condition, including those consisting of or relating to any (a) duty imposed by, breach of or noncompliance with any Environmental Requirements; (b) environmental, health or safety matters or conditions (including on-site or off-site contamination, occupational safety and health and regulation of Hazardous Materials); (c) Remedial Action undertaken by any Person; (d) bodily injury (including illness, disability and death, and regardless of when any such bodily injury occurred, was incurred or manifested itself), property damage (including trespass, nuisance, wrongful eviction and deprivation of the use of real or personal property), or other losses or damages incurred by any other Person (including any employee or former employee of such Person); (e) any injury to, destruction of, or loss of natural resources, or costs of any natural resource damage assessments; (f) exposure of any Person to any Hazardous Materials; and (g) the presence or Release of any Hazardous Materials.

“Environmental Requirements” mean all present Laws (including common law), regulations, legally binding or otherwise enforceable requirements and Authorizations and Permits relating to human health, pollution, or protection of the Environment (including ambient air, surface water, ground water, land surface or surface strata), including (i) those relating to emissions, discharges, Releases, or threatened Releases of Hazardous Materials, and (ii) those relating to the identification, generation, manufacture, processing, distribution, use, treatment, storage, disposal, release, recovery, transport or other handling of Hazardous Materials. Without limiting the foregoing, the term **“Environmental Requirements”** includes (1) CERCLA; the Superfund Amendments and Reauthorization Act, Public Law 99-499, 100 Stat. 1613; the Emergency Planning and Community Right to Know Act, 42 U.S.C. Sections 11001-11050; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901-6992k (“RCRA”); the Safe Drinking Water Act, 42 U.S.C. Sections 300f to 300j-26; the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2692; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101-5127; the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387; the Oil Pollution Act of 1990, 33 U.S.C. Sections 2701--2761; the Clean Air Act, 42 U.S.C. Sections 7401-7671q; the Atomic Energy Act of 1954, as amended, 42 U.S.C. Sections 2011 et seq.; the Low Level Radioactive Waste Policy Act, as amended, 42 U.S.C. Section 2021b et seq.; the Occupational Safety and Health Act, 29 U.S.C. Sections 651-678, and the regulations promulgated pursuant to the above-listed federal statutes, and (2) counterpart Laws and regulations promulgated or issued by any state or local Governmental Authority, specifically including the Pennsylvania Storage Tank and Spill Prevention Act of 1989 (35 Pa. C.S.A. § 6021.101 *et. seq.*).

“EPA” means the United States Environmental Protection Agency, or a successor Governmental Authority with substantially similar power and authority thereto.

“Equipment and Machinery” means (i) all the equipment, tangible personal property, machinery, office furniture and equipment, fixtures, tooling, spare maintenance or replacement parts, environmental testing equipment, and vehicles owned or leased by Seller (including all

leases of such property), which are primarily used in the operation of the System, (ii) any rights of Seller to warranties applicable to the foregoing (to the extent assignable), and licenses received from manufacturers and Seller of any such item, and (iii) any related claims, credits, and rights of recovery with respect thereto, as listed in Schedule 4.10. Notwithstanding the foregoing, “Equipment and Machinery” shall not include any Excluded Assets.

“**Excluded Assets**” has the meaning specified in Section 2.02.

“**Excluded Liability**” or “**Excluded Liabilities**” means, notwithstanding any provision in this Agreement to the contrary, those obligations or liabilities related to any of the Excluded Assets.

“**Files and Records**” means all files and records of Seller primarily relating to the System and the Acquired Assets, whether in hard copy, digital, or magnetic or other format including data, geographic information system data, plans, contracts and recorded knowledge relating to the Acquired Assets (including property records, related to the foregoing), customer and supplier records, customer lists (both current and prospective), records of sales calls, manuals, books, files, records, engineering data, procedures, systems, instructions, drawings, blueprints, plans, designs, specifications, equipment lists, parts lists, equipment maintenance records, equipment warranty information, plant plans, specifications and drawings, sales and advertising material, and computer software, whether stored on-site or off-site.

“**Final Order**” means a Governmental Approval by a Governmental Authority as to which (a) no request for stay of the action is pending, no such stay is in effect and if any time period is permitted by statute or regulation for filing any request for such stay, such time period has passed, (b) no petition for rehearing or reconsideration of the action is pending and the time for filing any such petition has passed, (c) such Governmental Authority does not have action under consideration on its own motion and (d) no appeal to a court or administrative tribunal or a request for stay by a court or administrative tribunal of the Government Authority’s action is pending or in effect and the deadline for filing any such appeal or request for stay has passed.

“**Governmental Approval**” means any consent, approval, authorization, notice, filing, registration, submission, reporting, order, adjudication or similar item of, to or with any Governmental Authority.

“**Governmental Authority**” or “**Governmental Authorities**” means any court, department, commission, board, bureau, municipality, municipal authority (established pursuant to the Municipal Authorities Act of the Commonwealth of Pennsylvania), agency or instrumentality of the United States, any state, county, city or political subdivision thereof, or any foreign governmental body, including without limitation, the PaPUC, the EPA, PaDEP and the Township Board.

“**Hazardous Materials**” means any solid, liquid, gas, odor, heat, sound, vibration, radiation or other substance or emission which is a contaminant, pollutant, dangerous substance, toxic substance, hazardous waste, residual waste, solid waste, hazardous material or hazardous substance which is or becomes regulated by applicable Environmental Laws or which is classified as hazardous or toxic under applicable Environmental Laws (including gasoline, diesel fuel or

other petroleum hydrocarbons, polychlorinated biphenyls, asbestos and urea formaldehyde foam insulation).

“Indemnified Party” means any Buyer Indemnified Persons or Seller Indemnified Persons, as applicable, entitled to indemnification pursuant to Article VIII.

“Indemnifying Party” means a Party which is obligated to indemnify the Buyer Indemnified Persons or the Seller Indemnified Persons, as applicable, pursuant to Article VIII.

“Knowledge” means either (i) the actual knowledge of a Representative of Buyer and the knowledge that each such person would reasonably be expected to obtain in the course of diligently performing his or her duties for Buyer or (ii) the actual knowledge of the Township Board and the Township Senior Staff, and, in the case of the Township Senior Staff, the knowledge that each such person would reasonably be expected to obtain in the course of diligently performing his or her duties for Seller, as applicable based on the context in which the term is used.

“Land Development Agreement / Financial Security Agreement” means any agreement between Seller and an applicant for subdivision and/or land development approval pursuant to the Pennsylvania Municipalities Planning Code, pursuant to which applicant is required to construct public improvements and required to post financial security, for the benefit of Seller, to secure applicant’s obligations under such agreement.

“Law” means any applicable law, statute, regulation, ordinance, rule, order, judicial, administrative and regulatory decree, judgment, adjudication, consent decree, settlement agreement or governmental requirement enacted, promulgated, entered into, agreed or imposed by any Governmental Authority, as may be in effect at the relevant time or times in the context in which the term is used.

“Liability Cap” has the meaning specified in Section 8.05(c).

“Lien” means any lien in a fixed and ascertainable monetary sum, or any pledge, mortgage, deed of trust or security interest securing a fixed and ascertainable monetary sum, or any charge or claim in a fixed and ascertainable monetary sum. In addition, in connection with Real Property, any item otherwise falling within the definition of a “Lien” must be filed of record by the responsible Party in accordance with the terms of this Agreement.

“Loss” means any and all losses, liabilities, obligations, damages, penalties, interest, Taxes, claims, actions, demands, causes of action, judgments, reasonable attorneys', consultants' and other professional fees, and all other reasonable costs and expenses sustained or incurred in investigating, preparing or defending or otherwise incident to any such claim, action, demand, cause of action or judgment or the enforcement of a Party’s rights under Article VIII; *provided, however,* that **“Losses”** shall not include punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party in respect of a Third Party Claim.

“Material Adverse Effect” means any result, occurrence, fact, change, event or effect that has a materially adverse effect on the business, financial condition or results of operations of the System; provided, however, that no effect arising out of or in connection with or resulting from any of the following shall be deemed, either alone or in combination, to constitute or contribute to a Material Adverse Effect: (i) general economic conditions or changes therein; (ii) financial, banking, currency or capital markets fluctuations or conditions (either in the United States or any international market and including changes in interest rates); (iii) conditions affecting the real estate, financial services, construction, water utility or sewer utility industries generally; (iv) any existing event, circumstance, condition or occurrence of which Buyer has Knowledge as of the Effective Date; (v) any action, omission, change, effect, circumstance or condition contemplated by this Agreement or attributable to the execution, performance or announcement of this Agreement or the transactions contemplated hereby; and (vi) negligence, intentional misconduct or bad faith of Buyer or its Representatives.

“Minimum Flow Capacity” means Seller’s share (one-third (1/3)) of the total allowable EDUs/flow into the Authority’s treatment plant for treatment as of the Effective Date, subject to any downward re-rating.

“Missing Easements” means, as of any particular date, each material Easement that is for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Acquired Assets (including access thereto) that either (a) has not been obtained by Seller prior such date or (b) if such Easement has been obtained by Seller prior such date, such Easement is unrecorded or such Easement is not sufficient to operate the System as currently conducted.

“MS4 System” or **“Municipal Separate Storm Sewer System”** means the current and any future assets and facilities, built, operated or maintained, or real property (**“MS4 System Real Property”**) and Stormwater System Assets owned by Seller and used for the purpose of capturing, conveying and discharging stormwater separate from the System.

“Outside Date” means [__, 20__]¹/[____, 20__]².

“Outstanding Indebtedness” means the outstanding indebtedness of Seller set forth on Schedule 7.06.

“PaDEP” means the Pennsylvania Department of Environmental Protection, or any successor Governmental Authority with substantially similar powers thereto.

¹ If winning bidder is a governmental entity, PUC approval is not required. Outside Date shall be 6 months post-closing for Outside Date.

² If winning bidder is a public utility, PUC approval is required. Outside Date shall be 365 days after the filing of the application for approval with the PaPUC.

[“**PaPUC**” means the Pennsylvania Public Utility Commission, or any successor Governmental Authority with substantially similar powers thereto.]³

“**Party**” means Buyer or Seller and the term “Parties” means collectively Buyer and Seller.

“**PCB Equipment**” means PCB equipment as defined in 40 C.F.R. Part 761.

“**Pending Development Plan**” means any subdivision or land development plan that has been submitted to Seller for approval pursuant to the Pennsylvania Municipal Planning Code.

“**Permitted Liens**” means (a) the Liens, security interests, encumbrances and pledges of revenues on the Outstanding Indebtedness assumed by Buyer at Closing pursuant to Sections 3.02(a)(ii) and 7.06; (b) Liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures; (c) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property and Easements as disclosed on Schedule 4.09; (d) other than with respect to Real Property owned by Seller, Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; and (e) other imperfections of title or Liens, if any, that have not had, and would not have, a Material Adverse Effect.

“**Person**” means any individual (including, the heirs, beneficiaries, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other entity or a Governmental Authority.

“**Personnel**” means the employees of Seller.

“**Purchase Price**” has the meaning specified in Section 3.01.

“**Real Property**” means those certain parcels of land, with the buildings, improvements, and Equipment and Machinery thereon or therein, that are part of the System and fee simple title to which is to be conveyed by Seller to Buyer as part of the Acquired Assets.

“**Regulated Asbestos Containing Material**” means regulated asbestos containing material as defined by 40 C.F.R. § 61.141.

“**Release**” means any actual or threatened spilling, leaking, pumping, pouring, injecting, emptying, discharging, emitting, escaping, leaching, dumping, disposal, or release or migration of Hazardous Materials into the Environment, including the abandonment or discarding of barrels, containers and other receptacles containing any Hazardous Materials.

“**Remedial Action**” means any and all actions to (a) investigate, clean up, remediate, remove, treat, contain or in any other way address any Hazardous Materials in the Environment, (b) prevent the Release or threat of Release or minimize the further Release of any Hazardous

³ Bracketed because definition will only be required for some winning bidders.

Materials so it does not migrate or endanger public health or welfare or the indoor or outdoor Environment, and (c) perform pre-remedial studies and investigations and post-remedial monitoring, maintenance and care. The term “**Remedial Action**” includes any action which constitutes (i) a “removal”, “remedial action” or “response” as defined by Section 101 of CERCLA, 42 U.S.C. §§ 9601(23), (24), and (25); (ii) a “corrective action” as defined in RCRA, 42 U.S.C. § 6901 et seq.; or (iii) a “response” or “interim response” as defined in the Pennsylvania Hazardous Sites Cleanup Act, 35 P.S. §6020.103.

“**Representative**” means, with respect to any Person, any director, officer, employee, official, lender mortgagee, financier, provider of any financial instrument (or any agent or trustee acting on their behalf), partner, member, owner, agent, lawyer, accountant, auditor, professional advisor, consultant, engineer, contractor, other Person for whom such Person is at law responsible or other representative of such Person and any professional advisor, consultant or engineer designated by such Person as its “Representative.”

“**Retained Liabilities and Obligations**” means (i) those solely governmental functions required by the Authority Agreements for the owners of the Authority’s wastewater treatment facilities and for the governance of the Authority; and (ii) those certain liabilities and obligations contained in the Authority Agreements related to Seller’s continuing interest in the ownership of and capital obligations for the Authority wastewater treatment facilities.

“**Schedules**” means the disclosure schedules delivered by Seller and Buyer, respectively, concurrently with the execution and delivery of this Agreement, and as may be supplemented and updated pursuant to Sections 9.03 and 10.04. Any disclosure set forth on any particular Schedule shall be deemed disclosure in reference to all Schedules comprising the Schedules to which such disclosure is clearly applicable.

“**Seller**” has the meaning specified in the Preamble of this Agreement.

“**Seller Fundamental Representations**” has the meaning specified in Section 8.01.

“**Seller Indemnified Persons**” has the meaning specified in Section 8.03.

“**Seller NPDES Permits**” means the following National Pollutant Discharge Elimination System Permits/Water Quality Management Permits set forth on Schedule 4.14, each issued by PaDEP to Seller with respect to the System, including any revisions or amendments thereto. This definition shall not include any permit issued and related to the Stormwater System Assets.

“**Seller’s Benefit Obligations**” means all material obligations, arrangements, or practices, whether or not legally enforceable, to provide benefits, other than salary or wages to present or former directors, employees or agents, (other than obligations, arrangements and practices that are Seller’s Plans), that are owed, adopted or followed by the Seller. Seller’s Benefit Obligations also include consulting agreements under which the compensation paid does not depend upon the amount of service rendered, sabbatical policies, severance payment policies and fringe benefits within the meaning of Code §132.

“Seller’s Plans” means each voluntary employees’ beneficiary association under Section 501(c)(9) of the Code whose members include any Personnel and any employee benefit plans or any other retirement, profit sharing, stock option, stock bonus, deferred compensation (including any “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code), severance, sick leave or other material plan or arrangement providing benefits to current or former Personnel, in each case, if either currently in effect or terminated within the last six (6) years, to which the Seller is a plan sponsor or to which the Seller otherwise contributes or has contributed within the last six (6) years, or in which the Seller otherwise participates or has participated within the last six (6) years.

“Service Area” has the meaning set forth in the recitals to this Agreement.

“Stormwater System Assets” means all assets owned by Seller, and used exclusively in the operation or maintenance of the MS4 System, including (i) drains, pipes and collection basins and all other stormwater drainage assets used exclusively for stormwater collection, conveyance and discharge; (ii) catch basins, inlets, pipes and all other stormwater lateral facilities (the **“Stormwater Lateral Facilities”**) that connect surface stormwater drains to storm conveyances which discharge to surface waters; (iii) interest in real estate directly associated with (i) and (ii); and (iv) any related permits.

“Supplies” means all lubricants, spare parts, fuel, chemicals, raw materials, and other supplies and inventory, and all rights to warranties received from suppliers with respect to the foregoing, and related claims, credits, and rights of recovery with respect thereto.

“System” has the meaning specified in the recitals to this Agreement and shall include the Acquired Assets and exclude the Excluded Assets.

“Taxes” means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, permit fees, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, parking, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax, levy, impost, stamp tax, duty, fee, withholding or similar imposition of any kind payable, levied, collected, withheld or assessed at any time, including any interest, penalty or addition thereto, whether disputed or not.

“Threshold Amount” has the meaning specified in Section 8.05(a).

“Title Commitment” has the meaning specified in Section 6.01.

“Title Company” has the meaning specified in Section 6.01.

“Title Policy” has the meaning specified in Section 2.03.

“Township Board” the meaning specified in the Preamble of this Agreement.

“Township Senior Staff” means the Township Manager, Assistant Township Manager, Director of Fiscal Affairs, Director of Human Resources, Superintendent of Public Works, Sewer Superintendent, and the Township Engineer.

“Transferred Personnel” has the meaning specified in Section 7.12(a).

“UCC Search” has the meaning specified in Section 6.04.

“Unscheduled Real Property” has the meaning specified in Section 6.06.

“Utility Valuation Expert” means an expert that has applied and has been approved by the PaPUC and is currently, at the time of this Agreement, on the list of approved appraisers maintained by the PaPUC.

ARTICLE II.

TERMS OF PURCHASE AND ASSUMPTION OF LIABILITIES

Section 2.01. Purchase and Sale of Acquired Assets

. Subject to the terms and conditions set forth in this Agreement, at Closing, Buyer shall purchase from Seller and Seller shall sell, transfer, assign and deliver to Buyer, free and clear of all Liens except for Permitted Liens, all of Seller's right, title and interest in and to all assets, facilities, business, goodwill, properties and rights of Seller of every kind and description, whether tangible or intangible, real, personal or mixed, wherever situated, in each case used in, held for use in, or acquired or developed for use in, the System, or otherwise related to, or arising out of the operation or conduct of the System (whether or not any such assets have any value for accounting purposes or are carried or reflected on the books or financial records of Seller), including any of the foregoing in which Seller is entitled to acquire rights in the future pursuant to Pending Development Plans (other than the rights of Seller pursuant to Section 2.02(d)) or development plans approved pursuant to this Agreement, but in all cases other than the Excluded Assets (the foregoing collectively referred to as the "Acquired Assets"), including:

(a) all real property and appurtenant interests used in the operation of the System, including without limitation (i) good and marketable fee simple title to the Real Property described and identified on Schedule 4.09 hereof, and (ii) all Easements, including without limitation those identified on Schedule 4.09;

(b) all sanitary wastewater related pumping and conveyance facilities, including but not limited to all collection system pipes, pumping stations, hoists, generators, manholes and pipelines and any billing and collections related assets necessary to run the System;

(c) all contracts, licenses, and leases to which Seller is a party, including without limitation, all construction contracts, surety bonds, operation and maintenance agreements, management agreements, reserved capacity agreements (including the rights set forth in Section 7.14 hereof), architect agreements and consultant agreements, and agreements relating to vehicles and other items of personal property as set forth on Schedule 4.15 (the "Assigned Contracts");

(d) all Supplies;

(e) all personal property and fixed assets, including all Equipment and Machinery, auxiliary equipment and plant equipment, including without limitation those items listed on Schedule 4.10 hereof;

(f) all expenses prepaid by Seller and security deposits paid by Seller;

(g) all Files and Records;

(h) all Authorizations and Permits of or held by Seller (to the extent transferrable to Buyer under applicable Law), including all Authorizations and Permits which are environmental

permits, Seller's NPDES Permits other than those NPDES permits that relate to the Stormwater System Assets, other operating permits and those items listed or described on Schedule 4.12 hereto; and

- (i) all goodwill of the System.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, INCLUDING ANY REPRESENTATION AS TO THE PHYSICAL CONDITION OR VALUE OF ANY OF THE ACQUIRED ASSETS OR THE SYSTEM, OR THE FUTURE PROFITABILITY OR FUTURE EARNINGS PERFORMANCE OF THE ACQUIRED ASSETS OR THE SYSTEM OR ANY FUTURE RATEMAKING THAT MAY BE ALLOWED BY THE PAPUC FOR ANY OF THE ACQUIRED ASSETS. ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED. NOTWITHSTANDING THE FOREGOING, SELLER IS NOT AWARE OF ANY MATERIAL DEFECT IN THE PERFORMANCE OR OPERATION OF THE PHYSICAL ASSETS CONSTITUTING THE SYSTEM.

Section 2.02. Excluded Assets

. Notwithstanding anything herein to the contrary, the Acquired Assets shall not include the following (the "Excluded Assets"):

- (a) the Stormwater System Assets, including any related NPDES permits;
- (b) all contracts, licenses and leases that are not Assigned Contracts;
- (c) the seals, organizational documents, minute books, Tax Returns, books of account or other records having to do with the organization of Seller;
- (d) cash and cash equivalents, including (i) accounts receivable and amounts earned by Seller but not yet billed attributable to services rendered by Seller as of or prior to the Closing Date and (ii) EDU fees owed to Seller at or prior to the Closing Date for any Pending Development Plan but not yet paid to Seller;
- (e) all insurance policies of Seller and all rights to applicable claims and proceeds thereunder;
- (f) all rights to any outstanding lien related to non-payment by a System customer existing at or prior to the Closing Date and all actions, suits or claims of any nature available to or being pursued by Seller, whether arising by way of counterclaim or otherwise;
- (g) all assets, properties and rights used by Seller other than those which primarily relate to the operations of the System;
- (h) the assets, properties and rights specifically set forth on Schedule 2.02(h);
- (i) Seller's one-third ownership interest in the Authority;

- (j) the MS4 System Real Property;
- (k) the rights which accrue or will accrue to Seller under this Agreement and any related agreement, exhibit or schedule; and
- (l) any and all connecting facilities (customer's sewer laterals) originating from Seller's terminus point of the collection facilities at the main or edge-of-road to and throughout the customer's property (the "Customer Sewer Laterals").

Section 2.03. Sale Free of Liens

. After Buyer fulfills its obligations pursuant to Section 3.01(a), the Acquired Assets to be sold, conveyed, transferred, assigned and delivered by Seller to Buyer, as herein provided, shall be on the Closing Date, free and clear of all Liens other than Permitted Liens and the revenues of the System shall be free and clear of any lien of a trustee for the benefit of the holders of any of the Outstanding Indebtedness except for any Outstanding Indebtedness assumed by Buyer. Such Acquired Assets shall be conveyed by appropriate special warranty or other deed (subject to Section 6.02(c) below), bills of sale, endorsements, assignments and other instruments of transfer or conveyance described herein, and if not expressly described herein, then by transfer documents satisfactory in form and substance reasonably acceptable to Buyer and Seller and their counsel in their reasonable, good faith discretion. With respect to the Real Property, at Closing title to the same shall be insured by the Title Company, at the Title Company's filed rates, as a good and marketable title, free and clear of all Liens and exceptions to coverage, except for the Permitted Liens, pursuant to an owner's policy of title insurance on the American Land Title Association's ("ALTA") Owner's Form 2006, subject to the terms of Section 6.02 below (the "Title Policy").

Section 2.04. Assumption of Liabilities

(a) On the terms and conditions set forth in this Agreement and excluding the Excluded Liabilities, Buyer shall assume and agrees to pay, perform and discharge when due any and all liabilities and obligations of Seller both (1) arising under Seller's NPDES Permits (arising from, related to, or based on events or circumstances occurring on or after the Closing Date), and (2) arising out of or relating to the System or the Acquired Assets on or after the Closing, including the following:

- (i) all liabilities and obligations under the other Assigned Contracts and Authorizations and Permits resulting from events that occur or conditions that exist on or after the Closing, except for the Retained Liabilities and Obligations;

- (ii) any litigation initiated against Seller related to the System or the Acquired Assets resulting from events that occur on or after Closing or conditions that exist on or after the Closing;

(iii) all liabilities and obligations for Taxes relating to the System, its operation, the Acquired Assets and the Assumed Liabilities attributable to the period after the Closing Date;

(iv) to the extent assumed by Buyer pursuant to Section 3.01(a), all of the obligations related to the Outstanding Indebtedness; and

(v) all other liabilities and obligations arising out of or relating to Buyer's ownership or operation of the System and the Acquired Assets on or after the Closing (all of the aforementioned liabilities in this Section 2.04(a) are referred to as the "Assumed Liabilities").

(b) At the Closing, to the extent Seller is not released therefrom, Seller shall be indemnified against its obligations under the Assumed Liabilities in accordance with Section 8.03.

(c) Buyer shall not assume or be liable to pay any liabilities or obligations relating to the Excluded Liabilities or any other liabilities or obligations that are not Assumed Liabilities.

Section 2.05. Further Assurances

. At any time and from time to time after the Closing Date, Seller shall, upon the request of Buyer, and Buyer shall, upon the request of Seller, at the cost of requesting Party, promptly execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate, (a) the sale, conveyance, transfer, assignment and delivery hereunder of the Acquired Assets to Buyer, (b) the assumption by Buyer of any of the Assumed Liabilities, (c) performance by the Parties of any of their other respective obligations under this Agreement, (d) the vesting in Buyer of all right, title and interest in the Acquired Assets and the System as provided herein, and (e) any other matters reasonably requested by a Party to carry out the provisions, purposes and intent of this Agreement.

Section 2.06. Certain Transfers; Assignment of Contracts

(a) Notwithstanding anything to the contrary in this Agreement, and subject to the provisions of this Section 2.06(a) and Section 2.06(b), to the extent that the sale, transfer, assignment, conveyance and delivery, or attempted sale, transfer, assignment, conveyance and delivery, to Buyer of any Assigned Contract or other Acquired Asset would result in a violation of applicable Law, or would require the consent, authorization, approval or waiver of any Person (other than the Parties hereto), including any Governmental Authority, and such consent, authorization, approval or waiver shall not have been obtained prior to the Closing, this Agreement shall not constitute a sale, transfer, assignment, conveyance and delivery, or an attempted sale, transfer, assignment, conveyance and delivery, thereof (any such Acquired Asset, a "Nonassignable Asset"). Following the Closing, Seller and Buyer shall use commercially reasonable efforts (at the cost and expense of the Party that is responsible for compliance with such

Law or obtaining such consent, authorization, approval or waiver), and shall cooperate with each other, to obtain any such required consent, authorization, approval or waiver, or any release, substitution, novation or amendment required to sell, transfer, assign, convey and deliver any such Nonassignable Asset to Buyer; *provided, however*, that in no event shall Buyer be required to pay any consideration therefor. Once such consent, authorization, approval, waiver, release, substitution or amendment is obtained, Seller shall sell, transfer, assign, convey and deliver to Buyer the relevant Acquired Asset to which such consent, authorization, approval, waiver, release, substitution or amendment relates for no additional consideration. Any applicable sales, transfer and other similar Taxes in connection with such sale, transfer, assignment, conveyance and delivery shall be paid fifty percent (50%) by Buyer and fifty percent (50%) by Seller.

(b) Until such time as a Nonassignable Asset is transferred to Buyer pursuant to this Article II, Buyer and Seller shall cooperate in any commercially reasonable and economically feasible arrangements (such as subleasing, sublicensing or subcontracting) to provide to the Parties the economic and, to the extent permitted under applicable Law, operational equivalent of the transfer of such Nonassignable Asset to Buyer at the Closing and the performance by Buyer of its obligations with respect thereto, and so long as Seller transfers and turns over all economic and beneficial rights with respect to each such Nonassignable Asset, Buyer shall, to the extent permitted under applicable Law and the terms of any applicable contract that constitutes a Nonassignable Asset, as agent or subcontractor for Seller, pay, perform and discharge the liabilities and obligations of Seller thereunder from and after the Closing Date, but only to the extent that such liabilities and obligations would constitute Assumed Liabilities if the applicable consent or approval had been obtained on or prior to the Closing Date and such Nonassignable Asset had been assigned to Buyer at Closing. To the extent permitted under applicable Law, Seller shall hold in trust for and pay to Buyer promptly upon receipt thereof, such Nonassignable Asset and all income, proceeds and other monies received by Seller with respect to such Nonassignable Asset in connection with the arrangements under this Article II.

(c) If, following the date hereof and prior to the Closing, Buyer identifies any contract to which Seller is a party which is not set forth on Schedule 4.15 as of the date hereof, and Buyer reasonably determines such contract is necessary or useful to the operation of the System, Buyer shall give notice of such determination to Seller and Seller shall, promptly following receipt of such notice, deliver to Buyer an updated Schedule 4.15 reflecting the addition of such contract, and such contract shall thereafter constitute and be deemed an “Assigned Contract” for all purposes hereunder.

(d) In the event that, during the twelve (12) month period following the Closing, Buyer identifies any contract to which Seller was a party as of the Closing and which (i) was not set forth on Schedule 4.15 (as may be updated pursuant to (c)) and (ii) Buyer reasonably believes is necessary or useful to the operation of the System, Seller shall, promptly following Buyer’s written request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such contract to Buyer for no additional consideration, and upon such assignment, such contract shall be deemed an Assigned Contract for all purposes hereunder.

(e) From the date of this Agreement until the Closing Date, Seller shall collect accounts receivable and pay accounts payable in the ordinary course and in a manner consistent with its past practices.

ARTICLE III.

PURCHASE PRICE

Section 3.01. Purchase Price

. The purchase price for the Acquired Assets shall be [_____] (\$[_____] (the "Purchase Price") which shall be paid as follows at Closing:

(a) Buyer shall (i) provide for payment in full of the total amount of Outstanding Indebtedness (less any amounts of Outstanding Indebtedness actually assumed by Buyer pursuant to clause (ii) below) and/or (ii) subject to the provisions of Section 7.06, assume any of Seller's obligations related to the Outstanding Indebtedness and obtain a release of Seller from all obligations thereunder in such form and terms reasonably acceptable to Seller and/or provide written evidence of such payment in full to Seller in such form reasonably acceptable to Seller, at Buyer's discretion;

(b) Buyer shall pay, subject to any adjustment pursuant to Section 3.01(c), to Seller by wire transfer of immediately available funds the balance of the Purchase Price (after taking into account the amount paid or assumed by Buyer pursuant to Section 3.01(b)) to one or more accounts that Seller designates and provides to Buyer at least three (3) Business Days prior to the Closing Date.

(c) Final Billing: The Parties agree that Buyer shall be entitled to all customer billings with respect to sanitary wastewater customers services for the period on or after the Closing Effective Time, and Seller shall be entitled to all such billings for the period prior to the Closing Effective Time. The Parties shall cooperate to calculate an agreed upon proration of billing amounts and to the extent that either Party collects billings that are attributable to service provided by the other Party, the Party holding the other Party's billing collections shall pay such amount to the other Party.

Section 3.02. Fair Consideration

. The Parties acknowledge and agree that the consideration provided for in this Article III represents fair consideration and reasonable equivalent value for the sale and transfer of the Acquired Assets and the transactions, covenants and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's-length good faith negotiations between the Parties and their respective Representatives.

Section 3.03. Allocation of the Purchase Price

. At Buyer's request and Seller shall agree that the Purchase Price (which for purposes of this Section 3.03 shall include any liabilities required to be treated as part of the Purchase Price for

federal income tax purposes), as may be adjusted pursuant to this Section 3.03, shall be allocated among the Acquired Assets in accordance with the allocation reflected in a schedule prepared by Buyer in accordance with this Section 3.03 (the “Allocation Schedule”). Within sixty (60) days following the final determination of the Purchase Price pursuant to Section 3.01, Buyer shall deliver to Seller a draft of the Allocation Schedule setting forth Buyer’s proposed allocation for Seller’s review. Seller shall have the right to review and reasonably comment upon Buyer’s proposed Allocation Schedule, *provided*, that (a) such proposed Allocation Schedule shall be deemed approved by Seller and shall be final and binding upon the Parties unless Seller provides written notice of Seller’s comments to one or more items reflected in the proposed Allocation Schedule within twenty (20) Business Days after delivery of the proposed Allocation Schedule to Seller, and (b) upon receipt of any such written comments from Seller with respect to the proposed Allocation Schedule, Buyer may make such adjustments or revisions to the proposed Allocation Schedule based on Seller’s comments as Buyer determines in good faith to be necessary and appropriate, *provided further*, that Buyer shall have no obligation to make any such adjustments or revisions absent manifest error. The Parties shall adhere to the Allocation Schedule (as finally determined pursuant to this Section 3.03) for all purposes relevant to the calculation of federal or state Taxes, and will report the transactions contemplated herein in a manner consistent with such Allocation Schedule. Except as required by applicable Law, Buyer and Seller shall not take any position on their respective Tax Returns that is inconsistent with the Allocation Schedule.

Section 3.04. [Transfer Taxes]

. Any and all deed stamps or transfer Taxes which may be due the Commonwealth of Pennsylvania or any political subdivision in connection with the sale, transfer, assignment, conveyance and delivery hereunder of the Acquired Assets to Buyer (collectively, “Transfer Taxes”), shall be borne fifty percent (50%) by Buyer and fifty percent (50%) by Seller. The terms hereof shall survive Closing.]⁴

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes only the representations and warranties which are set forth in this Article IV.

As a material inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Seller represents and warrants, as of the Effective Date and as of the Closing Date (except to the extent any of the following representations and warranties specifically apply to or relate to another date, in which event such representations and warranties shall be true and correct as of such other date), as follows:

Section 4.01. Organization

⁴ Only applicable for some bidding entities.

. Seller is a body corporate and politic, duly organized and existing under the Second Class Township Code of the Commonwealth of Pennsylvania.

Section 4.02. Power and Authority

. Seller has (i) duly adopted an authorizing ordinance authorizing the transactions contemplated herein, which remains in full force and effect, (ii) duly authorized and approved the execution and delivery of this Agreement and (iii) duly authorized and approved the performance by Seller of its obligations contained in this Agreement. Seller has all requisite power and authority to own, lease and operate the Acquired Assets and the System and has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

Section 4.03. Enforceability

. This Agreement has been duly authorized, executed and delivered by Seller and constitutes a valid and legally binding obligation of Seller, enforceable against Seller in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

Section 4.04. No Conflict or Violation

. The execution and delivery of this Agreement by Seller, the consummation of the transactions contemplated hereby and the performance by Seller of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of Seller under (i) any applicable Law or (ii) any agreement, instrument or document to which Seller is a party or by which it is bound.

Section 4.05. Consents and Approvals

. Schedule 4.05 sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration to or filing or registration with any Governmental Authority required in connection with the execution and delivery of this Agreement by Seller or the performance by Seller of its obligations hereunder.

Section 4.06. Undisclosed Liabilities

Except as set forth in Schedule 4.06, there are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Acquired Assets, other than liabilities incurred in the ordinary course, that could not reasonably be expected to have a Material Adverse Effect on Buyer.

Section 4.07. Absence of Certain Changes or Events

. Except as set forth on Schedule 4.07, since December 31, 2015, there has not been any transaction or occurrence that has resulted or is reasonably likely to result in a Material Adverse Effect and Seller has operated and maintained the System since that date in the ordinary course.

Section 4.08. Tax Matters

. Except as set forth in Schedule 4.08 or as would not have a Material Adverse Effect, (i) Seller has timely paid all Taxes that may have been or may be due and payable by Seller on or before the Closing Date, arising from the ownership or operation of the Acquired Assets or the System on or before the Closing Date (ii) no taxing authority has asserted any claim against the Seller for the assessment of any additional tax liability or initiated any action or proceeding which could result in such an assertion; and (iii) the Seller has made all withholding of Taxes required to be made under all applicable Laws and regulations, including without limitation, withholding with respect to compensation paid to employees, and the amounts withheld have been properly paid over to the appropriate taxing authorities.

Section 4.09. Real Property and Easements

. Schedule 4.09 identifies all Real Property Seller owns and uses in the operation of the System and separately identifies the Easements. Seller does not lease (as lessee) any real property that is used in the operation of the System. There are no pending condemnation proceedings relating to any of the Real Property or Easements nor has Seller actually received any written threats of any condemnation proceedings and, to the Knowledge of Seller, no such proceedings are threatened. Seller has not received any written notices of any violations of any Law from any Governmental Authority with respect to the Real Property or the Easements which has not been cured in all material respects and, to Seller's Knowledge, no such violations of Law exist. With respect to the Real Property, (i) there are no leases, options, rights of reversions or other rights of use or rights to acquire the Real Property held by third parties, (ii) Seller is in sole possession of the Real Property, and (iii) to Seller's Knowledge there are no encroachments either way across the boundary of the Real Property, nor any dispute with adjacent property owners over the location of boundaries or potential claims adverse to title.

Section 4.10. Equipment and Machinery

. All Equipment and Machinery included in the Acquired Assets is set forth and otherwise described on Schedule 4.10. Except as set forth in Schedule 4.10, Seller has good title, free and clear of all Liens (other than the Permitted Liens and Liens which are released on or prior to Closing) to the Equipment and Machinery owned by Seller. Except as specifically disclosed on Schedule 4.10, all the Equipment and Machinery is owned by Seller, and none is leased or used under any conditional sales, title-retention, lease, license or similar arrangement.

Section 4.11. Employee Benefit Plans.

(a) Schedule 4.11(a) contains a true and complete list of all Seller's Plans and Seller's Benefit Obligations with respect to Personnel, including amounts owed to current or past employees for severance, unpaid and unused vacation pay or sick leave, or similar obligations. All such Seller's Plans and Seller's Benefit Obligations are in full force and effect and are in material compliance both as to form and operation, with applicable provisions of the Code, and any other applicable Laws, and with any applicable collective bargaining agreement. To Seller's Knowledge, no event has occurred which has resulted or is likely to result in the imposition of any liability on

the Seller under the Code or other applicable Law with respect to any Seller's Plans or Seller's Benefit Obligations;

(b) Except as set forth in Schedule 4.11(b), with respect to the System, the Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any “multiemployer plan” within the meaning of Section 14(f) of the Code, and has no liability of any nature, whether known or unknown, fixed or contingent, with respect to any such multiemployer plan;

(c) Except as set forth on Schedule 4.11(c), Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any medical, health, life or other welfare plan or benefits for present or future terminated or current or future retired Personnel or their spouses or dependents, other than as required by COBRA, or any comparable state law, and has no liability of any nature, whether known or unknown, fixed or contingent, with respect to any such post-termination welfare benefits;

(d) The Seller is and has been in material compliance with the requirements of COBRA and is not subject to any excise tax under Code Section 4980B for the current or any prior taxable year; and

(e) Except as set forth in Schedule 4.11(e), Seller has not entered into any severance or similar arrangement with respect to any present or former Personnel that will result in any obligation (absolute or contingent) of Buyer to make any payment to any present or former Personnel following termination of employment, including the termination of employment effected by the transactions contemplated by this Agreement. The consummation of the transactions contemplated by this Agreement will not trigger any severance or other obligation of Seller for which Buyer shall have any liability.

Section 4.12. Seller’s Personnel.

(a) Except as set forth on Schedule 4.12(a), Seller shall timely pay, or cause to be timely paid, to the Personnel as required under its policies and/or by applicable Law for accrued but unused and unpaid vacation, sick leave and other benefits accrued as of the Closing Date.

(b) Seller has not, in the past five (5) years, effectuated:

(i) a “plant closing” (as defined in the Worker Adjustment and Retraining Notification Act (“WARN Act”)) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the System; or

(ii) a “mass layoff” (as defined in the WARN Act) affecting any site of employment or facility of the System; nor has the System been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local Law.

(c) None of the Personnel has suffered an “employment loss” (as defined in the WARN Act) during the previous six months.

Section 4.13. Environmental Compliance

. Except as set forth in Schedule 4.13 or that otherwise could not be expected to have a Material Adverse Effect, Seller represents:

(a) The System as currently operated by Seller and all operations and activities conducted by Seller with respect to the System are in compliance in all material respects with all applicable Environmental Requirements.

(b) Seller has generated, used, handled, treated, stored and disposed of all Hazardous Materials in (i) compliance in all material respects with all applicable Environmental Requirements and (ii) a manner that has not given, and could not reasonably be anticipated to give, rise to Environmental Liabilities.

(c) Seller has not received notice of any Environmental Claims related to the System that have not been fully and finally resolved, and to the Knowledge of Seller no claims of Environmental Liabilities have been threatened allegedly arising from or relating to the System that have not been fully and finally resolved.

(d) Hazardous Materials are not present at or on the System or Acquired Assets, there has been no Release of Hazardous Materials at, on or from any part of the System or the Acquired Assets, in each case in a manner that violates any Environmental Requirements or has resulted in, or could reasonably be anticipated to give rise to, Environmental Liabilities.

(e) No Lien or activity use limitation or institutional control has been recorded affecting any Acquired Assets by any Governmental Authority due to either the presence of any Hazardous Material on or off the Acquired Assets or a violation of any Environmental Requirement.

(f) There are no underground storage tanks on or at any of the Acquired Assets. Any underground storage tanks previously located at the Acquired Assets have been removed or otherwise closed, plugged and abandoned in compliance with applicable Environmental Requirements in effect at the time of such closure.

(g) There is no PCB Equipment on or at any of the Acquired Assets. Any PCB Equipment that previously existed at the Acquired Assets has been flushed of polychlorinated byphenyls or has been removed and properly disposed of, in compliance with applicable Environmental Requirements, and any remaining PCB Equipment is labeled to the extent required under applicable Environmental Requirements and being managed in compliance with applicable Environmental Requirements.

(h) No Regulated Asbestos Containing Material exists in or on the Acquired Assets in an aggregate amount that would reasonably be expected to result in an Environmental Liability; and any Regulated Asbestos Containing Material is being managed in compliance with all applicable Environmental Requirements.

(i) Seller has delivered to Buyer (1) all material environmental site assessments or reasonable and accurate summaries thereof pertaining to the System, (2) all material compliance audits or compliance assurance reviews prepared within the previous five (5) years or

reasonable and accurate summaries thereof relating to compliance with Environmental Requirements by the System, and (3) reasonable and accurate summaries of, or all material documents pertaining to, any known and unresolved Environmental Liabilities incurred in relation to the System, to the extent possessed by or under the reasonable control of Seller.

Section 4.14. Authorizations and Permits

. Seller represents that (i) Schedule 4.14 lists or describes the Authorizations and Permits of Seller that are currently in full force and effect; (ii) Seller has made true and complete copies of all Authorizations and Permits available to Buyer; and (iii) except as set forth on Schedule 4.14, Seller is in compliance with all material terms, conditions and requirements of all Authorizations and Permits, except in each case where such violation or failure, individually or in the aggregate, would not have a Material Adverse Effect, and no proceeding is pending or, to the Knowledge of Seller threatened relating to the revocation or limitation of any of the Authorizations or Permits, other than those revocations or limitations which do not individually or in the aggregate have a Material Adverse Effect.

Section 4.15. System Contracts

- .
- (a) Schedule 4.15 contains a complete and accurate list of all the Assigned Contracts.
 - (b) Seller has made available to Buyer true and complete copies of all the foregoing Assigned Contracts.
 - (c) Seller further represents that all of the Assigned Contracts specified in Schedule 4.15 are in full force and effect. Seller has not, nor to the Knowledge of Seller has any other party thereto, breached any material provision of or defaulted under the material terms of, nor does any condition exist which, with notice or lapse of time, or both, would cause Seller, or to the Knowledge of Seller, any other party, to be in default under any Assigned Contract.

Section 4.16. Compliance with Law; Litigation

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(a) Seller has operated and is operating the System in compliance, in all material respects, with all applicable Laws, Authorizations and Permits and is not in breach of any applicable Law, Authorization or Permit that would have a Material Adverse Effect on the operations of the System or on Buyer. There are no Authorizations or Permits from any Governmental Authority necessary for the operation of the System as currently being operated except for those Authorizations and Permits listed in Schedule 4.14.

(b) Except at set forth on Schedule 4.16, there are no facts, circumstances, conditions or occurrences regarding the System that could reasonably be expected to give rise to any environmental claims or governmental enforcement actions that could reasonably be expected to have a Material Adverse Effect, and there are no past, pending or threatened environmental claims

or governmental enforcement actions against Seller that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(c) Except as set forth on Schedule 4.16, there is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of Seller, threatened against Seller prior to or at the time of Closing that could reasonably be expected to have a Material Adverse Effect on the operations of the System. As of the date of this Agreement, there is no action, suit or proceeding, at Law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of Seller, threatened against Seller which could materially affect the validity or enforceability of this Agreement.

Section 4.17. Broker's and Finder's Fees

. Seller represents that no broker, finder, or Person is entitled to any commission or finder's fee by reason of any agreement or action of Seller in connection with this Agreement or the transactions contemplated by this Agreement. Seller agrees to pay when due the fees and expenses of their financial and technical advisors. Seller has employed Public Financial Management, Inc., as municipal advisor to provide transaction structuring advice and to provide Seller with municipal advice relating to the sale of the System. Seller shall be solely responsible to pay all fees owed to Public Financial Management, Inc. in connection with the transactions contemplated by this Agreement.

Section 4.18. Title to the Acquired Assets; Sufficiency

(a) Except as set forth on Schedule 4.18(a), Seller has good and marketable title to, all Real Property, and valid leasehold interest in or valid licenses or Easements to use and access, all of the Acquired Assets, free and clear of all Liens, other than Permitted Liens and Liens which will be fully and unconditionally released at or prior to Closing. The use of the Acquired Assets is not subject to any Liens, other than Permitted Liens, and such use does not encroach on the property or the rights of any Person.

(b) Except as set forth on Schedule 4.18(b), the Acquired Assets are sufficient for, and constitute all the assets, properties, business, goodwill and rights of every kind and description, and services required for, the continued conduct and operation of the System by Buyer in substantially the same manner as currently conducted and operated by Seller. Except for the Excluded Assets and except as set forth on Schedule 4.18(b), (i) the Acquired Assets, taken as a whole, comprise all the assets, properties, business, goodwill and rights of every kind and description used or held for use in, or useful or necessary to the operation of the System as currently operated by Seller, and (ii) there are no assets, properties, business, goodwill, rights or services used in the conduct or operation of the System that are owned by any Person other than Seller that will not be licensed or leased to Buyer under valid, current license arrangements or leases. None of the Excluded Assets are material to the System.

Section 4.19. Pending Development Plans

. Schedule 4.19 sets forth a full and complete list of all Pending Development Plans as of the Effective Date. Each Pending Development Plan, if consummated could result in the expansion of the Service Area. Seller provides no assurances whatsoever that any development or expansion of the Service Area associated with any Pending Development Plan will actually be undertaken or completed.

Section 4.20. Land Development Agreements / Financial Security Agreements

. Schedule 4.20 sets forth a list of all Land Development / Financial Security Agreements existing as of the date hereof between Seller and any third party.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes only the representations and warranties which are set forth in this Article V.

As a material inducement to Seller to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer hereby represents and warrants to Seller, as of the Effective Date and as of the Closing Date (except to the extent any of the following representations and warranties specifically apply or relate to another date, in which event such representations and warranties shall be true and correct as of such other date), as follows:

Section 5.01. Organization

. Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization.

Section 5.02. Authorization and Validity of Agreement

. Buyer has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof. This Agreement has been duly authorized, executed and delivered by Buyer and constitutes a valid and legally binding obligation of Buyer, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

Section 5.03. No Conflict or Violation

. The execution and delivery of this Agreement by Buyer, the consummation of the transactions contemplated hereby and the performance by Buyer of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a material breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of Buyer under (i) any applicable Law, (ii) any material agreement, instrument or document to which Buyer is a party or by which it is bound or (iii) the articles, bylaws or governing documents of Buyer.

Section 5.04. Consents and Approvals

. Schedule 5.04, sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration to or filing or registration with any Governmental Authority required in connection with the execution and delivery of this Agreement by Buyer or the performance by Buyer of its obligations hereunder.

Section 5.05. Broker's and Finder's Fees

. Buyer represents that no broker, finder or other Person is entitled to any commission or finder's fee in connection with this Agreement or the transactions contemplated by this Agreement.

Section 5.06. Financial Wherewithal

. Buyer represents that upon Closing, and after giving effect to the consummation of the transactions contemplated hereby and the incurrence of any indebtedness in connection therewith, Buyer will have the financial ability and will have sufficient working capital for its needs and anticipated needs to operate the System [as a certificated public utility system regulated by the PaPUC/municipal authority]⁵, authorized, among things, to provide wastewater utility services to retail residential, commercial and industrial customers in the System.

Section 5.07. Sufficient Funds

. Buyer represents that Buyer will have sufficient funds available at Closing to consummate the transactions contemplated by this Agreement, to pay the Purchase Price in accordance with Article III and expenses related to the transactions contemplated by this Agreement, and on and after Closing, to generally provide ownership, operation and capital for the operations and capital needs of the System following the Closing, and assuring that the customers of the System will receive safe, adequate and reliable wastewater service equal to or better than such customers would have received without the transactions contemplated by this Agreement and at all times consistent with [the provisions of the Pennsylvania Public Utility Code, 66 Pa. C. S. § 101 *et seq.*, and]⁶ applicable Law.

Section 5.08. Independent Decision

. Except as expressly set forth in this Agreement, or any of the related agreements, Buyer acknowledges that (a) neither Seller nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of the System or information provided to Buyer, and (b) neither Seller nor any other Person shall have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer, or Buyer use of, any information regarding the System or Acquired Assets that has been furnished or made available to Buyer and its Representatives. Buyer acknowledges that other than as expressly set forth in this Agreement or any related agreement, Seller expressly disclaims any warranty of income potential, operating

⁵ Bracketed because provision only applies to certain Bidders.

⁶ Bracketed because provision only applies to certain Bidders.

expenses, costs of operation, or uses or fitness for a particular purpose of any Acquired Assets or the System.

Section 5.09. Scheduled Matters

. Buyer acknowledges that: (a) the inclusion of any matter on any Schedule shall not necessarily be deemed an admission by Seller that such listed matter is material or that such listed matter has or could have a material adverse effect or constitutes a material liability with respect to the Acquired Assets; (b) matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be reflected in such Schedules; and (c) such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature.

Section 5.10. Independent Investigation

. Buyer acknowledges that it has conducted an independent investigation of the financial condition, assets, liabilities, properties and projected capital needs and operations of the System in making its determination as to the propriety of the transaction contemplated by this Agreement and, in entering into this Agreement and related agreements, has relied solely on the results of its investigation and on the representations and warranties of Seller expressly contained in Article IV of this Agreement.

Section 5.11. Litigation

. Buyer is not in breach of any applicable Law that could have a material adverse effect on the operations of the System or Buyer. Neither Buyer nor any Affiliate of Buyer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the Bureau of Industry and Security of the United States Department of Commerce or their successors, or on any other list of Persons with which Seller may not do business under applicable Law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. Except as set forth on Schedule 5.11, there is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of Buyer, threatened against Buyer prior to or at the time of Closing, which will have a material adverse effect on (i) the transactions contemplated by this Agreement or (ii) the validity or enforceability of this Agreement.

ARTICLE VI.

TITLE TO REAL PROPERTY; UCC STATEMENTS

Section 6.01. Evidence of Title

. Subject to Section 6.06, with respect to all Real Property, Buyer shall obtain, at its sole cost and expense, a commitment for an owner's policy of title insurance on the ALTA Owner's Form 2006 (the "Title Commitment"), issued by a title insurance company selected by Buyer and licensed to insure title to real property by the Commonwealth of Pennsylvania (the "Title Company"), having an effective date after the Effective Date. Promptly following the Effective Date, Buyer shall order

the Title Commitment from the Title Company and shall provide Seller evidence of the same. Notwithstanding anything to the contrary in Section 6.02(a) below, Buyer shall not be entitled to send an Objection Notice with respect to any parcel of Real Property and the Title Commitment for the same in the event, within thirty (30) Business Days after the Effective Date, Buyer has not ordered the Title Commitment from the Title Company for such parcel of Real Property and provided Seller with evidence of the same.

Section 6.02. Objections to Title.

(a) Notice of Objections. Within thirty (30) days of Buyer's receipt from the Title Company of a Title Commitment for any of the parcels of Real Property, Buyer shall deliver to Seller a true, correct and complete copy of the Title Commitment and true, correct, complete and legible copies of any and all exception documents listed in the same, along with Buyer's written notice to Seller of any of the exceptions to title set forth on Schedule B of such Title Commitment to which Buyer objects (such written notice of Buyer being referred to as the "Objection Notice") provided such exceptions (a) are not Permitted Liens, (b) pertain to Buyer or any requirements, conditions or obligations of Buyer, (c) are matters of record and set forth in the Title Commitment and adversely restrict or prevent the use of the Real Property in the operation of the System and (d) are not standard Title Company exceptions (such as the "survey" exception) (such exceptions objected to in the Objection Notice, provided the same are not as described in (a) through and including (d) aforesaid, being referred to as the "Title Objection Items"). Any Objection Notice which does not include a true, correct and complete copy of the Title Commitment and true, correct, complete and legible copies of any and all exception documents listed in the same shall not be effective for any purpose. In the event that Buyer provides Seller with an Objection Notice, Seller shall use commercially reasonable efforts to have all of the Title Objection Items cured, satisfied or released of record, or insured over, by the Title Company (individually, "Cure" and collectively, "Cured") prior to or as of the Closing. At or prior to the Closing, Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer and at Seller's expense, evidencing that Seller has Cured all such Title Objection Items. For avoidance of doubt, Buyer acknowledges that no item listed in clauses (a) through and including (d) aforesaid, may be objected to by Buyer as a Title Objection Item.

(b) Liens. Without limiting Seller's obligations pursuant to Section 6.02(a) above, prior to or as of the Closing, Seller shall be obligated, at its sole cost and expense, to Cure any Lien encumbering the Real Property which can be Cured by the payment of money (other than Permitted Liens).

(c) Title Endorsements/Survey. Any endorsements required by Buyer or any mortgagee of Buyer to Buyer's title policy shall be paid for solely by Buyer. In the event any survey is required by Buyer or its mortgagee, either as a condition to any such endorsement or otherwise, the same shall be obtained solely at Buyer's cost and expense. In the event Buyer obtains a survey of any or all of the Real Property and desires the deed to contain the legal description based on such survey, if the same is not identical to the legal description contained in Seller's deed of record, Seller shall not be obligated to include the same in the deed to buyer unless the survey is certified to Seller and such description is included in the deed on a "quitclaim" basis only and without warranty of title.

(d) License at Closing. Seller shall provide Buyer with a license agreement granting Buyer a license in all of Seller's rights to access such Real Property in order to allow Buyer to operate and maintain the System until such time as Buyer is provided title to such Real Property as provided for in this Agreement. For the avoidance of doubt, Seller shall provide such title as soon as reasonably practicable in accordance with Section 6.01.

(e) Insurable Claims. To the extent any Claim for Losses under Article VIII constitutes an Insurable Claim (as defined herein), Buyer agrees to assert and pursue with reasonable diligence such Insurable Claim against the Title Company (which shall include commencing litigation and diligently prosecuting such Insurable Claim to judgment) prior to pursuing a Claim for Losses under Article VIII. If at any time following a non-favorable judgment that substantially denies the relief sought by Buyer from the Title Company in connection with the Insurable Claim (each a "Non-Favorable Judgment"), Buyer shall be permitted, following such Non-Favorable Judgment, to pursue Seller with a Claim for Losses under Article VIII (any such Claim against Seller following an attempted Insurable Claim against the Title Company being a "Residual Title Claim"). Notwithstanding anything to the contrary in Article VIII, Buyer shall have the right to assert a Claim for Losses based upon a Residual Title Claim for a sixty (60) day period after the Non-Favorable Judgment. For purposes of this Section 6.02(e), an "Insurable Claim" shall mean a Claim that: (i) arises out of Buyer's discovery of a title defect or encumbrance with respect to any of the Real Property following the Closing that materially restricts or prevents the use of such Real Property in the operation of the System; and (ii) constitutes a claim against the Title Company under Buyer's Title Policy. Buyer acknowledges that any and all Claims which Buyer could otherwise bring as a breach of a covenant of title under the special warranty deed to the Real Property shall be included within the Claim for Losses under Article VIII and is subject to the terms of this Section 6.02(e) of first pursuing the same as an Insurable Claim.

(f) Affadavit and Documents. At Closing, Seller will deliver to Buyer and the Title Company, (i) a reasonable and customary form of owners' or sellers' affidavits, including an affidavit that there are no parties in possession other than Seller, that there are no Liens other than those being satisfied or released, that no work has been done for which payment in full has not been made, and the like, (ii) such customary affidavits and indemnities as may be required by the Title Company to insure Buyer's title without exception for possible mechanics' or brokers' license in favor of persons claiming by, through or under Seller, (iii) an affidavit that Seller is not a "foreign person" for purposes of and as defined in the Foreign Interests in Real Property Tax Act and the corresponding provisions of the Internal Revenue Code, and (iv) and all other documents, resolutions and information as may be necessary to satisfy any reasonable and customary requirements applicable to Seller set forth on Schedule B-I of the Title Commitment, including true and correct copies of Seller's organizational documents and authorizing resolutions.

Section 6.03. Title Expenses

. Irrespective of whether the transactions described by this Agreement are consummated and Closing occurs, all costs and expenses of obtaining the Title Commitment, Title Policy and any survey shall be paid by Buyer.

Section 6.04. UCC Search; Releases

. Not later than sixty (60) days after the Effective Date, Buyer shall obtain at its sole cost and expense a Uniform Commercial Code search against Seller covering any of the personal property or fixtures included among the Acquired Assets from the Office of the Secretary of the Commonwealth of Pennsylvania and the Recorder of Montgomery County, Pennsylvania (the “UCC Search”). On or prior to the Closing, Seller shall at its sole cost and expense obtain releases of any and all security interests in any of the Acquired Assets which are not Permitted Liens. The form of the releases of such security interests shall be provided by Seller to Buyer on or prior to the Closing Date.

Section 6.05. Easements

(a) Promptly after the Effective Date and prior to the Closing, Seller shall, at its sole cost and expense, cause an abstractor selected by Seller and reasonably acceptable to Buyer and the Title Company (the “Abstractor”), to perform a search of the public land records of Montgomery County, based on Seller’s records and plans of the System (and such other sources of information as are reasonably related thereto), by means of searching the grantee index in the names of Seller and such other searches as the Abstractor may reasonably make, to (i) identify and provide Buyer with title information on any and all recorded Easements, and (ii) together with Seller, identify all Missing Easements. During such process, as the Abstractor provides written search results to Seller (including updated versions of the Abstractor Search Result Chart), Seller will promptly provide the same to Buyer for its review, and, without limiting the foregoing, Seller shall, or shall cause the Abstractor to, provide Buyer with periodic updates (which shall occur no less frequently than bi-weekly) on the status of the activities set forth in the previous sentence.

(b) In the event that during the process of Abstractor’s review and investigation of the Montgomery County land records, Seller determines, based on the Abstractor’s investigation, that there is a Missing Easement, Seller shall take any and all actions (including the use of its power of condemnation) to obtain any such Missing Easements so that the same may be sold, assigned, transferred and conveyed to Buyer at the Closing pursuant to the terms and conditions of this Agreement. All costs and expenses incurred in connection with obtaining each Missing Easement (including any consideration payable to the landowner in connection with condemnation, in lieu of condemnation or otherwise to obtain Missing Easements) shall be paid by Seller and no additional consideration shall be payable by Buyer for such Missing Easement. In the event Seller has not obtained all Missing Easements by the date that is sixty (60) days after the date that Abstractor has completed his review of the County land records and delivered the last results of the same to Seller (the “Abstract Completion Date”), then, no later than thirty (30) days after the Abstract Completion Date (but in any event no later than thirty (30) days prior to the Closing), Seller shall commence and file in the Court of Common Pleas, Montgomery County, a condemnation or eminent domain proceeding to obtain any and all such Missing Easements. For the purposes of clarity, upon obtaining each Missing Easement (including upon the final resolution of a condemnation proceeding), each Missing Easement that has been acquired or obtained by Seller shall be considered an Easement.

Section 6.06. Unscheduled Property

. The Parties acknowledge that Seller may own interests in or have the legal right to use or occupy the Real Property and Easements that is necessary or essential to the operation of the System and that is not specifically identified in Schedule 4.09 (the “Unscheduled Real Property”). If the Parties discover prior to or after the Closing Date, one or more parcels of Unscheduled Real Property, the discovering Party shall give written notice of such discovery to the non-discovering Party. In addition to its obligations in Section 2.03, Seller shall convey, assign or otherwise transfer any rights to each parcel of Unscheduled Real Property, without additional consideration payable to Buyer to Seller, in such a manner as to provide Buyer with reasonable assurances that Buyer shall have the right to use or occupy the Unscheduled Real Property as it was used by Seller as of the Effective Date.

ARTICLE VII.

OTHER AGREEMENTS

Section 7.01. Taxes

. Except as hereinafter provided, Seller shall pay any and all Taxes, if any, arising out of the ownership of the Acquired Assets and out of the operation of the System before the Closing.

Section 7.02. Cooperation on Tax Matters

. Seller shall furnish or cause to be furnished to Buyer, as promptly as practicable, whether before or after the Closing Date, such information and assistance relating to the System as is reasonably necessary for the preparation and filing by Buyer of any filings relating to any Tax matters.

Section 7.03. Rates

(a) Rates. Buyer shall implement the Seller’s sanitary wastewater rates then in effect at Closing, as set forth on Schedule 7.03(a), and inclusive of any PaPUC permitted or required surcharges or pass-through costs (the “Base Rate”) as Buyer’s effective sanitary wastewater rates, provided that the rates reflected on Schedule 7.03(a) (at Closing) shall not be lower than those in effect on the date the Effective Date. The Parties agree that the Base Rate shall not be increased until after the second anniversary of the Closing Date. [Buyer intends to bill customers on a monthly basis instead of annual billing, which Buyer will prorate accordingly.]

(b) PaPUC Approval. [The rate provisions of Sections 7.03(a) shall be part of Buyer’s requested PaPUC Governmental Approval.]⁷

Section 7.04. Buyer Taxpayer

⁷ Bracketed because provision only applies to certain Bidders.

. From and after the Closing Date, Buyer acknowledges that, upon conveyance of the Acquired Assets to Buyer, Buyer will be subject to, among other Taxes, real estate Taxes, which shall be paid by Buyer.]

Section 7.05. [PaPUC Approval]

(a) Promptly after the Effective Date, Buyer covenants and agrees to timely initiate and faithfully prosecute the necessary proceedings to obtain from the PaPUC (i) the issuance of certificates of public convenience to Buyer to provide wastewater services in the Service Area and (ii) the approval of the acquisition of the System by Buyer under terms and conditions that are reasonably acceptable to Seller and Buyer. Seller shall cooperate with and assist Buyer in proceedings before the PaPUC.

(b) Buyer and Seller hereby agree that the procedures for determining fair market value of the System and Acquired Assets outlined in subsection (a) of Section 1329 of Title 66 of the Pennsylvania Consolidated Statutes (“Section 1329”) shall be utilized and filed with the PaPUC as contemplated by Section 1329.

(c) The Parties agree that the fees and expenses related to engaging the licensed engineer for such Section 1329 determination shall be borne fifty percent (50%) by Buyer and fifty percent (50%) by Seller.

(d) To the extent requested by Buyer, Seller agrees to participate in any proceedings before the PaPUC as an intervenor and active party, provided that Seller shall bear the fees and expenses directly related to such intervention, including legal expenses, that are reasonably incurred up to a cap of \$20,000, above which any such costs reasonably incurred shall be borne entirely by Buyer. Seller shall have the right to be represented by the counsel of their choice in any such proceedings.

(e) Buyer, in Buyer’s first base rate proceeding with respect to the System following the Closing, shall propose the use of statutory and regulatory mechanisms available to benefit the Buyer’s acquired customers for ratemaking purposes.]⁸

Section 7.06. Outstanding Indebtedness

. Buyer has the option, upon reasonable advance written notice to Seller (and upon Seller’s consent if such consent is required), in lieu of paying in full the total amount of Outstanding Indebtedness, to assume any of Seller’s obligations under other Outstanding Indebtedness which may be assumed. Buyer shall also obtain a release of all of Seller’s obligations under the assumed Outstanding Indebtedness on or before Closing.

⁸ Bracketed because provision only applies to certain Bidders.

Section 7.07. Remedies for Breach of Article VII Agreements

. [In the event of a breach by Buyer of any of the covenants and agreements set forth in this Article VII following Closing, in addition to all other rights and remedies available at law or in equity, including specific performance and/or injunctive relief, Seller shall also be entitled to commence proceedings before the PaPUC seeking enforcement of such covenants and agreements.]⁹

Section 7.08. Operation and Maintenance of the MS4 System

. Subject to applicable Law, Seller, shall at all times maintain ownership of its MS4 System and Stormwater System Assets. Seller will maintain any NPDES permits related to the Stormwater System Assets.

Section 7.09. Utility Valuation Experts

. Buyer and Seller agree that each will be responsible for the costs associated with their respective Utility Valuation Expert for the preparation and completion of their respective Utility Valuation Expert's appraisal report and any additional work by their respective Utility Valuation Expert necessary to assist in the processing and prosecution of the application to the PaPUC in regard to this transaction under Section 1329.

Section 7.10. Restoration of Property

. Buyer shall at all times act in accordance with all requirements imposed by the PaPUC and with the terms of any permits or approvals issued by Seller with regard to restoration of property on which construction or repair and replacement work is undertaken.

Section 7.11. EDU Allocations

. In connection with EDU allocations, Buyer shall at all times act in compliance with Seller's ordinances, including those with respect to zoning and land use, the Seller's Act 537 plan, the Township's comprehensive plans and the Authority Agreements.

Section 7.12. Personnel Matters

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(a) Subject to applicable Law, Buyer shall, or shall cause an Affiliate of Buyer to, offer employment effective on the Closing Date, to the Personnel set forth in Schedule 7.12(a), subject to Buyer's existing standard hiring policies and procedures applicable to new employees, except with respect to benefits as otherwise provided in Section 7.12(c). The Personnel who accept such

⁹ Bracketed because provision only applies to certain Bidders.

employment and commence employment on the Closing Date, shall be referred to in this Agreement as the “Transferred Personnel.”

(b) Subject to applicable Law, Transferred Personnel shall be employees-at-will of Buyer. Buyer shall provide each of the Transferred Personnel compensation and benefits which are at least substantially comparable to, in the aggregate, to Seller's compensation and benefits as of the Effective Date (including paid vacation and sick time benefits). Nothing contained in this Section 7.12(b) shall constitute an amendment of, or an undertaking to amend, any employee benefit plans, programs or arrangements maintained by Buyer or its Affiliates or is intended to prevent Buyer or its Affiliates from amending or terminating any such employee benefit plan, program or arrangement in accordance with the terms thereof.

(c) Subject to the obligations of Seller under Law, Buyer's rights and obligations set forth in Section 7.12. and the Buyer's applicable employee benefit plan documents, with respect to employee benefit plans maintained by Buyer for the benefit of its employees (*i.e.*, paid vacation leave, Buyer's 401k savings plan), effective as of the Closing, Buyer shall recognize the Transferred Personnel's length of service with the Seller as if such service were with Buyer for eligibility and vesting under Buyer's then existing employee benefit plans and programs.

(d) Subject to applicable Law, effective as of the Closing, the Transferred Personnel shall cease active participation in the Seller's Plans. Seller shall remain liable for all eligible claims for benefits under the Seller's Plans that are incurred by Transferred Personnel prior to the Closing Date. Subject to applicable Law, Seller shall remain liable to make any contributions to Seller's Plans related to, and/or to fund any retirement benefits accrued by, the Transferred Personnel prior to Closing.

(e) This Section 7.12 shall be binding upon and inure solely to the benefit of each of the Parties to this Agreement, and nothing in this Section 7.12, express or implied, shall confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 7.12. The Parties acknowledge and agree that the terms set forth in this Section 7.12 shall not create any right in any Transferred Personnel or any other Person to any continued employment with Buyer or any of its Affiliates or compensation or benefits of any nature or kind whatsoever, and shall not be deemed to restrict Buyer in the exercise of its independent business judgment in establishing or modifying any of the terms or conditions of the employment of the Transferred Personnel. Nothing contained in this Section 7.12 shall constitute an amendment of, or an undertaking to amend, any employee benefit plan, program or arrangement maintained by Buyer or its Affiliates or is intended to prevent Buyer or its Affiliates from amending or terminating any such employee benefit plan, program or arrangement in accordance with its terms.

(f) Notwithstanding anything in this Agreement to the contrary, it is expressly understood that Buyer will not acquire any asset, or assume any liability or obligation in connection with the transactions contemplated by this Agreement relating to any of the Seller's Plans, Seller's Benefit Obligations. Seller shall be solely responsible for any liability, funding obligation, claim or expense arising from the Seller's Plans, Seller's Benefit Obligations, both prior to, and after, the Closing Date, except as provided in Section 7.12(c).

(g) No later than the Closing Date, Seller shall transfer all records pertaining to the employment of the Transferred Personnel to Buyer including, but not limited to, all personnel and human resources Files and Records.

Section 7.13. Authority Matters.

Effective on the Closing Date, Buyer shall have the following rights:

(i) Seller shall provide to Buyer all financial information and other reports or communications received by Seller from the Authority within two (2) Business Days of receipt of such information by Seller from the Authority;

(ii) Buyer shall appoint a non-voting observer representative (selected in Buyer's sole discretion) who shall be permitted to attend all Authority board and committee meetings (whether regular, special, telephonic or in-person), except for executive sessions; and

(iii) upon request from Buyer to Seller, Seller shall exercise all of the rights afforded to it under the Authority Agreements in order to permit Buyer to inspect the Authority's books and records.

(b) Within ten (10) days of the Closing Date, the Parties shall appoint a working group (the "Working Group") consisting of six (6) individuals, three (3) of whom shall be Township Senior Staff, selected in Seller's sole discretion; *provided, however*, that at least one (1) such Seller Representative is a Seller-appointed member of the Authority and three (3) of whom shall be Buyer Representatives, selected in Buyer's sole discretion (each, a "Working Group Member" and, collectively, the "Working Group Members"). By written notice to the other Party, a Party may in its sole discretion remove and replace with or without cause any or all of its appointed Working Group Members. The Working Group shall meet periodically, but in any event prior to any regular or special meeting of the Authority board, to discuss matters to be discussed or acted upon at the Authority's board meeting and obtain Buyer's input with respect to (i) ongoing operations and management expenses and budgeting of the Authority and (ii) any required capital improvements by the Authority that will impact the System or the Minimum Flow Capacity.

Section 7.14. Minimum Flow Capacity.

On and after Closing, Buyer shall have the right to (i) the Minimum Flow Capacity and (ii) any future allocations of additional flow capacity/EDUs in the Authority's treatment facilities to the Seller as a result of any upgrade or expansion of said facilities pursuant to the Authority Agreements.

ARTICLE VIII.

INDEMNIFICATION

Section 8.01. Survival

. All representations and warranties contained in this Agreement shall survive until twelve (12) months following the Closing Date, except that (a) the representations and warranties of Seller set forth in Section 4.01 (Organization), Section 4.02 (Power and Authority), Section 4.03 (Enforceability) and Section 4.15 (Brokers' and Finders' Fees) (collectively, the "Seller Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by applicable Law, and (b) the representations and warranties of Buyer set forth in Section 5.01 (Organization), Section 5.02 (Authorization and Validity of Agreement), and Section 5.05 (Brokers' and Finders' Fees) (collectively, the "Buyer Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by applicable Law. The covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the shorter period explicitly specified therein, except that for such covenants and agreements that survive for such shorter period, breaches thereof shall survive indefinitely or until the latest date permitted by applicable Law. Notwithstanding the preceding sentences, (x) any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time, and (y) nothing contained in this Section 8.01 shall limit in any way any rights a Party may have to bring claims grounded in fraud, intentional misrepresentation or willful misconduct, which rights shall survive the Closing indefinitely.

Section 8.02. Indemnification by Seller

. To the maximum extent permitted by applicable Law and subject to the terms and conditions of this Article VIII, Seller agrees to indemnify, defend and hold harmless, Buyer and its successors and Affiliates and their respective employees, officers, directors, trustees and agents (the "Buyer Indemnified Persons"), from and against any and all claims for Losses arising from or relating to: (a) any misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Seller prior to the Closing pursuant to this Agreement (without regard to any materiality, Material Adverse Effect or related qualifications in the relevant representation or warranty (except where such provision requires disclosure of lists of items of a material nature or above a specified threshold)); (b) any breach or nonfulfillment of any of the covenants or agreements of Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Seller prior to the Closing pursuant to this Agreement; or (c) any Excluded Liability or Excluded Asset.

Section 8.03. Indemnification by Buyer

. To the maximum extent permitted by applicable Law and subject to the terms and conditions of this Article VIII, Buyer agrees to defend, indemnify and hold harmless Seller and its successors and Affiliates and each of their respective employees, officers, directors and agents (the "Seller Indemnified Persons") from and against any and all claims for Losses arising from or relating to: (a) any material misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of Buyer contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Buyer pursuant to this Agreement; (b) any material breach of any of the covenants or agreements of Buyer contained in this

Agreement or in any exhibit, schedule certificate or other instrument or document furnished or to be furnished by Buyer pursuant to this Agreement; (c) any Assumed Liability as and when payment and performance is due, including without limitation any liability related to any claims by any Governmental Authority; (d) Buyer's actions involving Environmental Laws, Hazardous Materials or environmental claims from and after the Closing Date; or (e) the ownership, operation or control of the Acquired Assets or the System from and after the Closing Date.

Section 8.04. Indemnification Procedure

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any action, suit, claim or other legal proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a representative of the foregoing (a "Third Party Claim") against such Indemnified Party with respect to which the Indemnifying Party may be obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party (and subject to the other requirements herein) to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel (which counsel shall be reasonably acceptable to the Indemnified Party), so long as (i) the Indemnifying Party notifies the Indemnified Party, within ten (10) Business Days after the Indemnified Party has given notice of the Third Party Claim to the Indemnifying Party (or by such earlier date as may be necessary under applicable procedural rules in order to file a timely appearance and response) that the Indemnifying Party is assuming the defense of such Third Party Claim, *provided*, that if the Indemnifying Party assumes control of such defense it must first agree and acknowledge in such notice that the Indemnifying Party is fully responsible (with no reservation of any rights other than the right to be subrogated to the rights of the Indemnified Party) for all Losses relating to such Third Party Claim, (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently and at its own cost and expense, and (iii) the Third Party Claim (A) does not involve injunctive relief, specific performance or other similar equitable relief, any claim in respect of Taxes, any Governmental Authority, any criminal allegations, or any potential damage to the goodwill, reputation or overriding commercial interests of Buyer or its Affiliates, (B) is not one in which the Indemnifying Party is also a party and joint representation would be inappropriate or there may be legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (C) does not involve a claim which, upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend. The Indemnified Party shall reasonably cooperate in good faith in such defense. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.04(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The

Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 8.04(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Seller and Buyer shall reasonably and in good faith cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed), except as provided in this Section 8.04(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give prompt written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within fifteen (15) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 8.04(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any claim by an Indemnified Party with respect to any Loss which does not arise or result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Losses that have been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. During such thirty (30) day period, the Indemnified Party shall reasonably cooperate and assist the Indemnifying Party in determining the validity and amount of such Direct Claim. If the Indemnifying Party does not so respond within such thirty (30) day period, by delivery of written notice disputing the basis or amount of the Direct Claim, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified

Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement. If the Indemnifying Party has timely disputed its indemnity obligation for any Losses with respect to such Direct Claim, the Parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by litigation in an appropriate court of jurisdiction determined pursuant to this Agreement.

Section 8.05. Limitations on Indemnification Obligations.

(a) Subject to the other limitations contained in this Section 8.05, neither Buyer nor Buyer Indemnified Persons shall be entitled to indemnification pursuant to Section 8.02(a) (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Losses incurred by Buyer and Buyer Indemnified Persons under this Agreement exceeds \$750,000 in the aggregate (the “Threshold Amount”), in which case Seller shall then be liable for Losses in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification based on fraud, intentional misrepresentation or willful misconduct.

(b) Subject to the other limitations contained in this Section 8.05 neither Seller nor the Seller Indemnified Persons shall be entitled to indemnification pursuant to Section 8.03(a) (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Losses incurred by Seller and Seller Indemnified Persons under this Agreement exceeds the Threshold Amount, in which case Buyer shall then be liable for Losses in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification based on fraud, intentional misrepresentation or willful misconduct.

(c) Except in the case of fraud, intentional misrepresentation or willful misconduct (for which all applicable legal and equitable remedies will be available to Buyer), the Buyer Indemnified Parties shall only be entitled to assert claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations, which shall not be limited by this Section 8.05(c)) up to the aggregate amount of [5% of Purchase Price] (the “Liability Cap”), which shall represent the sole and exclusive remedy of Buyer and the other Buyer Indemnified Parties for any such claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations or in the case of fraud, intentional misrepresentation or willful misconduct which shall not be subject to the Liability Cap, but shall be capped at the Purchase Price).

(d) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party in respect of any such claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses prior to seeking indemnification under this Agreement.

(e) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Loss shall be reduced by an amount equal to any Tax benefit realized or reasonably expected to be realized as a result of such Loss by the Indemnified Party.

(f) Each Indemnified Party shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.

(g) Subject to the provisions of Sections 3.01, 7.06, 15.11 and any other provisions for equitable relief and/or specific performance, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Party hereto and their Affiliates and each of their respective representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.05(h) shall limit any Person's right to seek and obtain any equitable relief and/or specific performance to which any Person shall be entitled pursuant to this Agreement.

Section 8.06. Knowledge of Breach

. Neither Party shall be liable for any Losses based upon or arising out of any inaccuracy in or breach of any representations or warranties of such Party contained in this Agreement if the Party claiming such Losses had Knowledge of such inaccuracy or breach prior to the Closing.

ARTICLE IX.

PRE-CLOSING COVENANTS OF SELLER

Section 9.01. Operation of the System

. Except as otherwise expressly permitted by this Agreement, as required by applicable Law or with the prior written consent of Buyer (which consent shall not be unreasonably withheld, delayed or conditioned), from the Effective Date until the Closing, Seller shall (i) operate and manage the System only in the ordinary course of business in accordance with past practices and procedures, (ii) comply in all material respects with all applicable Laws and Authorizations and Permits, and (iii) use commercially reasonable efforts to maintain and preserve intact the business and assets of the System and preserve the rights, franchises, goodwill and relationships of Seller and the System and their customers, lenders, suppliers, regulators, the Authority and others having business relationships with Seller and the System.

Section 9.02. Cooperation

. Seller shall reasonably cooperate with Buyer and its employees, attorneys, accountants and other agents and, generally, act in reasonably good faith to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated by this Agreement.

Section 9.03. Supplements and Updates

. Seller shall promptly deliver to Buyer any supplemental information updating the information set forth in the representations and warranties set forth in Article IV of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. Following the Effective Date, Seller shall promptly advise Buyer of any facts which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained herein.

Section 9.04. Governmental Approvals

. Promptly after the execution of this Agreement, or as required by Law, except as otherwise expressly provided herein, Seller shall file all applications and reports that are required to be filed by Seller with any Governmental Authority as provided on Schedule 4.05 to Buyer. Seller shall also promptly provide all information that any Governmental Authority may require in connection with any such application or report. Seller shall use all commercially reasonable efforts to obtain all consents and approvals of any kind from any person in connection with the transactions contemplated hereby. All authorizations of any Governmental Authority necessary to consummate the transactions contemplated by this Agreement shall have been obtained in form and content reasonably satisfactory to Buyer and Seller prior to Closing and shall be final and non-appealable. In the event a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, Buyer and Seller may still mutually agree to proceed to consummate the transaction.

Section 9.05. Pending Development Plan Agreements / Future Developments

. Seller shall enforce all of its rights and the counterparties' obligations under any agreements relating to Pending Development Plans in existence as of the Effective Date, which shall not be amended without notice to and the consent of Buyer, which consent shall not be unreasonably withheld and such consent shall be provided by Buyer to Seller within fifteen (15) days of notice from Seller or this consent requirement shall be deemed waived by Buyer after such date. After the Effective Date, Seller shall not enter into any new agreements (including land development agreements and financial security agreements) with landowners regarding the construction of any sewer facilities which, upon completion of construction, will be transferred to Buyer pursuant to Section 2.01 above without notice to and the consent of Buyer, which consent shall not be unreasonably withheld and such consent shall be provided by Buyer to Seller within seven (7) days of notice from Seller or this consent requirement shall be deemed waived by Buyer after such date. For the avoidance of doubt, any attempt by Buyer to withhold consent for entry into any amendment or new agreement by Seller pursuant to this Section 9.05 that is, in the opinion of Seller's solicitor, required pursuant to the Pennsylvania Municipal Planning Code shall be unreasonable.

ARTICLE X.

PRE-CLOSING COVENANTS OF BUYER

Buyer covenants and agrees to comply with the following provisions:

Section 10.01. Actions Before the Closing Date

. Buyer shall not take any action which shall cause it to be in breach of any representation, warranty, covenant or agreement contained in this Agreement or cause it to be unable to perform in any material respect its obligations hereunder, and Buyer shall use commercially reasonable best efforts (subject to any conditions set forth in this Agreement) to perform and satisfy all conditions to Closing to be performed or satisfied by Buyer under this Agreement, including action necessary to obtain all consents and approvals of third parties required to be obtained by Buyer to effect the transactions contemplated by this Agreement.

Section 10.02. Governmental Approvals

. Promptly after the execution of this Agreement, or as required by Law, except as otherwise expressly provided herein, Buyer shall file all applications and reports which are required to be filed by Buyer with any Governmental Authority as provided on Schedule 5.04. Buyer shall also promptly provide all information that any Governmental Authority may reasonably require in connection with any such application or report. Buyer shall use all commercially reasonable efforts to obtain all required consents and approvals of any kind from any person in connection with the transactions contemplated hereby.

Section 10.03. Cooperation

. Buyer shall reasonably cooperate with Seller and their employees, attorneys, accountants and other agents and, generally, do such other acts and things in good faith as may be reasonable to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated in accordance with the provisions of this Agreement.

Section 10.04. Supplements and Updates

. Buyer shall promptly deliver to Seller any supplemental information updating the information set forth in the representations and warranties set forth in Article V of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. At least three (3) Business Days prior to the Closing Date, Buyer shall advise Seller of any facts which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained herein.

ARTICLE XI.

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligation of Seller to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by Seller in its sole discretion:

Section 11.01. Consents and Approvals

(a) Receipt of all required material, non-governmental third party consents and any other approvals necessary to consummate the transactions contemplated by this Agreement set forth in Schedule 11.01(a) and all consents, waivers, authorizations and approvals of any Governmental Authority required pursuant to Section 4.05; and

(b) Receipt of any required environmental and other Governmental Approvals required for transfer and operation of the System by Buyer, with terms and conditions reasonably acceptable to Buyer, including without limitation all required EPA and PaDEP approvals and all such Authorizations and Permits and Governmental Approvals shall be final (and not subject to any appeal and any applicable appeal period having expired).

Section 11.02. Representations and Warranties of Buyer

. The representations and warranties made by Buyer in Article V which are (a) not qualified by materiality shall be true and correct in all material respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all material respects as of such specified date) and (b) qualified by materiality shall be true and correct in all respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all respects as of such specified date), and Seller shall have received a certificate to the effect of the foregoing from a duly authorized officer of Buyer dated as of the Closing Date.

Section 11.03. [PaPUC Approval]

. PaPUC shall have issued a Final Order approving the acquisition of the System under terms and conditions that are reasonably acceptable to Seller and Buyer. In the event a party to the PaPUC proceeding appeals or files a petition for reconsideration of PaPUC authorization of the transaction, Buyer and Seller may still mutually agree to proceed to consummate the transaction.]¹⁰

Section 11.04. No Injunctions

¹⁰ Bracketed because provision only applies to certain Bidders.

. Neither Seller nor Buyer shall be subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement.

Section 11.05. Performance of the Obligations of Buyer

. Buyer shall have performed in all material respects all obligations required under this Agreement to be performed by Buyer on or before the Closing Date, and Seller shall have received a certificate to that effect from Buyer dated the Closing Date.

Section 11.06. Deliveries by Buyer

. Buyer shall have made delivery to Seller of the documents and items specified in Section 13.03 herein.

Section 11.07. No Material Adverse Effect

. There shall not have occurred any event or condition which gives rise to a Material Adverse Effect with respect to the Acquired Assets or the System.

ARTICLE XII.

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligation of Buyer to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by Buyer in its sole discretion:

Section 12.01. Consents and Approvals

(a) Receipt of all required material, non-governmental third party consents and any other approvals necessary or advisable to consummate the transactions contemplated by this Agreement set forth in Schedule 11.01(a) and all consents, waivers, authorizations and approvals of any Governmental Authority required pursuant to Section 5.04; and

(b) Receipt of any required environmental and other Governmental Approvals required for transfer and operation of the System by Buyer, with terms and conditions reasonably acceptable to Buyer, including without limitation all required EPA and PaDEP approvals and all such Authorizations and Permits and Governmental Approvals shall be final (and not subject to any appeal and any applicable appeal period having expired).

Section 12.02. Representations and Warranties of Seller

. The representations and warranties made by Seller in Article IV this Agreement (disregarding all “materiality” and “Material Adverse Effect” or similar qualifications contained therein) shall be true and correct on and as of the Closing Date (except for representations and warranties

expressly stated to relate to a specific date, in which case each such representation and warranty shall be true and correct as of such earlier date), with only such exceptions as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and Buyer shall have received a certificate to that effect from Seller dated as of the Closing Date.

Section 12.03. [PaPUC Approval]

. PaPUC shall have issued a Final Order approving the acquisition of the System under terms and conditions that are reasonably acceptable to Seller and Buyer. In the event a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, Buyer and Seller may still mutually agree to proceed to consummate the transaction.]¹¹

Section 12.04. No Injunctions

. Neither Seller or Buyer shall be subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement.

Section 12.05. No Material Adverse Effect

. There shall not have occurred any event or condition which gives rise to a Material Adverse Effect with respect to the Acquired Assets or the System.

Section 12.06. Deliveries by Seller

. Seller shall have made delivery to Buyer of the documents and items specified in Section 13.02 herein.

Section 12.07. Performance of the Obligations of Seller

. Seller shall have performed in all material respects all obligations required under this Agreement to be performed by Seller on or before the Closing Date, and Buyer shall have received a certificate to that effect from Seller dated the Closing Date.

ARTICLE XIII.

CLOSING

Section 13.01. Closing Date

. The Closing shall take place at a place in Pennsylvania that is mutually agreed upon by the Parties, at 10:00 a.m. Eastern Standard Time on the earliest agreed upon date or within twenty (20) Business Days after the date upon which all the conditions precedent to Closing described in this Agreement have been fulfilled or waived and Buyer and Seller receive the last of the required

¹¹ Bracketed because provision only applies to certain Bidders.

consents, waivers, authorizations and approvals from the Governmental Authorities, in each case, for the transactions contemplated by this Agreement, or at such other place and time, by such other method, or on such other date, as may be mutually agreed to by the Parties (the “Closing Date”). The Closing shall be effective at 12:01 a.m., East Norriton, PA time, on the Closing Date (the “Closing Effective Time”).

Section 13.02. Deliveries by Seller

. At the Closing, Seller shall have delivered or cause to be delivered to Buyer executed copies of the following agreements, documents and other items:

(a) A Bill of Sale transferring all of the Acquired Assets comprising personal property, in the form attached hereto as Exhibit A;

(b) Possession of the Acquired Assets, including without limitation, the Real Property, the Easements and an interest in the Missing Easements (including a license from Seller to Buyer, if necessary);

(c) A duly executed counterpart to an Assignment and Assumption Agreement with respect to the Assumed Liabilities (the “Assignment and Assumption Agreement”), in the form attached hereto as Exhibit B;

(d) The consents to transfer all of the Assigned Contracts and Authorizations and Permits (including environmental Authorizations and Permits), to the extent required hereunder;

(e) One or more special warranty or other deeds in recordable form reasonably acceptable to Buyer transferring fee simple title of Real Property;

(f) Copies or originals of all Files and Records, materials, documents and records in possession of Seller relating to the Real Property or the Assigned Contracts;

(g) Certificate of Seller pursuant to Section 12.02 of this Agreement;

(h) Certificate of Seller pursuant to Section 12.07 of this Agreement;

(i) Any documents duly executed by Seller required by the Title Company to issue final owner's title policies in accordance with the procedures set forth in Article VI; and

(j) All such other instruments of conveyance or other documents as shall, in the reasonable opinion of Buyer and its counsel, be necessary to transfer to Buyer the Acquired Assets in accordance with this Agreement or to carry out the terms of this Agreement, duly executed and acknowledged by Seller, if necessary, and in a recordable form.

Section 13.03. Deliveries by Buyer

. At the Closing, Buyer shall have delivered or caused to be delivered to Seller the following agreements, documents and other items:

- (a) Payment in full of the Purchase Price;
- (b) A duly executed counterpart to the Assignment and Assumption Agreement;
- (c) Certificate of Buyer pursuant to Section 11.02 of this Agreement;
- (d) Certificate of Buyer pursuant to Section 11.05 of this Agreement;
- (e) Evidence of PaPUC approval as provided in Section 12.03; and
- (f) All such other instruments of assumption as shall, in the reasonable opinion of Seller and its counsel, be necessary for Buyer to assume the Assumed Liabilities in accordance with this Agreement.

ARTICLE XIV.

TERMINATION

Section 14.01. Events of Termination

. This Agreement may, by notice given in the manner hereinafter provided, be terminated and abandoned at any time prior to completion of the Closing:

- (a) By the mutual consent of Seller and Buyer;
- (b) By either Seller or Buyer if:
 - (i) the Closing shall not have occurred on or prior to the Outside Date; provided, however, the Buyer shall have the one-time right to extend the Outside Date for up to ninety (90) days if, in the Buyer's sole discretion, any such amount of time up to ninety (90) days is necessary to obtain a required Governmental Approval; or
 - (ii) any Governmental Authority shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the material transactions contemplated by this Agreement and such order, decree, ruling or other action will have become final and non-appealable; provided, however, that the party seeking termination pursuant to this clause (b) of this Section 14.01 is not in breach in any material respect of any of its representations, warranties, covenants or agreements contained in this Agreement;
- (c) By Seller (if Seller is not then in material breach of any provision of this Agreement) in the event of a material breach of any covenant or agreement to be performed or complied with by Buyer pursuant to the terms of this Agreement or of any representation or warranty of Buyer contained in this Agreement, which breach (i) has continued without cure for a period of sixty (60) days following written notice thereof by Seller to Buyer or if such breach cannot be cured and (ii) would result in a condition to Closing set forth in Article XI of this Agreement not being satisfied (which condition has not been waived by Seller in writing); or

(d) By Buyer (if Buyer is not then in material breach of any provision of this Agreement) in the event of a material breach of any covenant or agreement to be performed or complied with by Seller pursuant to the terms of this Agreement or of any representation or warranty of Seller contained in this Agreement, which breach (i) has continued without cure for a period of sixty (60) days following written notice thereof by Buyer to Seller or if such breach cannot be cured and (ii) would result in a condition to Closing set forth in Article XII of this Agreement not being satisfied (which condition has not been waived by Buyer in writing).

This Agreement may not be terminated after completion of the Closing.

Section 14.02. Effect of Termination

. If this Agreement is terminated by Seller or Buyer pursuant to Section 14.01, written notice thereof will forthwith be given to the other and all further obligations of the parties hereto under this Agreement will terminate without further action by either party and without liability or other obligation of either party to the other party hereunder; provided, however, that no party will be released from liability hereunder if this Agreement is terminated and the transactions abandoned by reason of any willful breach of this Agreement.

Section 14.03. Damages for Willful Breach

. In the event this Agreement is terminated as a result of willful breach by either Party as described in Section 14.02, the Party who breached the agreement shall be liable for Losses incurred by the non-breaching party as a result of the breach in accordance with Article VIII hereof.

ARTICLE XV.

MISCELLANEOUS

Section 15.01. Confidentiality

. Except as and to the extent required by applicable Law (including but not limited to the Pennsylvania Right-To-Know Act at 65 Pa § 67.101) or pursuant to an order of a court of competent jurisdiction and as required hereunder to obtain any and all required Governmental Approvals, neither Party hereto shall, directly or indirectly, disclose or use (and no party shall permit its representatives to disclose or use) any Confidential Information with respect to the other Party furnished, or to be furnished, by such other Party hereto or its shareholders, directors, officers, agents, or representatives to the other Party hereto or its employees, directors, officers, agents or representatives in connection herewith at any time or in any manner other than in connection with the completion of the transactions contemplated by this Agreement and related transactions.

Section 15.02. Public Announcements

. Subject to applicable Law or listing rules of an exchange on which Buyer's parent corporation's stock is listed, and except as otherwise set forth herein, the initial public announcement relating to the transactions contemplated herein will be mutually agreed upon and jointly made by the Parties.

Subsequent public announcements related to the sale of the System by one Party shall be provided to the other Party at least three (3) days prior to issuance.

Section 15.03. Notices

. All notices, other communications and approvals required or permitted by this Agreement shall be in writing, shall state specifically that they are being given pursuant to this Agreement and shall be addressed as follows:

in the case of Seller:

Township of East Norriton
2501 Stanbridge Street
East Norriton, PA 19401-1616
Attention: Township Manager

with a copy to:

Township of East Norriton
2501 Stanbridge Street
East Norriton, PA 19401-1616
Attention: Township Solicitor

in the case of Buyer:

[_____]
[_____]
Attention: [_____]

with a copy to:

[_____]
[_____]
Attention: [_____]

or such other persons or addresses as a Party may from time to time designate by notice to the other Party. A notice, other communication or approval shall be deemed to have been sent and received (i) on the day it is delivered, or if such day is not a Business Day or if the notice is received after ordinary office hours (time or place of receipt), the notice, other communication or approval shall be deemed to have been sent and received on the next Business Day, or (ii) on the fourth Business Day after mailing if sent by United States registered or certified mail.

Section 15.04. Headings

. The article, section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 15.05. Severability

. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 15.06. Entire Agreement

. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties. There are no representations, warranties, conditions or other agreements, whether direct or collateral, or express or implied, that form part of or affect this Agreement, or that induced any Party to enter into this Agreement or on which reliance is placed by any Party, except as specifically set forth in this Agreement. The Parties acknowledge and agree that (i) each has substantial business experience and is fully acquainted with the provisions of this Agreement, (ii) the provisions and language of this Agreement have been fully negotiated and (iii) no provision of this Agreement shall be construed in favor of any Party or against any Party by reason of such provision of this Agreement having been drafted on behalf of one Party rather than the other Party.

Section 15.07. Amendments; Waivers

. This Agreement may be amended, changed or supplemented only by a written agreement signed by the Parties. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

Section 15.08. Parties in Interest; Third Party Beneficiary

. Except as hereinafter provided, this Agreement is not intended to and shall not be construed to create upon any Person other than the Parties any rights or remedies hereunder.

Section 15.09. Successors and Assigns

. Neither Party hereto shall assign or delegate this Agreement or any rights or obligations hereunder without the prior written consent of the other Parties hereto, and any attempted assignment or delegation without prior written consent shall be void and of no force or effect.

Section 15.10. Governing Law; Jurisdiction

. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Pennsylvania (without giving effect to the principles of conflicts of laws thereof). The Parties hereto irrevocably agree and consent to the jurisdiction of the United States District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Montgomery County, Pennsylvania, for the adjudication of any matters arising under or in connection with this Agreement. Any action initiated in court shall be filed and litigated (including

all discovery proceedings) exclusively in the United States District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Montgomery County, Pennsylvania, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such Party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 15.11. Specific Performance

. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity if the other Party has performed in accordance with the terms hereof.

Section 15.12. Counterparts; Facsimile Execution

. This Agreement may be executed in any number of counterparts which, taken together, shall constitute one and the same agreement. This Agreement shall be effective when it has been executed by each Party and delivered to both Parties. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to the other Party by facsimile transmission. Such Party shall be deemed to have executed and delivered this Agreement on the date it sent such facsimile transmission. In such event, such Party shall forthwith deliver to the other Party an original counterpart of this Agreement executed by such Party.

[THIS SPACE INTENTIONALLY LEFT BLANK;

SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed, or caused to be executed by their duly authorized Representatives, this Agreement as of the Effective Date.

TOWNSHIP OF EAST NORRITON,
MONTGOMERY COUNTY

[_____]

By: _____

By: _____

Printed: _____

Printed: _____

Its: _____

Its: _____

ATTEST:

ATTEST:

By: _____

By: _____

Printed: _____

Printed: _____

Title: _____

Title: _____

7/20/2018

ASSET PURCHASE AGREEMENT

By and Between

Township of East Norriton, Montgomery County

As Seller

and

[_____]

As Buyer

SCHEDULES AND EXHIBITS

Capitalized terms used in the Schedules which are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement. The Schedules are to be read in their entirety. Nothing in the Schedules is intended to broaden the scope of any representation or warranty in the Agreement. The disclosure of any item, explanation, exception or qualification in any Schedule is disclosure of that item for all purposes for which disclosure is required under the Agreement when it is reasonably apparent from the context that such item, explanation, exception or qualification also relates to another Schedule irrespective of whether any cross reference is made or no Schedule is provided with respect to a representation. Other than as expressly set forth herein or when the Schedules reference agreements or other matters not documented in a separate writing, all descriptions of agreements, written materials or other matters appearing herein, are summary in nature and are qualified by reference to the complete documents, which have been supplied to the Buyer or its counsel.

Schedule 2.02(h)

Excluded Assets

1. Any and all income received by the Township in connection with the Germantown Force Main litigation.
2. PennDOT reimbursement income related to the Route 202 road widening project.

Schedule 3.03

Allocation Schedule

[To be provided by Buyer]

Asset	Percentage of Purchase Price
	<i>%</i>

Schedule 4.05

Required Governmental Consents

1. [Pennsylvania Public Utility Commission (“PaPUC”) Approval of Transaction]
2. [PaPUC Approval of Consent to Assignment and Amendment to Wastewater Service Agreements]
3. Pennsylvania Department of Environmental Protection Approval of Act 537 Official Sewage Facilities Plan recognizing transfer of wastewater collection system from Seller to Buyer
4. [Consent(s) to assign certain provisions in the Authority Agreements, excluding the Retained Liabilities and Obligations]
5. Consents to assign Wastewater Service Agreements

Schedule 4.06

Seller Liabilities

[None.]

Schedule 4.07

Events Having a Material Adverse Effect

[None.]

Schedule 4.08

Tax Matters

[None.]

Schedule 4.09

Real Property and Easements; Liens

Seller is endeavoring, with the assistance of its legal counsel, to prepare a schedule of real property related to operation of the sanitary sewer system which property would be conveyed to Buyer in the event of a sale. Seller has individual paper records for many of the properties which it is currently reviewing and recording in a schedule to be attached to an agreement of sale.

REAL PROPERTY AND ABOVE-GROUND EASEMENTS

Pump Stations	Parcel ID	Deed Book/Page	Address	Document	Date
1 Sandra Lane	330010568001	4670-00441	525 N Whitehall Rd., East Norriton, PA 19403	County Parcel Record	9/14/1981
2 Norris City	330005995101	5005-00813	528 Norris City Ave., East Norriton, PA 19401	County Parcel Record	1/29/1992
3 Schultz Road	330007654548	4688-00280	1031 Schultz Rd., East Norriton, PA 19403	County Parcel Record	11/6/1981
4 Einstein	330003187002	5777-02187/02196	675 W. Germantown Pike, East Norriton, PA 19403	County Parcel Record	6/15/2010
5 Potshop Lane	330090050007	5182-0360	2071 Potshop Lane, East Norriton, PA 19403	Deed of Dedication	11/3/1995
6 Timberlake	330008142006	4269-0137	2501 Stanbridge St., East Norriton, PA 19401	Deed of Dedication	7/3/1985
7 Whitehall Road	330010573005	4691-1156	3120 N. Whitehall Rd., East Norriton, PA 19403	Deed of Dedication	4/14/1982
8 Germantown Pike	330002947107	4171-595/596/597	820 W. Germantown Pike, East Norriton, PA 19403	Deed	12/13/1976
9 Felton Road*			2945 Felton Rd., East Norriton, PA 19401		

*Documents need to be retrieved from the County data records

Below Ground Easements

1. Based on the Township's review, it is estimated that 75-85% of below-ground easements are documented by signed subdivision plans or fall within the Township right of way.
2. The remaining easements are being documented on a manhole-to-manhole schedule and are well underway.

Schedule 4.10

Equipment and Machinery

The following pieces of machinery and equipment [NOTE: subject to minor changes by the Township as it completes final inventory]:

Asset ID	Description	Class	Subclass	Status	Purchased
994	NSWV Model 300 Wastewater Pump	008	ME	A	06/12/2015
1002	Yaskawa Variable Freq Drive	008	ME	N	08/31/2016
1003	Yaskawa Variable Freq Drive	008	ME	N	08/31/2016
804	Ford TV Truck	016	16	A	01/01/1999
805	GMC Flush Truck	016	16	A	01/01/1999
831	Ford F-250	018	TR	A	01/01/2000
833	Ford Truck & Plow	018	TR	A	01/01/2001
844	Burster Machine	018	ME	A	01/01/1998
848	Pump Control Panel	018	ME	A	01/01/1999
850	Pump Control Panel	018	ME	A	01/01/2000
851	Pump Station Flowmeter	018	ME	A	01/01/2001
852	Packer w/accessories	018	ME	A	01/01/2003
853	Ridgid Diamter Camera	018	ME	A	01/01/2004
854	Electric Chain Hoist w/acces.	018	ME	A	01/01/2005
855	Aries Camera System	018	ME	A	01/01/2005
856	Ridgid See Snake Camera	018	ME	A	01/01/2006
857	Ridgid Camera Monitor	018	ME	A	01/01/2006
858	Ridgid Mini See Snake Camera	018	ME	A	01/01/2006
859	(3) Ecograph T Recorders	018	ME	A	01/01/2006
860	Modem	018	ME	A	01/01/2007
861	Ridgid Mini Push Cable	018	ME	A	01/01/2007
862	Winpower DR4514 Generator	018	ME	A	01/01/2007
863	LCD/DVD Montior	018	ME	A	01/01/2008
864	Godwin Portable Generator	018	ME	A	01/01/2009
865	Portable Gas Monitors	018	ME	A	01/01/2010
866	Flow Meter	018	ME	A	01/01/2010
868	Confined Spaces Entry Equipmen	018	ME	A	01/01/2012
869	VFD Replacements	018	ME	A	01/01/2013
870	VFD Replacements - Sandra Ln	018	ME	A	01/01/2013
874	Norris City PS AC Repairs	018	ME	A	01/01/2014
875	VFD Replacements	018	ME	A	01/01/2014
992	Yaskawa Variable Freq Drive	018	ME	A	11/11/2015
993	Yaskawa Variable Freq Drive	018	ME	A	03/13/2015
830	GMC Truck	018	TR	D	01/01/1999
832	Ford F-350	018	TR	D	01/01/2000
867	VFD Pump	018	ME	D	01/01/2011

Class Legend

ME	Machinery & Equipment
TR	Trucks & Vehicles

Schedule 4.11(a)

Benefit Obligations

[Two non-union employees to be transferred with the sale]

Summary of Benefits

Health Insurance	HMO and PPO plans - Employee, Spouse and Family Coverage	
Holidays	13 Paid Holidays	
	1x Annual Salary up to max of	
Life Insurance	\$150,000	
Long Term Disability	60% of salary from after 90 days to six months	
Pension	Defined Benefit Plan	
Personal Leave	5 Days Annually	
Short term Disability	70% of salary from day 8 to day 90	
Sick Leave	Accumulate 2.5 days per quarter/max 10 days per year	
Vacation	Years Completed	Vacation Days
	1	10
	5	15
	10	20
	15	25
	20	30

Schedule 4.11(b)

Multiemployer Plans

[None.]

Schedule 4.11(c)

Post-termination Benefit Obligations

[None.]

Schedule 4.11(e)

Severance Agreements

[None.]

Schedule 4.12(a)

Exceptions to Personnel Payments

[None.]

Schedule 4.13

Environmental Compliance

Noncompliance issues:

Sanitary Sewer Overflows from 2014 to present (reported to Department of Environmental Protection but not necessarily resulting in a fine):

Date	Location(s)		Cause
	MH #	Physical Location	
4/30/2014	MH 432	Stoney Creek Rd	5-inch rainfall event
4/30/2014	MH 884	Congress Rd	5-inch rainfall event
4/30/2014	MH 885	Congress Rd	5-inch rainfall event
4/30/2014	MH 882	Easement - 3030 Potshop Rd	5-inch rainfall event
4/30/2014	MH 856	Taft Rd	5-inch rainfall event
4/30/2014	MH 855A	Taft Rd	5-inch rainfall event
4/30/2014	MH 402	Wellington Rd @ St. Vincent	5-inch rainfall event
4/30/2014	MH 372	Easement - 419 W. Twp Line	5-inch rainfall event
4/30/2014	MH 2A*	Easement - Pacer Lane	5-inch rainfall event
5/16/2014	MH 371	Easement - 419 W. Twp Line	3.1 inches of rain in 6 hours
5/16/2014	MH 372	Easement - 419 W. Twp Line	3.1 inches of rain in 6 hours
5/16/2014	MH 432	Stoney Creek Rd	3.1 inches of rain in 6 hours
5/16/2014	MH 402	Wellington Rd @ St. Vincent	3.1 inches of rain in 6 hours
5/16/2014	MH 2A*	Easement - Pacer Lane	3.1 inches of rain in 6 hours
5/16/2014	MH 351	Easement - 413 W. Twp Line	3.1 inches of rain in 6 hours
5/16/2014	MH 1151	Whitehall Rd near Twp Line Rd	Pump Station malfunction
6/9/2014	MH 2A*	Easement - Pacer Lane	2.5 inches of rain in 2 hours
11/9/2014	MH 882	Easement - 3030 Potshop Rd	Blockage
11/27/2014	402	Wellington Rd @ St. Vincent	Grease blockage
1/18/2015	2A	Right of Way in cul-de-sac of Pacer Lane	Heavy Rain

6/13/2015	N/A	147 Pine Ct - PRIVATE SEWER SYSTEM IN PRIVATE TOWNHOME COMMUNITY	Blockage in private sewer main caused backup into basement of 147 Pine Ct
6/22/2015	309	2720 Stanbridge Street	Grease accumulation suspected.
8/20/2015	N/A	619 W. Township Line Road	Rupture in 4-inch cast iron force main for Whitehall Road PS
11/30/2015	110	Dekalb Pike between Colonial Drive and Jefferson Crossing Blvd.	Grease accumulation suspected.
12/11/2015	N/A	PRIVATE SEWER LATERAL OVERFLOW - Along Northampton Road frontage of property located at 3034 N. Whitehall Rd.	Plumber hired by property owner removed clean out cap for low pressure (grinder pump) forced lateral. When pump started, SSO occurred.
12/14/2015	N/A	PRIVATE SEWER LATERAL OVERFLOW - 3035 Stoney Creek Rd	Excessive paper use - caught in trap of private sewer lateral & caused SSO from lateral vent pipe.
2/3/2016	853, 854, 855A, 884 & 885	Taft Road & Congress Road	Snow Melt and Heavy Rain
2/3/2016	2A	Pacer Lane Right of way	Snow Melt and Heavy Rain
2/4/2016	N/A	PRIVATE SEWER LATERAL: 21 Montgomery Avenue	Blockage in private sewer lateral.
2/16/2016	2A	Pacer Lane Right of way	Heavy Rain
2/16/2016	402	Wellington Road	Heavy Rain
2/24/2016	N/A	Norris City Avenue approximately 100 ft from Norris City Pump Station	Norris City Pump Station Force Main failure.
2/24/2016	2A	Pacer Lane Right of way	Norris City Pump Station Force Main failure. Had to shut down station to make repair, which caused SSO at this manhole.
2/24/2016	1316	Located near Timberlake Pump Station	Shut down Timberlake PS to minimize flows going to Norris City PS. Manhole surcharged and sewage leaked from joints of brick manhole.
4/25/2016	N/A	PRIVATE SEWER LATERAL: 3310 North Wales Road	Unknown
5/6/2016	N/A	504 Woodlyn Avenue	Blockage in sewer main between MH 22 & MH 23 on Hillcrest Avenue
8/24/2016	MH 622	Rear of 2319 Springview Road	Root Intrusion in sewer main.
9/21/2016	Between MH 664 & MH 665	Sewer main located along common property line between 8 & 10 Hanover Lane	Defective pipe joints allowed sewage to exfiltrate the main.

9/27/2016	N/A	Norris City Pump Station	Failure of compressed air line fitting to surge relief tank at pump station.
3/30/2017	MH 148 & MH 149	18 W. Germantown Pike	Bricks from MH blocking channel/pipe
3/31/2017	MH 2A*	Pacer Lane Right of way	Heavy Rain
7/24/2017	MH 2A*	Pacer Lane Right of way	Heavy Rain
9/19/2017	N/A	2521 Springview Road	Partial main blockage btw MH 94 & 95 creating surcharge conditions & exfiltration.
10/23/2017	MH 975	Between 3142 & 3144 Taft Road	Root Intrusion in sewer main.
2/7/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 1.0 inches of rain
2/11/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 1.9 inches of rain
2/16/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 0.75 inches of rain
3/2/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - Nor'easter of March 2nd
3/2/2018	MH 43	Meadowbrook Road	Rain Event - Nor'easter of March 2nd
4/16/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 2.5 inches of rain
4/16/2018	MH 402	Wellington Road	Rain Event - 2.5 inches of rain
5/27/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 2.5 inches of rain
5/27/2018	MH 402	Wellington Road	Rain Event - 2.5 inches of rain
5/27/2018	MH 780	Easement behind 3048 Taft Road	Rain Event - 2.5 inches of rain
6/11/2018	MH 780	Easement behind 3048 Taft Road	Rain Event - 2.5 inches of rain

* Carroll Engineering Corp is currently working on plans and specifications for a project to minimize SSOs at MH 2A. Project involves hydraulic improvements to MH 2 on Norris City Ave, immediately downstream of MH 2A, where pipe makes an acute angle bend. We propose to install intermediate manholes upstream and downstream of MH 2 that would "smooth" the bend in the pipe and improve flow hydraulics. Project would also divert flows from Coleston Area (Hartranft, Hancock, Montgomery, Francis, First, Second & Third Streets) by install a diversion MH on Swede Rd at Norris City Ave and connecting pipe to existing gravity sewers on Norris City at MH 5. This would divert an estimated 175,000 gpd of peak flow from MH 2A. The Township submitted a PA Small Water & Sewer Grant application for this project in February of 2018 and are awaiting notification of award.

Consent order and Agreement dated 20th February 2007 with Department of Environmental Protection regarding sanitary sewer overflows at the Germantown pump station

Schedule 4.14

Authorizations, Licenses and Permits

- The below permits issued by the Commonwealth of Pennsylvania Department of Environmental Protection:

**East Norriton Township/
East Norriton Municipal Authority**



DEP Wastewater Permits

Pump Station Name	Location	DEP Permit #
Timberlake Pump Station (Stony Creek Pumping Station No. 1)	2501 Stanbridge St. East Norriton, PA 19401	9524-S
Norris City Pump Station (Stony Creek Pumping Station No. 2)	528 Norris City Ave. East Norriton, PA 19401	9524-S
Germantown Pike Pump Station (Stony Creek Pumping Station No. 3)	820 W. Germantown Pike East Norriton, PA 19403	4681405
Germantown Pump Station Parallel Force Main (Approved as an amendment to Einstein PS permit)	820 W. Germantown Pike East Norriton, PA 19403	4609411
Potshop Lane Pump Station/Burnside Ave Pump Station	2071 Potshop La. East Norriton, PA 19403	
Sandra Lane Pump Station	525 N. Whitehall Rd. East Norriton, PA 19403	4674456 / 4602413
Felton Road Pump Station	2945 Felton Rd. East Norriton, PA 19401	4672431
Whitehall Road/Township Line Road Pump Station	3120 N. Whitehall Rd. East Norriton, PA 19403	4681443 / WQG 02461716
Einstein Pump Station & Surge Storage Tank (Filed w/DEP under ENPWISA)	675 W. Germantown Pike East Norriton, PA 19403	4609411
Schultz Pump Station	1031 Schultz Rd. East Norriton, PA 19403	4674453

[Schedule continues on following page]



Other DEP Wastewater Permits

Sewer Extension (Subdivision, Location/Streets)	DEP Permit #	DEP File ID #
Sewer Extension (Provident, Norriton East Apts, Dekalb Inn)	764546	43414
Original Sewers & Stony Creek No. 1 & No. 2 stations	95245	43415
Sewer Ext. & Ejector Station (Woodland Manor)	4674454	43398
Sewer Ext. (Sunset Knoll - Woodland Ave & James Cr)	4674455	43399
Sewer Ext. & Sandra Lane PS (Sandra Ln)	4674456	43400
Sewer Ext. (Tanglewood Subdivision)	4379430	43401
Sewer Ext. (Flood Subdivision)	4679435	43402
Sewer Ext. (Village East - Carol Ln)	4679436	43403
Sewer Ext. (Kimberly Knoll - Kimberly Ln, Jennifer Dr, Patricia Dr, Kristin Ct)	4679437	43404
Sewer Ext. (Glen Moore - Marna Ct)	4679438	43405
Sewer Ext. (Lehigh Maple Corp - Dorp Ln, Dorp Cr)	4679441	43406
Sewer Ext. & Stony Creek No 3 PS Wet Well Expansion (Whitehall Estates II - Faith Dr)	4681405	43408
Sewer Ext. (Maple Ridge)	4681422	43409
Sewer Ext. (Barley Sheaf - Office Bldg)	4681440	43410
Sewer Ext. & Whitehall Rd Ejector Sta. (Existing homes on Whitehall Rd - Marion Ave to Twp Line Rd)	4681443	43411
Sewer Ext. (Eliz Myers Subdivision - Embassy Cr)	4685465	43413
Sewer Ext. (New Hope Village - Sawmill Ct)	4680426	43407
Sewer Ext. (Tornetta Realty Corp - Northtowne Plaza)	4682436	43412
Sewer Ext. & Felton Rd Ejector Station (Felton Rd)	4672431	43396
Sewer Ext. & Schultz Rd PS (Keenan Construction Subd. - Singer Ln, Doris Ln, Lewis Ln, Woodland Ave)	4674453	43397
Sewer Ext. (Barley Sheaf Subdivision - residential)	4685411	31643
Sewer Ext. (Spring House Manor - Spring House Ln)	4687411	31645
Sewer Ext. (Whitehall Woods - Baker Dr)	4685453	31644

2. Pennsylvania Department of Environmental Protection approval of Act 537 Official Sewage Facilities Plan
3. Montgomery County Health Department – Post-closing notice
4. [PaPUC
 - a. Approval of transaction
 - b. Approval of consent to assignment and amendments to Wastewater Service Agreements]

Schedule 4.15

Assigned Contracts

Agreements			
Name of Contract	Parties to Contract	Date of Contract	Subject
Agreement with Joint Sewer Authority	East Norriton-Plymouth-Whitpain Joint Sewer Authority, East Norriton Township, Whitpain Township and Plymouth Township	November 12, 2003	Excludes development Burnside Reserve within East Norriton from the service area of the Authority; permits development to send its sewage effluent to West Norriton
Agreement	Township of Whitpain, East Norriton Township, and John DiSanto	July 18, 1994	Permitting DiSanto to connect to Whitpain's sewer system
Agreement	Plymouth Township Municipal Authority, Plymouth Township, the East Norriton Sewer Authority, and the East Norriton Township Board of Supervisors/the Township of East Norriton	August 13, 1991	Plymouth and East Norriton agree to accept sewage from certain areas of the other Township
Agreement	East Norriton Township, Whitpain Township, and the Automobile Dealers Association of Greater Philadelphia	September 9, 2007	Permitting the Automobile Dealers Association to connect to Whitpain's sewer system
Authority Agreements (as defined below)*	See definition	See definition	Governing the Joint Sewer Authority

* **Authority Agreements** means, collectively, the following agreements to which East Norriton Township is a party: (i) a Joint Treatment Agreement dated October 5, 1959 (the "1959 Agreement") among Seller, Plymouth Township, the East Norriton Township Municipal Authority, the Plymouth Township Municipal Authority, and the Authority, (ii) an Intermunicipal Sewage Treatment Service Agreement dated September 1, 1991 (the "1991 Agreement") among Seller, Plymouth Township, Whitpain Township, the East Norriton Township Municipal Authority, the Plymouth Township Municipal Authority, and the Authority; and (iii) Supplement No. 1 to the 1991 Agreement dated on or about October 25, 2005 (the "2005 Agreement"). The assignment of the Authority Agreements will not include the Retained Liabilities and Obligations (as defined in the Agreement).

Schedule 4.16

Litigation or Potential Claims

[None].

Schedule 4.18(a)

Exception to Title to Acquired Assets

[None.]

Schedule 4.18(b)

Sufficiency

[None.]

Schedule 4.19

Pending Development Plans

PROJECTED DEVELOPMENTS

Name of Area Served	Permits Obtained	DEP Permit #	Proposed Housing Units or EDU's					
			2017	2018	2019	2020	2021	2022
Bentwood Executive Campus (Commercial)	N/A	N/A		55	55		13	
2208 Old Arch Road	N/A	N/A		7	7			
Northwoods (Commercial)	N/A	N/A			18	30	30	23
Moreland Development (Restaurant Pad Site)	N/A	N/A					3	
317 W. Germantown Pk (Commercial)	N/A	N/A				14		21
Tone 2000	N/A	N/A			7			
Valenza Property (Commercial)	N/A	N/A			3			
Einstein Regional Medical Center	Yes	4609411			70			
Norriton Bus. Campus (Lots 2 & 14)	N/A	N/A			18		18	
1055 W. Germantown Pk (Alfonse)	N/A	N/A					5	
Altemose Property (Commercial)	N/A	N/A						9
1030 W. Germantown Pk (Gambone)	N/A	N/A			7			
Hillcrest Office Building (Commercial)	N/A	N/A				24		
2000 Arch Road Assoc.	N/A	N/A			3			
Miscellaneous	N/A	N/A		3	3	3	3	3
Totals			0	65	191	71	72	56

Schedule 4.20

Land Development and Financial Security Agreements

Schedule 5.04

Buyer Consents and Approvals

Pennsylvania Department of Environmental Protection.
[PaPUC]

Schedule 5.11

Buyer Litigation

[None.]

Schedule 7.03(a)

Rates

As of the date of this Agreement, Seller's rates are as follows:

Description	Minimum Bill	Allowed Minimum Usage Per Quarter (gal)	Current Rate Per 1,000 Gallons Over Allowed (minimum) Usage
Metered Sewer Customers	\$63.25	4,000	\$6.54
Flat Rate Sewer Customers	\$115.60	n/a	n/a
Metered Well Customers	\$63.25	4,000	\$6.54

Schedule 7.06

Outstanding Indebtedness

The Township's Series of 2010 General Obligation Bonds are currently outstanding as follows:

<u>Maturity Date</u>	<u>Total Principal Amount[†]</u>	<u>Sewer Portion to be Defeased[‡]</u>	<u>Interest Rate</u>
8/15/2019	\$320,000.00	\$215,000.00	3.125%
8/15/2020	335,000.00	225,000.00	3.300%
	<hr/> \$655,000.00	<hr/> \$440,000.00	

[†] Principal payment of \$315,000 to be made by Township on August 15, 2018.

[‡] Sewer fund obligation accounts for 66.95% of the obligation.

Schedule 7.12 (a)

Transferred Personnel

[Two non-union employees to be transferred]

Schedule 11.01(a)

Other Consents and Approvals

Exhibit A

Bill of Sale

Exhibit B

Assignment and Assumption Agreement

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Costs/Benefits

13. Please provide a copy of the proposal and exhibits of the Buyer for the purchase of Seller's system.

Response: Please see the attachment to SDR-13.



Proposal Form 1

August 24th, 2018

PFM Financial Advisors LLC
c/o Scott Shearer
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101

Re: East Norriton Township Sewer System Request for Bids

Dear Township of East Norriton:

Aqua Pennsylvania Wastewater, Inc. (the "Proposer") hereby submits the attached Proposal in response to the East Norriton Township Sewer System Request for Bids (the "RFB") issued by East Norriton Township ("East Norriton") on February 2, 2018, as amended.

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the East Norriton Township Asset Purchase Agreement (the "APA") for identified sewer facilities owned and operated by East Norriton. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

The Proposer, by its undersigned duly-authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

- 1. RFB and Addendum Acknowledgement. The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

Table with 2 columns: Addendum No., Date. Three rows of blank lines for input.

- 2. Due Authorization. The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

3. ***Completeness; Warranty as to Proposal Information.*** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct and complete, and are made with full knowledge that East Norriton will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to East Norriton and executing the Agreement.
4. ***Identity of Buyer.*** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Agreement pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the "Subsidiary"), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the Agreement from and after such execution.
5. ***Final Agreements.*** The Proposer agrees to enter into the Agreement in each case in the form identified as "Binding Proposal, Execution Copy" as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
6. ***Purchase Price.*** The amount of the Purchase Price that Proposer will pay pursuant to Section 3.01 of the Agreement will be the total set forth in Proposal Form 6.
7. ***Proposal Effective Period.*** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on October 1, 2018, unless extended to 5:00 p.m. Eastern Daylight Savings Time on November 1, 2018 by East Norriton or unless further extended by mutual consent of both East Norriton and the Proposer (the "Termination Time"). In the event that the Proposal submission date is delayed beyond August 24th, 2018, the Termination Time will be extended for the same such period. If East Norriton does not give written notice to the Proposer that East Norriton is prepared to enter into the Agreement on or prior to the Termination Time, this offer and the terms of this Proposal shall terminate at the Termination Time.
8. ***Agreement Execution.*** If at any time prior to the Termination Time, East Norriton gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Agreement with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Agreement to East Norriton.
9. ***Debarment.*** Neither the Proposer, the Operator, nor any other member of Proposer's project team is currently suspended or debarred from doing business with any governmental entity.
10. ***Contract Disclosures.*** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.

11. ***No Litigation.*** There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the Agreement contemplated hereby, or which, in any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any agreement or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.

12. ***Certain Representations.*** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the Agreement pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal or to the execution of the Agreement pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the Agreement, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).

13. ***Material Changes.*** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.

**Proposal Form 2
Non-Collusion Affidavit**

STATE OF PENNSYLVANIA
COUNTY OF MONTGOMERY

I, Marc A. Lucca, a resident of Lower Merion Township, in the State of Pennsylvania, of full age, being duly sworn according to law, on my oath depose and say that:

- (1) I am the President of Aqua Pennsylvania Wastewater, Inc., organized under the laws of the state of Pennsylvania, the Proposer making the Proposal in response to East Norriton Township Sewer System Request for Bids issued by East Norriton Township on August 24th 2018, as amended, and that I executed said Proposal with full authority to do so;
- (2) The pricing information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or with any competitor;
- (3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the Agreement; and
- (4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I, hereby affirm under the penalties of perjury that the foregoing statements are true.

Aqua Pennsylvania Wastewater, Inc.
Name of Proposer

Marc A. Lucca
Name of Designated Signatory

Marc A. Lucca
Signature

President
Title

(Notary Public)

State/Commonwealth of Pennsylvania

County of Montgomery

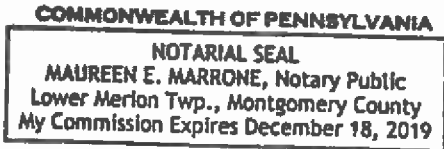
On this 20 day of August, 2018, before me appeared **MARC A. LUCCA** who is President of Aqua Pennsylvania Wastewater, Inc., a Pennsylvania Corporation, personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Maureen E. Marrone
Notary Public in and for the State/Commonwealth of Pennsylvania

(seal)

Maureen E. Marrone
(Name printed)



Residing at 762 W. Lancaster Ave. Bryn Mawr Pa
19010

Commission Number _____

**Proposal Form 4
Operator Information**

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the APA. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator:**
PROPOSER IS THE OPERATOR
2. **Operator's Primary Representative:**
CURT STEFFY, PE.
3. **Operator Experience (if not previously provided in response to the RFQ):**
SEE RFQ
4. **Operator's References (if not previously provided in response to the RFQ):**
SEE RFQ
5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

**Proposal Form 5
Contract and Lobbyist Disclosure**

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>
None	

Aqua Pennsylvania Wastewater, Inc.
Name of Proposer

Marc A. Lucca
Name of Designated Signatory


Signature

President
Title

Proposal Form
6
Business Proposal

The amount of the Purchase Price that Proposer offers to pay pursuant to Section 3.01 of the Agreement is:

US\$21,000,000 ----- [in numbers],

Twenty One Million Dollars-----xx/100 [in words] United States Dollars.

Proposers should ensure that the written and numerical Purchase Price in this Business Proposal exactly match. Should this not be the case, the binding Purchase Price will be assumed to be the lower of the two Purchase Price numbers.

Aqua Pennsylvania Wastewater, Inc.

Name of Proposer

Marc A. Lucca

Name of Designated Signatory



Signature

14. **Principal Contact.** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

NAME: Thomas Rafferty
TITLE: Director, Corporate Development
ADDRESS: Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
PHONE: (O) 610-645-1064; (C) 215-205-0800
FAX: 610-645-1061
EMAIL: tfrafferty@aquaamerica.com

Submitted by:

Aqua Pennsylvania Wastewater, Inc.
Name of Proposer

Marc A. Lucca
Name of Designated Signatory


Signature

President
Title

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Costs/Benefits

14. Provide a copy of the Buyer's offer to purchase the Seller's system and the Seller's response to that offer.

Response: Please see the response to SDR-13 for the Company's response to the Request For Bids. Please see the attachment to SDR-14 for East Norriton Township's ordinance approving the sale of its system to the Company.

**EAST NORRITON TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

ORDINANCE NO. 581

AN ORDINANCE AUTHORIZING THE EXECUTION BY EAST NORRITON TOWNSHIP (THE “TOWNSHIP”) OF AN ASSET PURCHASE AGREEMENT (THE “PURCHASE AGREEMENT”) BETWEEN THE TOWNSHIP AND PURCHASER AQUA PENNSYLVANIA WASTEWATER, INC. (“AQUA”); AUTHORIZING THE ASSIGNMENT OF THE TOWNSHIP’S RIGHTS AND OBLIGATIONS IN ALL RELEVANT AGREEMENTS TO AQUA; AUTHORIZING AND APPROVING ALL CONVEYANCE INSTRUMENTS; AUTHORIZING COMMUNICATIONS OF INFORMATION AND COOPERATION WITH AQUA; AUTHORIZING ALL ACTIONS RELATING TO THE EXECUTION OF THE PURCHASE AGREEMENT AND THE ASSIGNMENT OF ALL RELEVANT AGREEMENTS; AUTHORIZING INCIDENTAL ACTION TO BE TAKEN BY SPECIFIED OFFICERS OF THE TOWNSHIP; REPEALING INCONSISTENT ORDINANCES AND RESOLUTIONS; AND PROVIDING FOR A SEVERABILITY CLAUSE AND EFFECTIVE DATE.

WHEREAS, East Norriton Township (the “Township”), a Second Class Township of the Commonwealth of Pennsylvania, currently owns and operates a sanitary wastewater collection system (the “System”) that provides sanitary wastewater service to various customers in the Township and to some surrounding townships pursuant to service agreements, and transports and pumps its sewage to the treatment plant that is owned and operated by the East Norriton-Plymouth-Whitpain Joint Sewer Authority (the “Authority”) pursuant to several agreements; and

WHEREAS, the Township previously decided to pursue the sale of all of the assets, properties and rights of the Township (whether tangible, real, personal or mixed), which are exclusively held and used by it in connection with the System, including, but not limited to, information received by the Township as to consumption by customers within the service area of the System to facilitate accurate billing, as set forth in the Purchase Agreement (the “System Assets”) through a competitive bidding process (the “Assets Sale”); and

WHEREAS, the Township issued a Request for Qualifications (the “RFQ”) and a Request for Bids (the “RFB”) to solicit bids from interested and qualified companies and entities to purchase the System; and

WHEREAS, the Township received three (3) responses to the RFQ; and after the opportunity for due diligence, the Township received bids in response to the RFB from the three interested entities (“Potential Bidders”) that were found to be qualified; and

WHEREAS, the Township has reviewed the bids submitted by the Potential Bidders, and has determined that Aqua has submitted a bid that is in the best interest of the Township, and offers the greatest value to the Township, as determined by Board of Supervisors (the “Board”) based on the advice of the Township Financial Advisor and the Special Counsel; and

WHEREAS, to the extent the Township has determined that the Assets Sale is in the best interests of the Township, such determination to be evidenced through the execution and delivery by the Township of the Purchase Agreement, the Township will sell the System Assets to Aqua by entering into the Purchase Agreement with Aqua; and

WHEREAS, pursuant to the Purchase Agreement, the Township will assign the Township's rights and obligations under all relevant Agreements to Aqua as necessary and appropriate and in accordance with the Purchase Agreement; and

WHEREAS, under the Purchase Agreement, the Township will transfer to Aqua the ownership of the System Assets through the execution and delivery of all necessary and required bills of sale, instruments of assignment, consents to transfer, deeds, and other agreements, documents, and instruments of conveyance (collectively, the "Conveyance Instruments"); and

WHEREAS, the Township currently receives information as to water consumption by customers within the service area of the System from companies and to facilitate accurate billing (the "System Billing Information") and intends to pass on the System Billing Information and any and all rights of the Township in connection therewith, (except liens), to Aqua and cooperate with Aqua as is required for the continued operation of the System.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED by the Board of Supervisors of East Norriton Township as follows:

1. **Approval of the Purchase Agreement**

The Board hereby authorizes and approves the execution, delivery, and performance of the Purchase Agreement substantially in the form attached hereto as *Exhibit A*. The Chairman or Vice Chairman of the Board are hereby authorized and directed on behalf of the Township to execute any and all papers and documents, and to do and cause to be done any and all actions and things necessary or proper to execute the Purchase Agreement.

2. **Assignment of all Relevant Agreements**

The Board hereby authorizes and approves the assignment of the Township's rights and obligations under all relevant agreements in order to effectuate the sale of the System and the System Assets, including among other things, the relevant rights and obligations under Authority agreements. The Chairman or Vice Chairman of the Board are hereby authorized and directed on behalf of the Township to execute any and all papers and documents, and to do and cause to be done any and all actions and things necessary or proper to effectuate such assignment, provided that the terms and conditions of all such papers and documents are satisfactory to the Township Solicitor and Special Counsel to the Township.

3. **Approval of Deeds, Certificates, and Related Documents**

The Board hereby authorizes the execution and delivery by the Chairman or Vice Chairman of the Board, of the Conveyance Instruments necessary and required to be executed and delivered under the Purchase Agreement, provided that the terms and conditions of such Conveyance Instruments are satisfactory to the Township Solicitor and Special Counsel to the Township.

4. **Disposition of Proceeds**

The proceeds of the sale shall be utilized at the discretion of the Board in a manner consistent with the Pennsylvania Second Class Township Code.

5. **Information and Cooperation**

The Board hereby authorizes the Township, its agents and employees, to communicate the System Billing Information and any and all rights of the Township in connection therewith, and other information required or desirable in the sole discretion of the Chairman or Vice Chairman of the Board, to Aqua, and cooperate with Aqua for the continued operation of the System and the use of the System Assets.

6. **General Authorization**

The Board hereby further authorizes the Township, its agents and employees, to take any and all necessary actions required by the Second Class Township Code and other applicable law to complete the sale of the System Assets.

7. **Repealer**

All other ordinances and resolutions or parts thereof as they are inconsistent with this Ordinance are hereby repealed.

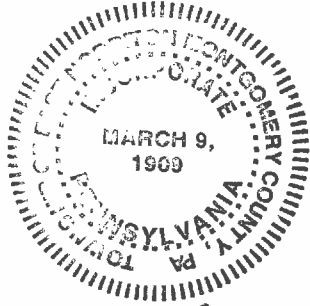
8. **Severability**

The provisions of this Ordinance are intended to be severable, and if any section, sentence, clause, part or provision hereof shall be held illegal, invalid or unconstitutional by any court of competent jurisdiction, such decision of the court shall not affect or impair the remaining sections, sentences, clauses, parts or provisions of this Ordinance. It is hereby declared to be the Intent of the Board that this Ordinance would have been adopted even if such illegal, invalid or unconstitutional section, sentence, clause, part or provisions had not been included herein.

9. **Effective Date**

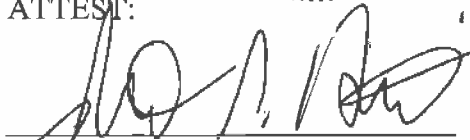
This Ordinance shall take effect and be in force five (5) days from and after its approval as required by the law.

ENACTED AND ORDAINED this 25th day of September, 2018.

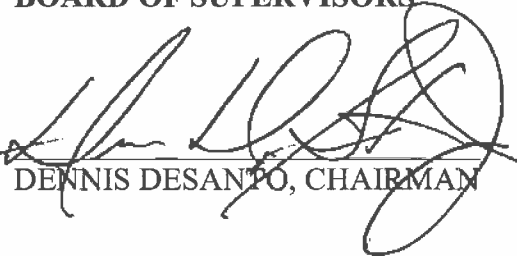


**EAST NORRITON TOWNSHIP
BOARD OF SUPERVISORS**

ATTEST:



ROBERT R. HART, SECRETARY



DENNIS DESANTO, CHAIRMAN

EXHIBIT A
(Purchase Agreement)

Execution Version

ASSET PURCHASE AGREEMENT

By and Between

Township of East Norriton, Montgomery County

As Seller

and

Aqua Pennsylvania Wastewater, Inc.

As Buyer

Dated as of September __, 2018

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (“Agreement”), dated as of September __, 2018 (the “Effective Date”), is made and entered into by and between TOWNSHIP OF EAST NORRITON, Montgomery County, a body corporate and politic, duly organized and existing under the laws of the Commonwealth of Pennsylvania (the “Seller”), and AQUA PENNSYLVANIA WASTEWATER, INC. (the “Buyer”), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

WITNESSETH:

WHEREAS, Seller, acting by and through the Board of Supervisors of the Township of East Norriton, Montgomery County (the “Township Board”) owns and operates a sanitary wastewater collection system (the “System”) that provides sanitary wastewater service to various customers in the Township of East Norriton, Pennsylvania and to some surrounding townships pursuant to service agreements (the “Service Area”), and transports and pumps its sewage to the treatment plant that is owned and operated by the East Norriton-Plymouth-Whitpain Joint Sewer Authority (the “Authority”); and

WHEREAS, Seller duly formed the Authority and owns one-third of the assets of the Authority; and

WHEREAS, Buyer is a regulated public utility that furnishes wastewater service to the public in several counties in Pennsylvania; and

WHEREAS, Buyer, in reliance upon the representations, warranties and covenants of Seller herein, desires to purchase and acquire from Seller, and Seller, in reliance upon the representations, warranties and covenants of Buyer herein, desires to sell, transfer and convey to Buyer all of the assets of the System (other than the Excluded Assets), and in connection therewith, Buyer has agreed to assume certain ongoing obligations and liabilities of Seller related to such acquired assets, all on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual representations, warranties, covenants, and agreements herein contained, the receipt and sufficiency of which hereby are acknowledged, intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms, as used in this Agreement (unless otherwise specified herein), shall have the meanings set forth in this Article I:

“**Acquired Assets**” has the meaning specified in Section 2.01.

“Affiliate” means, when used to indicate a relationship with a specified Person, a Person that, directly or indirectly, through one or more intermediaries, has a 10% or more voting or economic interest in such specified Person or controls, is controlled by or is under common control with (which shall include, with respect to a managed fund or trust, the right to direct or cause the direction of the management and policies of such managed fund or trust as manager, advisor, supervisor, sponsor or trustee pursuant to relevant contractual arrangements) such specified Person, and a Person shall be deemed to be controlled by another Person if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any Person or Persons with whom that other Person is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise (and for purposes of this definition, a managed fund or trust shall be deemed to be an Affiliate of the Person managing, supervising, sponsoring or advising such fund or trust and a limited partner in a managed fund or trust shall be deemed to be an Affiliate of such fund or trust and of the Person managing, supervising, sponsoring or advising such fund or trust).

“Agreement” has the meaning ascribed thereto in the recitals to this Agreement (and includes all Schedules and Exhibits referred to herein), as amended, modified and supplemented from time to time in accordance with the terms hereof.

“Allocation Schedule” has the meaning specified in Section 3.03.

“Assigned Contracts” has the meaning specified in Section 2.01(c).

“Assignment and Assumption Agreement” has the meaning specified in Section 13.02(c).

“Assumed Liabilities” has the meaning specified in Section 2.04(a).

“Authority” has the meaning specified in the Preamble of this Agreement.

“Authority Agreements” means, collectively, the following agreements to which East Norriton Township is a party: (i) a Joint Treatment Agreement dated October 5, 1959 (the “1959 Agreement”) among Seller, Plymouth Township, the East Norriton Township Municipal Authority, the Plymouth Township Municipal Authority, and the Authority, (ii) an Intermunicipal Sewage Treatment Service Agreement dated September 1, 1991 (the “1991 Agreement”) among Seller, Plymouth Township, Whitpain Township, the East Norriton Township Municipal Authority, the Plymouth Township Municipal Authority, and the Authority; and (iii) Supplement No. 1 to the 1991 Agreement dated on or about October 25, 2005 (the “2005 Agreement”).

“Authorizations and Permits” mean all licenses, permits, franchises, authorizations, certificates, registrations, consents, orders, adjudications, variances, waivers and approvals currently in effect issued or granted by Governmental Authorities, including without limitation, environmental permits, operating permits and approvals that are held by Seller that primarily relate directly or indirectly to the operation of the System, including those described in Schedule 4.12.

“Business Day” means any day that is neither a Saturday, Sunday nor a day observed as a holiday by either the Commonwealth of Pennsylvania or the United States government.

“Buyer” has the meaning specified in the Preamble of this Agreement.

“Buyer Fundamental Representations” has the meaning specified in Section 8.01.

“Buyer Indemnified Persons” has the meaning specified in Section 8.02.

“CERCLA” means the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq., as amended.

“Closing” means the consummation of the sale and purchase of the Acquired Assets and assumption of the Assumed Liabilities, the release/waiver of liabilities and the other transactions contemplated hereby, all in accordance with the terms and conditions of this Agreement and as provided for in Article XIII.

“Closing Date” has the meaning specified in Section 13.01.

“Closing Effective Time” has the meaning specified in Section 13.01.

“Code” means the Internal Revenue Code of 1986, as amended.

“Confidential Information” means any information about Buyer, Seller or the System related to the transactions contemplated by this Agreement; provided, however, that such term does not include information which the receiving Party can demonstrate (a) is generally available to or known by the public other than as a result of improper disclosure by the receiving Party, (b) is obtained by the receiving Party from a source other than the disclosing Party, provided that such source was not bound by a duty of confidentiality to the disclosing Party with respect to such information, or (c) is legally in the public domain.

“Customer Sewer Laterals” has the meaning specified in Section 2.02(k).

“Easements” means all easements, rights of way, licenses, use agreements, occupancy agreements, leases and other agreements and appurtenances for and over the real property of third parties that are necessary for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Acquired Assets (including access thereto).

“EDU” means equivalent dwelling unit and having a use rate of 230 gallons per day and is recognized by the Authority at the same rate for planning purposes as of the Effective Date.

“Effective Date” has the meaning specified in the Preamble.

“Environment” means soil, surface waters, ground waters, land, stream sediments, flora, fauna, surface or subsurface strata and ambient air.

“Environmental Claims” means all notices of investigations, warnings, notice letters, notices of violations, Liens, orders, claims, demands, suits or administrative or judicial actions for any injunctive relief, fines, penalties, third party claims, or other claims asserting violations of Environmental Requirements or responsibility for Environmental Liabilities.

“Environmental Conditions” means the Release of Hazardous Materials or the presence of Hazardous Materials on, in, under or within any property (including the presence in the Environment), other than the presence of Hazardous Materials in locations and at concentrations that are naturally occurring.

“Environmental Liabilities” means any legal obligation or liability arising under Environmental Requirements or related to or arising out of any Environmental Condition, including those consisting of or relating to any (a) duty imposed by, breach of or noncompliance with any Environmental Requirements; (b) environmental, health or safety matters or conditions (including on-site or off-site contamination, occupational safety and health and regulation of Hazardous Materials); (c) Remedial Action undertaken by any Person; (d) bodily injury (including illness, disability and death, and regardless of when any such bodily injury occurred, was incurred or manifested itself), property damage (including trespass, nuisance, wrongful eviction and deprivation of the use of real or personal property), or other losses or damages incurred by any other Person (including any employee or former employee of such Person); (e) any injury to, destruction of, or loss of natural resources, or costs of any natural resource damage assessments; (f) exposure of any Person to any Hazardous Materials; and (g) the presence or Release of any Hazardous Materials.

“Environmental Requirements” mean all present Laws (including common law), regulations, legally binding or otherwise enforceable requirements and Authorizations and Permits relating to human health, pollution, or protection of the Environment (including ambient air, surface water, ground water, land surface or surface strata), including (i) those relating to emissions, discharges, Releases, or threatened Releases of Hazardous Materials, and (ii) those relating to the identification, generation, manufacture, processing, distribution, use, treatment, storage, disposal, release, recovery, transport or other handling of Hazardous Materials. Without limiting the foregoing, the term **“Environmental Requirements”** includes (1) CERCLA; the Superfund Amendments and Reauthorization Act, Public Law 99-499, 100 Stat. 1613; the Emergency Planning and Community Right to Know Act, 42 U.S.C. Sections 11001-11050; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901-6992k (“RCRA”); the Safe Drinking Water Act, 42 U.S.C. Sections 300f to 300j-26; the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2692; the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101-5127; the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251-1387; the Oil Pollution Act of 1990, 33 U.S.C. Sections 2701--2761; the Clean Air Act, 42 U.S.C. Sections 7401-7671q; the Atomic Energy Act of 1954, as amended, 42 U.S.C. Sections 2011 et seq.; the Low Level Radioactive Waste Policy Act, as amended, 42 U.S.C. Section 2021b et seq.; the Occupational Safety and Health Act, 29 U.S.C. Sections 651-678, and the regulations promulgated pursuant to the above-listed federal statutes, and (2) counterpart Laws and regulations promulgated or issued by any state or local Governmental Authority, specifically including the Pennsylvania Storage Tank and Spill Prevention Act of 1989 (35 Pa. C.S.A. § 6021.101 *et. seq.*).

“EPA” means the United States Environmental Protection Agency, or a successor Governmental Authority with substantially similar power and authority thereto.

“Equipment and Machinery” means (i) all the equipment, tangible personal property, machinery, office furniture and equipment, fixtures, tooling, spare maintenance or replacement parts, environmental testing equipment, and vehicles owned or leased by Seller (including all leases of such property), which are primarily used in the operation of the System, (ii) any rights of Seller to warranties applicable to the foregoing (to the extent assignable), and licenses received from manufacturers and Seller of any such item, and (iii) any related claims, credits, and rights of recovery with respect thereto, as listed in Schedule 4.10. Notwithstanding the foregoing, “Equipment and Machinery” shall not include any Excluded Assets.

“Excluded Assets” has the meaning specified in Section 2.02.

“Excluded Liability” or “Excluded Liabilities” means, notwithstanding any provision in this Agreement to the contrary, those obligations or liabilities related to any of the Excluded Assets.

“Files and Records” means all files and records of Seller primarily relating to the System and the Acquired Assets, whether in hard copy, digital, or magnetic or other format including data, geographic information system data, plans, contracts and recorded knowledge relating to the Acquired Assets (including property records, related to the foregoing), customer and supplier records, customer lists (both current and prospective), records of sales calls, manuals, books, files, records, engineering data, procedures, systems, instructions, drawings, blueprints, plans, designs, specifications, equipment lists, parts lists, equipment maintenance records, equipment warranty information, plant plans, specifications and drawings, sales and advertising material, and computer software, whether stored on-site or off-site.

“Final Order” means a Governmental Approval by a Governmental Authority as to which (a) no request for stay of the action is pending, no such stay is in effect and if any time period is permitted by statute or regulation for filing any request for such stay, such time period has passed, (b) no petition for rehearing or reconsideration of the action is pending and the time for filing any such petition has passed, (c) such Governmental Authority does not have action under consideration on its own motion and (d) no appeal to a court or administrative tribunal or a request for stay by a court or administrative tribunal of the Government Authority’s action is pending or in effect and the deadline for filing any such appeal or request for stay has passed.

“Governmental Approval” means any consent, approval, authorization, notice, filing, registration, submission, reporting, order, adjudication or similar item of, to or with any Governmental Authority.

“Governmental Authority” or “Governmental Authorities” means any court, department, commission, board, bureau, municipality, municipal authority (established pursuant to the Municipal Authorities Act of the Commonwealth of Pennsylvania), agency or instrumentality of the United States, any state, county, city or political subdivision thereof, or any foreign governmental body, including without limitation, the PaPUC, the EPA, PaDEP and the Township Board.

“Hazardous Materials” means any solid, liquid, gas, odor, heat, sound, vibration, radiation or other substance or emission which is a contaminant, pollutant, dangerous substance, toxic substance, hazardous waste, residual waste, solid waste, hazardous material or hazardous substance which is or becomes regulated by applicable Environmental Laws or which is classified as hazardous or toxic under applicable Environmental Laws (including gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls, asbestos and urea formaldehyde foam insulation).

“Indemnified Party” means any Buyer Indemnified Persons or Seller Indemnified Persons, as applicable, entitled to indemnification pursuant to Article VIII.

“Indemnifying Party” means a Party which is obligated to indemnify the Buyer Indemnified Persons or the Seller Indemnified Persons, as applicable, pursuant to Article VIII.

“Knowledge” means either (i) the actual knowledge of a Representative of Buyer and the knowledge that each such person would reasonably be expected to obtain in the course of diligently performing his or her duties for Buyer or (ii) the actual knowledge of the Township Board and the Township Senior Staff, and, in the case of the Township Senior Staff, the knowledge that each such person would reasonably be expected to obtain in the course of diligently performing his or her duties for Seller, as applicable based on the context in which the term is used.

“Land Development Agreement / Financial Security Agreement” means any agreement between Seller and an applicant for subdivision and/or land development approval pursuant to the Pennsylvania Municipalities Planning Code, pursuant to which applicant is required to construct public improvements and required to post financial security, for the benefit of Seller, to secure applicant’s obligations under such agreement.

“Law” means any applicable law, statute, regulation, ordinance, rule, order, judicial, administrative and regulatory decree, judgment, adjudication, consent decree, settlement agreement or governmental requirement enacted, promulgated, entered into, agreed or imposed by any Governmental Authority, as may be in effect at the relevant time or times in the context in which the term is used.

“Liability Cap” has the meaning specified in Section 8.05(c).

“Lien” means any lien in a fixed and ascertainable monetary sum, or any pledge, mortgage, deed of trust or security interest securing a fixed and ascertainable monetary sum, or any charge or claim in a fixed and ascertainable monetary sum. In addition, in connection with Real Property, any item otherwise falling within the definition of a “Lien” must be filed of record by the responsible Party in accordance with the terms of this Agreement.

“Loss” means any and all losses, liabilities, obligations, damages, penalties, interest, Taxes, claims, actions, demands, causes of action, judgments, reasonable attorneys', consultants' and other professional fees, and all other reasonable costs and expenses sustained or incurred in investigating, preparing or defending or otherwise incident to any such claim, action, demand, cause of action or judgment or the enforcement of a Party’s rights under Article VIII; *provided,*

however, that “**Losses**” shall not include punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party in respect of a Third Party Claim.

“**Material Adverse Effect**” means any result, occurrence, fact, change, event or effect that has a materially adverse effect on the business, financial condition or results of operations of the System; provided, however, that no effect arising out of or in connection with or resulting from any of the following shall be deemed, either alone or in combination, to constitute or contribute to a Material Adverse Effect: (i) general economic conditions or changes therein; (ii) financial, banking, currency or capital markets fluctuations or conditions (either in the United States or any international market and including changes in interest rates); (iii) conditions affecting the real estate, financial services, construction, water utility or sewer utility industries generally; (iv) any existing event, circumstance, condition or occurrence of which Buyer has Knowledge as of the Effective Date; (v) any action, omission, change, effect, circumstance or condition contemplated by this Agreement or attributable to the execution, performance or announcement of this Agreement or the transactions contemplated hereby; and (vi) negligence, intentional misconduct or bad faith of Buyer or its Representatives.

“**Minimum Flow Capacity**” means Seller’s share (one-third (1/3)) of the total allowable EDUs/flow into the Authority’s treatment plant for treatment as of the Effective Date, subject to any downward re-rating.

“**Missing Easements**” means, as of any particular date, each material Easement that is for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the Acquired Assets (including access thereto) that either (a) has not been obtained by Seller prior such date or (b) if such Easement has been obtained by Seller prior such date, such Easement is unrecorded or such Easement is not sufficient to operate the System as currently conducted.

“**MS4 System**” or “**Municipal Separate Storm Sewer System**” means the current and any future assets and facilities, built, operated or maintained, or real property (“**MS4 System Real Property**”) and Stormwater System Assets owned by Seller and used for the purpose of capturing, conveying and discharging stormwater separate from the System.

“**Outside Date**” means the date that is 365 days after the filing of the application for approval with the PaPUC.

“**Outstanding Indebtedness**” means the outstanding indebtedness of Seller set forth on Schedule 7.06.

“**PaDEP**” means the Pennsylvania Department of Environmental Protection, or any successor Governmental Authority with substantially similar powers thereto.

“**PaPUC**” means the Pennsylvania Public Utility Commission, or any successor Governmental Authority with substantially similar powers thereto.

“Party” means Buyer or Seller and the term **“Parties”** means collectively Buyer and Seller.

“PCB Equipment” means PCB equipment as defined in 40 C.F.R. Part 761.

“Pending Development Plan” means any subdivision or land development plan that has been submitted to Seller for approval pursuant to the Pennsylvania Municipal Planning Code.

“Permitted Liens” means (a) the Liens, security interests, encumbrances and pledges of revenues on the Outstanding Indebtedness assumed by Buyer at Closing pursuant to Sections 3.02(a)(ii) and 7.06; (b) Liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures; (c) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property and Easements as disclosed on Schedule 4.09; (d) other than with respect to Real Property owned by Seller, Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; and (e) other imperfections of title or Liens, if any, that have not had, and would not have, a Material Adverse Effect.

“Person” means any individual (including, the heirs, beneficiaries, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other entity or a Governmental Authority.

“Personnel” means the employees of Seller.

“Purchase Price” has the meaning specified in Section 3.01.

“Real Property” means those certain parcels of land, with the buildings, improvements, and Equipment and Machinery thereon or therein, that are part of the System and fee simple title to which is to be conveyed by Seller to Buyer as part of the Acquired Assets.

“Regulated Asbestos Containing Material” means regulated asbestos containing material as defined by 40 C.F.R. § 61.141.

“Release” means any actual or threatened spilling, leaking, pumping, pouring, injecting, emptying, discharging, emitting, escaping, leaching, dumping, disposal, or release or migration of Hazardous Materials into the Environment, including the abandonment or discarding of barrels, containers and other receptacles containing any Hazardous Materials.

“Remedial Action” means any and all actions to (a) investigate, clean up, remediate, remove, treat, contain or in any other way address any Hazardous Materials in the Environment, (b) prevent the Release or threat of Release or minimize the further Release of any Hazardous Materials so it does not migrate or endanger public health or welfare or the indoor or outdoor Environment, and (c) perform pre-remedial studies and investigations and post-remedial monitoring, maintenance and care. The term **“Remedial Action”** includes any action which constitutes (i) a “removal”, “remedial action” or “response” as defined by Section 101 of CERCLA, 42 U.S.C. §§ 9601(23), (24), and (25); (ii) a “corrective action” as defined in RCRA,

42 U.S.C. § 6901 et seq.; or (iii) a “response” or “interim response” as defined in the Pennsylvania Hazardous Sites Cleanup Act, 35 P.S. §6020.103.

“**Representative**” means, with respect to any Person, any director, officer, employee, official, lender mortgagee, financier, provider of any financial instrument (or any agent or trustee acting on their behalf), partner, member, owner, agent, lawyer, accountant, auditor, professional advisor, consultant, engineer, contractor, other Person for whom such Person is at law responsible or other representative of such Person and any professional advisor, consultant or engineer designated by such Person as its “Representative.”

“**Retained Liabilities and Obligations**” means (i) those solely governmental functions required by the Authority Agreements for the owners of the Authority’s wastewater treatment facilities and for the governance of the Authority; and (ii) those certain liabilities and obligations contained in the Authority Agreements related to Seller’s continuing interest in the ownership of and capital obligations for the Authority wastewater treatment facilities.

“**Schedules**” means the disclosure schedules delivered by Seller and Buyer, respectively, concurrently with the execution and delivery of this Agreement, and as may be supplemented and updated pursuant to Sections 9.03 and 10.04. Any disclosure set forth on any particular Schedule shall be deemed disclosure in reference to all Schedules comprising the Schedules to which such disclosure is clearly applicable.

“**Seller**” has the meaning specified in the Preamble of this Agreement.

“**Seller Fundamental Representations**” has the meaning specified in Section 8.01.

“**Seller Indemnified Persons**” has the meaning specified in Section 8.03.

“**Seller NPDES Permits**” means the following National Pollutant Discharge Elimination System Permits/Water Quality Management Permits set forth on Schedule 4.14, each issued by PaDEP to Seller with respect to the System, including any revisions or amendments thereto. This definition shall not include any permit issued and related to the Stormwater System Assets.

“**Seller's Benefit Obligations**” means all material obligations, arrangements, or practices, whether or not legally enforceable, to provide benefits, other than salary or wages to present or former directors, employees or agents, (other than obligations, arrangements and practices that are Seller's Plans), that are owed, adopted or followed by the Seller. Seller's Benefit Obligations also include consulting agreements under which the compensation paid does not depend upon the amount of service rendered, sabbatical policies, severance payment policies and fringe benefits within the meaning of Code §132.

“**Seller's Plans**” means each voluntary employees' beneficiary association under Section 501(c)(9) of the Code whose members include any Personnel and any employee benefit plans or any other retirement, profit sharing, stock option, stock bonus, deferred compensation (including any “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code), severance, sick leave or other material plan or arrangement providing benefits to current or former Personnel, in each case, if either currently in effect or terminated within the last

six (6) years, to which the Seller is a plan sponsor or to which the Seller otherwise contributes or has contributed within the last six (6) years, or in which the Seller otherwise participates or has participated within the last six (6) years.

“**Service Area**” has the meaning set forth in the recitals to this Agreement.

“**Stormwater System Assets**” means all assets owned by Seller, and used exclusively in the operation or maintenance of the MS4 System, including (i) drains, pipes and collection basins and all other stormwater drainage assets used exclusively for stormwater collection, conveyance and discharge; (ii) catch basins, inlets, pipes and all other stormwater lateral facilities (the “**Stormwater Lateral Facilities**”) that connect surface stormwater drains to storm conveyances which discharge to surface waters; (iii) interest in real estate directly associated with (i) and (ii); and (iv) any related permits.

“**Supplies**” means all lubricants, spare parts, fuel, chemicals, raw materials, and other supplies and inventory, and all rights to warranties received from suppliers with respect to the foregoing, and related claims, credits, and rights of recovery with respect thereto.

“**System**” has the meaning specified in the recitals to this Agreement and shall include the Acquired Assets and exclude the Excluded Assets.

“**Taxes**” means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, permit fees, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, parking, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax, levy, impost, stamp tax, duty, fee, withholding or similar imposition of any kind payable, levied, collected, withheld or assessed at any time, including any interest, penalty or addition thereto, whether disputed or not.

“**Threshold Amount**” has the meaning specified in Section 8.05(a).

“**Title Commitment**” has the meaning specified in Section 6.01.

“**Title Company**” has the meaning specified in Section 6.01.

“**Title Policy**” has the meaning specified in Section 2.03.

“**Township Board**” the meaning specified in the Preamble of this Agreement.

“**Township Senior Staff**” means the Township Manager, Assistant Township Manager, Director of Fiscal Affairs, Director of Human Resources, Superintendent of Public Works, Sewer Superintendent, and the Township Engineer.

“**Transferred Personnel**” has the meaning specified in Section 7.12(a).

“**UCC Search**” has the meaning specified in Section 6.04.

“Unscheduled Real Property” has the meaning specified in Section 6.06.

“Utility Valuation Expert” means an expert that has applied and has been approved by the PaPUC and is currently, at the time of this Agreement, on the list of approved appraisers maintained by the PaPUC.

ARTICLE II.

TERMS OF PURCHASE AND ASSUMPTION OF LIABILITIES

Section 2.01. Purchase and Sale of Acquired Assets

. Subject to the terms and conditions set forth in this Agreement, at Closing, Buyer shall purchase from Seller and Seller shall sell, transfer, assign and deliver to Buyer, free and clear of all Liens except for Permitted Liens, all of Seller's right, title and interest in and to all assets, facilities, business, goodwill, properties and rights of Seller of every kind and description, whether tangible or intangible, real, personal or mixed, wherever situated, in each case used in, held for use in, or acquired or developed for use in, the System, or otherwise related to, or arising out of the operation or conduct of the System (whether or not any such assets have any value for accounting purposes or are carried or reflected on the books or financial records of Seller), including any of the foregoing in which Seller is entitled to acquire rights in the future pursuant to Pending Development Plans (other than the rights of Seller pursuant to Section 2.02(d)) or development plans approved pursuant to this Agreement, but in all cases other than the Excluded Assets (the foregoing collectively referred to as the "Acquired Assets"), including:

(a) all real property and appurtenant interests used in the operation of the System, including without limitation (i) good and marketable fee simple title to the Real Property described and identified on Schedule 4.09 hereof, and (ii) all Easements, including without limitation those identified on Schedule 4.09;

(b) all sanitary wastewater related pumping and conveyance facilities, including but not limited to all collection system pipes, pumping stations, hoists, generators, manholes and pipelines and any billing and collections related assets necessary to run the System;

(c) all contracts, licenses, and leases to which Seller is a party, including without limitation, all construction contracts, surety bonds, operation and maintenance agreements, management agreements, reserved capacity agreements (including the rights set forth in Section 7.14 hereof), architect agreements and consultant agreements, and agreements relating to vehicles and other items of personal property as set forth on Schedule 4.15 (the "Assigned Contracts");

(d) all Supplies;

(e) all personal property and fixed assets, including all Equipment and Machinery, auxiliary equipment and plant equipment, including without limitation those items listed on Schedule 4.10 hereof;

(f) all expenses prepaid by Seller and security deposits paid by Seller;

(g) all Files and Records;

(h) all Authorizations and Permits of or held by Seller (to the extent transferrable to Buyer under applicable Law), including all Authorizations and Permits which are environmental permits, Seller's NPDES Permits other than those NPDES permits that relate to the Stormwater System Assets, other operating permits and those items listed or described on Schedule 4.12 hereto; and

(i) all goodwill of the System.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, INCLUDING ANY REPRESENTATION AS TO THE PHYSICAL CONDITION OR VALUE OF ANY OF THE ACQUIRED ASSETS OR THE SYSTEM, OR THE FUTURE PROFITABILITY OR FUTURE EARNINGS PERFORMANCE OF THE ACQUIRED ASSETS OR THE SYSTEM OR ANY FUTURE RATEMAKING THAT MAY BE ALLOWED BY THE PAPUC FOR ANY OF THE ACQUIRED ASSETS. ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED. NOTWITHSTANDING THE FOREGOING, SELLER IS NOT AWARE OF ANY MATERIAL DEFECT IN THE PERFORMANCE OR OPERATION OF THE PHYSICAL ASSETS CONSTITUTING THE SYSTEM.

Section 2.02. Excluded Assets

. Notwithstanding anything herein to the contrary, the Acquired Assets shall not include the following (the "Excluded Assets"):

(a) the Stormwater System Assets, including any related NPDES permits;

(b) all contracts, licenses and leases that are not Assigned Contracts;

(c) the seals, organizational documents, minute books, Tax Returns, books of account or other records having to do with the organization of Seller;

(d) cash and cash equivalents, including (i) accounts receivable and amounts earned by Seller but not yet billed attributable to services rendered by Seller as of or prior to the Closing Date and (ii) EDU fees owed to Seller at or prior to the Closing Date for any Pending Development Plan but not yet paid to Seller;

(e) all insurance policies of Seller and all rights to applicable claims and proceeds thereunder;

(f) all rights to any outstanding lien related to non-payment by a System customer existing at or prior to the Closing Date and all actions, suits or claims of any nature available to or being pursued by Seller, whether arising by way of counterclaim or otherwise;

(g) all assets, properties and rights used by Seller other than those which primarily relate to the operations of the System;

(h) the assets, properties and rights specifically set forth on Schedule 2.02(h);

- (i) Seller's one-third ownership interest in the Authority;
- (j) the MS4 System Real Property;
- (k) the rights which accrue or will accrue to Seller under this Agreement and any related agreement, exhibit or schedule; and
- (l) any and all connecting facilities (customer's sewer laterals) originating from Seller's terminus point of the collection facilities at the main or edge-of-road to and throughout the customer's property (the "Customer Sewer Laterals").

Section 2.03. Sale Free of Liens

. After Buyer fulfills its obligations pursuant to Section 3.01(a), the Acquired Assets to be sold, conveyed, transferred, assigned and delivered by Seller to Buyer, as herein provided, shall be on the Closing Date, free and clear of all Liens other than Permitted Liens and the revenues of the System shall be free and clear of any lien of a trustee for the benefit of the holders of any of the Outstanding Indebtedness except for any Outstanding Indebtedness assumed by Buyer. Such Acquired Assets shall be conveyed by appropriate special warranty or other deed (subject to Section 6.02(c) below), bills of sale, endorsements, assignments and other instruments of transfer or conveyance described herein, and if not expressly described herein, then by transfer documents satisfactory in form and substance reasonably acceptable to Buyer and Seller and their counsel in their reasonable, good faith discretion. With respect to the Real Property, at Closing title to the same shall be insured by the Title Company, at the Title Company's filed rates, as a good and marketable title, free and clear of all Liens and exceptions to coverage, except for the Permitted Liens, pursuant to an owner's policy of title insurance on the American Land Title Association's ("ALTA") Owner's Form 2006, subject to the terms of Section 6.02 below (the "Title Policy").

Section 2.04. Assumption of Liabilities

(a) On the terms and conditions set forth in this Agreement and excluding the Excluded Liabilities, Buyer shall assume and agrees to pay, perform and discharge when due any and all liabilities and obligations of Seller both (1) arising under Seller's NPDES Permits (arising from, related to, or based on events or circumstances occurring on or after the Closing Date), and (2) arising out of or relating to the System or the Acquired Assets on or after the Closing, including the following:

(i) all liabilities and obligations under the other Assigned Contracts and Authorizations and Permits resulting from events that occur or conditions that exist on or after the Closing, except for the Retained Liabilities and Obligations;

(ii) any litigation initiated against Seller related to the System or the Acquired Assets resulting from events that occur on or after Closing or conditions that exist on or after the Closing;

(iii) all liabilities and obligations for Taxes relating to the System, its operation, the Acquired Assets and the Assumed Liabilities attributable to the period after the Closing Date;

(iv) to the extent assumed by Buyer pursuant to Section 3.01(a), all of the obligations related to the Outstanding Indebtedness; and

(v) all other liabilities and obligations arising out of or relating to Buyer's ownership or operation of the System and the Acquired Assets on or after the Closing (all of the aforementioned liabilities in this Section 2.04(a) are referred to as the "Assumed Liabilities").

(b) At the Closing, to the extent Seller is not released therefrom, Seller shall be indemnified against its obligations under the Assumed Liabilities in accordance with Section 8.03.

(c) Buyer shall not assume or be liable to pay any liabilities or obligations relating to the Excluded Liabilities or any other liabilities or obligations that are not Assumed Liabilities.

Section 2.05. Further Assurances

. At any time and from time to time after the Closing Date, Seller shall, upon the request of Buyer, and Buyer shall, upon the request of Seller, at the cost of requesting Party, promptly execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate, (a) the sale, conveyance, transfer, assignment and delivery hereunder of the Acquired Assets to Buyer, (b) the assumption by Buyer of any of the Assumed Liabilities, (c) performance by the Parties of any of their other respective obligations under this Agreement, (d) the vesting in Buyer of all right, title and interest in the Acquired Assets and the System as provided herein, and (e) any other matters reasonably requested by a Party to carry out the provisions, purposes and intent of this Agreement.

Section 2.06. Certain Transfers; Assignment of Contracts

(a) Notwithstanding anything to the contrary in this Agreement, and subject to the provisions of this Section 2.06(a) and Section 2.06(b), to the extent that the sale, transfer, assignment, conveyance and delivery, or attempted sale, transfer, assignment, conveyance and delivery, to Buyer of any Assigned Contract or other Acquired Asset would result in a violation of applicable Law, or would require the consent, authorization, approval or waiver of any Person (other than the Parties hereto), including any Governmental Authority, and such consent, authorization, approval or waiver shall not have been obtained prior to the Closing, this Agreement shall not constitute a sale, transfer, assignment, conveyance and delivery, or an attempted sale, transfer, assignment, conveyance and delivery, thereof (any such Acquired Asset, a "Nonassignable Asset"). Following the Closing, Seller and Buyer shall use commercially

reasonable efforts (at the cost and expense of the Party that is responsible for compliance with such Law or obtaining such consent, authorization, approval or waiver), and shall cooperate with each other, to obtain any such required consent, authorization, approval or waiver, or any release, substitution, novation or amendment required to sell, transfer, assign, convey and deliver any such Nonassignable Asset to Buyer; *provided, however*, that in no event shall Buyer be required to pay any consideration therefor. Once such consent, authorization, approval, waiver, release, substitution or amendment is obtained, Seller shall sell, transfer, assign, convey and deliver to Buyer the relevant Acquired Asset to which such consent, authorization, approval, waiver, release, substitution or amendment relates for no additional consideration. Any applicable sales, transfer and other similar Taxes in connection with such sale, transfer, assignment, conveyance and delivery shall be paid fifty percent (50%) by Buyer and fifty percent (50%) by Seller.

(b) Until such time as a Nonassignable Asset is transferred to Buyer pursuant to this Article II, Buyer and Seller shall cooperate in any commercially reasonable and economically feasible arrangements (such as subleasing, sublicensing or subcontracting) to provide to the Parties the economic and, to the extent permitted under applicable Law, operational equivalent of the transfer of such Nonassignable Asset to Buyer at the Closing and the performance by Buyer of its obligations with respect thereto, and so long as Seller transfers and turns over all economic and beneficial rights with respect to each such Nonassignable Asset, Buyer shall, to the extent permitted under applicable Law and the terms of any applicable contract that constitutes a Nonassignable Asset, as agent or subcontractor for Seller, pay, perform and discharge the liabilities and obligations of Seller thereunder from and after the Closing Date, but only to the extent that such liabilities and obligations would constitute Assumed Liabilities if the applicable consent or approval had been obtained on or prior to the Closing Date and such Nonassignable Asset had been assigned to Buyer at Closing. To the extent permitted under applicable Law, Seller shall hold in trust for and pay to Buyer promptly upon receipt thereof, such Nonassignable Asset and all income, proceeds and other monies received by Seller with respect to such Nonassignable Asset in connection with the arrangements under this Article II.

(c) If, following the date hereof and prior to the Closing, Buyer identifies any contract to which Seller is a party which is not set forth on Schedule 4.15 as of the date hereof, and Buyer reasonably determines such contract is necessary or useful to the operation of the System, Buyer shall give notice of such determination to Seller and Seller shall, promptly following receipt of such notice, deliver to Buyer an updated Schedule 4.15 reflecting the addition of such contract, and such contract shall thereafter constitute and be deemed an "Assigned Contract" for all purposes hereunder.

(d) In the event that, during the twelve (12) month period following the Closing, Buyer identifies any contract to which Seller was a party as of the Closing and which (i) was not set forth on Schedule 4.15 (as may be updated pursuant to (c)) and (ii) Buyer reasonably believes is necessary or useful to the operation of the System, Seller shall, promptly following Buyer's written request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such contract to Buyer for no additional consideration, and upon such assignment, such contract shall be deemed an Assigned Contract for all purposes hereunder.

(e) From the date of this Agreement until the Closing Date, Seller shall collect accounts receivable and pay accounts payable in the ordinary course and in a manner consistent with its past practices.

ARTICLE III.

PURCHASE PRICE

Section 3.01. Purchase Price

. The purchase price for the Acquired Assets shall be Twenty-One Million Dollars (\$21,000,000) (the "Purchase Price") which shall be paid as follows at Closing:

(a) Buyer shall (i) provide for payment in full of the total amount of Outstanding Indebtedness (less any amounts of Outstanding Indebtedness actually assumed by Buyer pursuant to clause (ii) below) and/or (ii) subject to the provisions of Section 7.06, assume any of Seller's obligations related to the Outstanding Indebtedness and obtain a release of Seller from all obligations thereunder in such form and terms reasonably acceptable to Seller and/or provide written evidence of such payment in full to Seller in such form reasonably acceptable to Seller, at Buyer's discretion;

(b) Buyer shall pay, subject to any adjustment pursuant to Section 3.01(c), to Seller by wire transfer of immediately available funds the balance of the Purchase Price (after taking into account the amount paid or assumed by Buyer pursuant to Section 3.01(b)) to one or more accounts that Seller designates and provides to Buyer at least three (3) Business Days prior to the Closing Date.

(c) Final Billing: The Parties agree that Buyer shall be entitled to all customer billings with respect to sanitary wastewater customers services for the period on or after the Closing Effective Time, and Seller shall be entitled to all such billings for the period prior to the Closing Effective Time. The Parties shall cooperate to calculate an agreed upon proration of billing amounts and to the extent that either Party collects billings that are attributable to service provided by the other Party, the Party holding the other Party's billing collections shall pay such amount to the other Party.

Section 3.02. Fair Consideration

. The Parties acknowledge and agree that the consideration provided for in this Article III represents fair consideration and reasonable equivalent value for the sale and transfer of the Acquired Assets and the transactions, covenants and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's-length good faith negotiations between the Parties and their respective Representatives.

Section 3.03. Allocation of the Purchase Price

. At Buyer's request and Seller shall agree that the Purchase Price (which for purposes of this Section 3.03 shall include any liabilities required to be treated as part of the Purchase Price for

federal income tax purposes), as may be adjusted pursuant to this Section 3.03, shall be allocated among the Acquired Assets in accordance with the allocation reflected in a schedule prepared by Buyer in accordance with this Section 3.03 (the "Allocation Schedule"). Within sixty (60) days following the final determination of the Purchase Price pursuant to Section 3.01, Buyer shall deliver to Seller a draft of the Allocation Schedule setting forth Buyer's proposed allocation for Seller's review. Seller shall have the right to review and reasonably comment upon Buyer's proposed Allocation Schedule, *provided*, that (a) such proposed Allocation Schedule shall be deemed approved by Seller and shall be final and binding upon the Parties unless Seller provides written notice of Seller's comments to one or more items reflected in the proposed Allocation Schedule within twenty (20) Business Days after delivery of the proposed Allocation Schedule to Seller, and (b) upon receipt of any such written comments from Seller with respect to the proposed Allocation Schedule, Buyer may make such adjustments or revisions to the proposed Allocation Schedule based on Seller's comments as Buyer determines in good faith to be necessary and appropriate, *provided further*, that Buyer shall have no obligation to make any such adjustments or revisions absent manifest error. The Parties shall adhere to the Allocation Schedule (as finally determined pursuant to this Section 3.03) for all purposes relevant to the calculation of federal or state Taxes, and will report the transactions contemplated herein in a manner consistent with such Allocation Schedule. Except as required by applicable Law, Buyer and Seller shall not take any position on their respective Tax Returns that is inconsistent with the Allocation Schedule.

Section 3.04. Transfer Taxes

. Any and all deed stamps or transfer Taxes which may be due the Commonwealth of Pennsylvania or any political subdivision in connection with the sale, transfer, assignment, conveyance and delivery hereunder of the Acquired Assets to Buyer (collectively, "Transfer Taxes"), shall be borne fifty percent (50%) by Buyer and fifty percent (50%) by Seller. The terms hereof shall survive Closing.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes only the representations and warranties which are set forth in this Article IV.

As a material inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Seller represents and warrants, as of the Effective Date and as of the Closing Date (except to the extent any of the following representations and warranties specifically apply to or relate to another date, in which event such representations and warranties shall be true and correct as of such other date), as follows:

Section 4.01. Organization

. Seller is a body corporate and politic, duly organized and existing under the Second Class Township Code of the Commonwealth of Pennsylvania.

Section 4.02. Power and Authority

. Seller has (i) duly adopted an authorizing ordinance authorizing the transactions contemplated herein, which remains in full force and effect, (ii) duly authorized and approved the execution and delivery of this Agreement and (iii) duly authorized and approved the performance by Seller of its obligations contained in this Agreement. Seller has all requisite power and authority to own, lease and operate the Acquired Assets and the System and has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

Section 4.03. Enforceability

. This Agreement has been duly authorized, executed and delivered by Seller and constitutes a valid and legally binding obligation of Seller, enforceable against Seller in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

Section 4.04. No Conflict or Violation

. The execution and delivery of this Agreement by Seller, the consummation of the transactions contemplated hereby and the performance by Seller of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of Seller under (i) any applicable Law or (ii) any agreement, instrument or document to which Seller is a party or by which it is bound.

Section 4.05. Consents and Approvals

. Schedule 4.05 sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration to or filing or registration with any Governmental Authority required in connection with the execution and delivery of this Agreement by Seller or the performance by Seller of its obligations hereunder.

Section 4.06. Undisclosed Liabilities

Except as set forth in Schedule 4.06, there are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Acquired Assets, other than liabilities incurred in the ordinary course, that could not reasonably be expected to have a Material Adverse Effect on Buyer.

Section 4.07. Absence of Certain Changes or Events

. Except as set forth on Schedule 4.07, since December 31, 2015, there has not been any transaction or occurrence that has resulted or is reasonably likely to result in a Material Adverse Effect and Seller has operated and maintained the System since that date in the ordinary course.

Section 4.08. Tax Matters

. Except as set forth in Schedule 4.08 or as would not have a Material Adverse Effect, (i) Seller has timely paid all Taxes that may have been or may be due and payable by Seller on or before the Closing Date, arising from the ownership or operation of the Acquired Assets or the System on or before the Closing Date (ii) no taxing authority has asserted any claim against the Seller for the assessment of any additional tax liability or initiated any action or proceeding which could result in such an assertion; and (iii) the Seller has made all withholding of Taxes required to be made under all applicable Laws and regulations, including without limitation, withholding with respect to compensation paid to employees, and the amounts withheld have been properly paid over to the appropriate taxing authorities.

Section 4.09. Real Property and Easements

. Schedule 4.09 identifies all Real Property Seller owns and uses in the operation of the System and separately identifies the Easements. Seller does not lease (as lessee) any real property that is used in the operation of the System. There are no pending condemnation proceedings relating to any of the Real Property or Easements nor has Seller actually received any written threats of any condemnation proceedings and, to the Knowledge of Seller, no such proceedings are threatened. Seller has not received any written notices of any violations of any Law from any Governmental Authority with respect to the Real Property or the Easements which has not been cured in all material respects and, to Seller's Knowledge, no such violations of Law exist. With respect to the Real Property, (i) there are no leases, options, rights of reversions or other rights of use or rights to acquire the Real Property held by third parties, (ii) Seller is in sole possession of the Real Property, and (iii) to Seller's Knowledge there are no encroachments either way across the boundary of the Real Property, nor any dispute with adjacent property owners over the location of boundaries or potential claims adverse to title.

Section 4.10. Equipment and Machinery

. All Equipment and Machinery included in the Acquired Assets is set forth and otherwise described on Schedule 4.10. Except as set forth in Schedule 4.10, Seller has good title, free and clear of all Liens (other than the Permitted Liens and Liens which are released on or prior to Closing) to the Equipment and Machinery owned by Seller. Except as specifically disclosed on Schedule 4.10, all the Equipment and Machinery is owned by Seller, and none is leased or used under any conditional sales, title-retention, lease, license or similar arrangement.

Section 4.11. Employee Benefit Plans.

(a) Schedule 4.11(a) contains a true and complete list of all Seller's Plans and Seller's Benefit Obligations with respect to Personnel, including amounts owed to current or past employees for severance, unpaid and unused vacation pay or sick leave, or similar obligations. All such Seller's Plans and Seller's Benefit Obligations are in full force and effect and are in material compliance both as to form and operation, with applicable provisions of the Code, and any other applicable Laws, and with any applicable collective bargaining agreement. To Seller's Knowledge, no event has occurred which has resulted or is likely to result in the imposition of any liability on the Seller under the Code or other applicable Law with respect to any Seller's Plans or Seller's Benefit Obligations;

(b) Except as set forth in Schedule 4.11(b), with respect to the System, the Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any “multiemployer plan” within the meaning of Section 14(f) of the Code, and has no liability of any nature, whether known or unknown, fixed or contingent, with respect to any such multiemployer plan;

(c) Except as set forth on Schedule 4.11(c), Seller does not sponsor, maintain, contribute to, nor is it required to contribute to, any medical, health, life or other welfare plan or benefits for present or future terminated or current or future retired Personnel or their spouses or dependents, other than as required by COBRA, or any comparable state law, and has no liability of any nature, whether known or unknown, fixed or contingent, with respect to any such post-termination welfare benefits;

(d) The Seller is and has been in material compliance with the requirements of COBRA and is not subject to any excise tax under Code Section 4980B for the current or any prior taxable year; and

(e) Except as set forth in Schedule 4.11(e), Seller has not entered into any severance or similar arrangement with respect to any present or former Personnel that will result in any obligation (absolute or contingent) of Buyer to make any payment to any present or former Personnel following termination of employment, including the termination of employment effected by the transactions contemplated by this Agreement. The consummation of the transactions contemplated by this Agreement will not trigger any severance or other obligation of Seller for which Buyer shall have any liability.

Section 4.12. Seller’s Personnel.

(a) Except as set forth on Schedule 4.12(a), Seller shall timely pay, or cause to be timely paid, to the Personnel as required under its policies and/or by applicable Law for accrued but unused and unpaid vacation, sick leave and other benefits accrued as of the Closing Date.

(b) Seller has not, in the past five (5) years, effectuated:

(i) a “plant closing” (as defined in the Worker Adjustment and Retraining Notification Act (“WARN Act”)) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the System; or

(ii) a “mass layoff” (as defined in the WARN Act) affecting any site of employment or facility of the System; nor has the System been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local Law.

(c) None of the Personnel has suffered an “employment loss” (as defined in the WARN Act) during the previous six months.

Section 4.13. Environmental Compliance

. Except as set forth in Schedule 4.13 or that otherwise could not be expected to have a Material Adverse Effect, Seller represents:

(a) The System as currently operated by Seller and all operations and activities conducted by Seller with respect to the System are in compliance in all material respects with all applicable Environmental Requirements.

(b) Seller has generated, used, handled, treated, stored and disposed of all Hazardous Materials in (i) compliance in all material respects with all applicable Environmental Requirements and (ii) a manner that has not given, and could not reasonably be anticipated to give, rise to Environmental Liabilities.

(c) Seller has not received notice of any Environmental Claims related to the System that have not been fully and finally resolved, and to the Knowledge of Seller no claims of Environmental Liabilities have been threatened allegedly arising from or relating to the System that have not been fully and finally resolved.

(d) Hazardous Materials are not present at or on the System or Acquired Assets, there has been no Release of Hazardous Materials at, on or from any part of the System or the Acquired Assets, in each case in a manner that violates any Environmental Requirements or has resulted in, or could reasonably be anticipated to give rise to, Environmental Liabilities.

(e) No Lien or activity use limitation or institutional control has been recorded affecting any Acquired Assets by any Governmental Authority due to either the presence of any Hazardous Material on or off the Acquired Assets or a violation of any Environmental Requirement.

(f) There are no underground storage tanks on or at any of the Acquired Assets. Any underground storage tanks previously located at the Acquired Assets have been removed or otherwise closed, plugged and abandoned in compliance with applicable Environmental Requirements in effect at the time of such closure.

(g) There is no PCB Equipment on or at any of the Acquired Assets. Any PCB Equipment that previously existed at the Acquired Assets has been flushed of polychlorinated biphenyls or has been removed and properly disposed of, in compliance with applicable Environmental Requirements, and any remaining PCB Equipment is labeled to the extent required under applicable Environmental Requirements and being managed in compliance with applicable Environmental Requirements.

(h) No Regulated Asbestos Containing Material exists in or on the Acquired Assets in an aggregate amount that would reasonably be expected to result in an Environmental Liability; and any Regulated Asbestos Containing Material is being managed in compliance with all applicable Environmental Requirements.

(i) Seller has delivered to Buyer (1) all material environmental site assessments or reasonable and accurate summaries thereof pertaining to the System, (2) all material compliance audits or compliance assurance reviews prepared within the previous five (5) years or reasonable and accurate summaries thereof relating to compliance with Environmental Requirements by the System, and (3) reasonable and accurate summaries of, or all material documents pertaining to, any known and unresolved Environmental Liabilities

incurred in relation to the System, to the extent possessed by or under the reasonable control of Seller.

Section 4.14. Authorizations and Permits

Seller represents that (i) Schedule 4.14 lists or describes the Authorizations and Permits of Seller that are currently in full force and effect; (ii) Seller has made true and complete copies of all Authorizations and Permits available to Buyer; and (iii) except as set forth on Schedule 4.14, Seller is in compliance with all material terms, conditions and requirements of all Authorizations and Permits, except in each case where such violation or failure, individually or in the aggregate, would not have a Material Adverse Effect, and no proceeding is pending or, to the Knowledge of Seller threatened relating to the revocation or limitation of any of the Authorizations or Permits, other than those revocations or limitations which do not individually or in the aggregate have a Material Adverse Effect.

Section 4.15. System Contracts

(a) Schedule 4.15 contains a complete and accurate list of all the Assigned Contracts.

(b) Seller has made available to Buyer true and complete copies of all the foregoing Assigned Contracts.

(c) Seller further represents that all of the Assigned Contracts specified in Schedule 4.15 are in full force and effect. Seller has not, nor to the Knowledge of Seller has any other party thereto, breached any material provision of or defaulted under the material terms of, nor does any condition exist which, with notice or lapse of time, or both, would cause Seller, or to the Knowledge of Seller, any other party, to be in default under any Assigned Contract.

Section 4.16. Compliance with Law; Litigation

(a) Seller has operated and is operating the System in compliance, in all material respects, with all applicable Laws, Authorizations and Permits and is not in breach of any applicable Law, Authorization or Permit that would have a Material Adverse Effect on the operations of the System or on Buyer. There are no Authorizations or Permits from any Governmental Authority necessary for the operation of the System as currently being operated except for those Authorizations and Permits listed in Schedule 4.14.

(b) Except as set forth on Schedule 4.16, there are no facts, circumstances, conditions or occurrences regarding the System that could reasonably be expected to give rise to any environmental claims or governmental enforcement actions that could reasonably be expected to have a Material Adverse Effect, and there are no past, pending or threatened environmental claims or governmental enforcement actions against Seller that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(c) Except as set forth on Schedule 4.16, there is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of Seller, threatened against Seller prior to or at the time of Closing that could reasonably be expected to have a Material Adverse Effect on the operations of the System. As of the date of this Agreement, there is no action, suit or proceeding, at Law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of Seller, threatened against Seller which could materially affect the validity or enforceability of this Agreement.

Section 4.17. Broker's and Finder's Fees

. Seller represents that no broker, finder, or Person is entitled to any commission or finder's fee by reason of any agreement or action of Seller in connection with this Agreement or the transactions contemplated by this Agreement. Seller agrees to pay when due the fees and expenses of their financial and technical advisors. Seller has employed Public Financial Management, Inc., as municipal advisor to provide transaction structuring advice and to provide Seller with municipal advice relating to the sale of the System. Seller shall be solely responsible to pay all fees owed to Public Financial Management, Inc. in connection with the transactions contemplated by this Agreement.

Section 4.18. Title to the Acquired Assets; Sufficiency

(a) Except as set forth on Schedule 4.18(a), Seller has good and marketable title to, all Real Property, and valid leasehold interest in or valid licenses or Easements to use and access, all of the Acquired Assets, free and clear of all Liens, other than Permitted Liens and Liens which will be fully and unconditionally released at or prior to Closing. The use of the Acquired Assets is not subject to any Liens, other than Permitted Liens, and such use does not encroach on the property or the rights of any Person.

(b) Except as set forth on Schedule 4.18(b), the Acquired Assets are sufficient for, and constitute all the assets, properties, business, goodwill and rights of every kind and description, and services required for, the continued conduct and operation of the System by Buyer in substantially the same manner as currently conducted and operated by Seller. Except for the Excluded Assets and except as set forth on Schedule 4.18(b), (i) the Acquired Assets, taken as a whole, comprise all the assets, properties, business, goodwill and rights of every kind and description used or held for use in, or useful or necessary to the operation of the System as currently operated by Seller, and (ii) there are no assets, properties, business, goodwill, rights or services used in the conduct or operation of the System that are owned by any Person other than Seller that will not be licensed or leased to Buyer under valid, current license arrangements or leases. None of the Excluded Assets are material to the System.

Section 4.19. Pending Development Plans

. Schedule 4.19 sets forth a full and complete list of all Pending Development Plans as of the Effective Date. Each Pending Development Plan, if consummated could result in the expansion of the Service Area. Seller provides no assurances whatsoever that any development or

expansion of the Service Area associated with any Pending Development Plan will actually be undertaken or completed.

Section 4.20. Land Development Agreements / Financial Security Agreements

. Schedule 4.20 sets forth a list of all Land Development / Financial Security Agreements existing as of the date hereof between Seller and any third party.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes only the representations and warranties which are set forth in this Article V.

As a material inducement to Seller to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer hereby represents and warrants to Seller, as of the Effective Date and as of the Closing Date (except to the extent any of the following representations and warranties specifically apply or relate to another date, in which event such representations and warranties shall be true and correct as of such other date), as follows:

Section 5.01. Organization

. Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization.

Section 5.02. Authorization and Validity of Agreement

. Buyer has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof. This Agreement has been duly authorized, executed and delivered by Buyer and constitutes a valid and legally binding obligation of Buyer, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

Section 5.03. No Conflict or Violation

. The execution and delivery of this Agreement by Buyer, the consummation of the transactions contemplated hereby and the performance by Buyer of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a material breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of Buyer under (i) any applicable Law, (ii) any material agreement, instrument or document to which Buyer is a party or by which it is bound or (iii) the articles, bylaws or governing documents of Buyer.

Section 5.04. Consents and Approvals

. Schedule 5.04, sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration to or filing or registration with any Governmental Authority required in connection with the execution and delivery of this Agreement by Buyer or the performance by Buyer of its obligations hereunder.

Section 5.05. Broker's and Finder's Fees

. Buyer represents that no broker, finder or other Person is entitled to any commission or finder's fee in connection with this Agreement or the transactions contemplated by this Agreement.

Section 5.06. Financial Wherewithal

. Buyer represents that upon Closing, and after giving effect to the consummation of the transactions contemplated hereby and the incurrence of any indebtedness in connection therewith, Buyer will have the financial ability and will have sufficient working capital for its needs and anticipated needs to operate the System as a certificated public utility system regulated by the PaPUC, authorized, among things, to provide wastewater utility services to retail residential, commercial and industrial customers in the System.

Section 5.07. Sufficient Funds

. Buyer represents that Buyer will have sufficient funds available at Closing to consummate the transactions contemplated by this Agreement, to pay the Purchase Price in accordance with Article III and expenses related to the transactions contemplated by this Agreement, and on and after Closing, to generally provide ownership, operation and capital for the operations and capital needs of the System following the Closing, and assuring that the customers of the System will receive safe, adequate and reliable wastewater service equal to or better than such customers would have received without the transactions contemplated by this Agreement and at all times consistent with the provisions of the Pennsylvania Public Utility Code, 66 Pa. C. S. § 101 *et seq.*, and applicable Law.

Section 5.08. Independent Decision

. Except as expressly set forth in this Agreement, or any of the related agreements, Buyer acknowledges that (a) neither Seller nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of the System or information provided to Buyer, and (b) neither Seller nor any other Person shall have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer, or Buyer use of, any information regarding the System or Acquired Assets that has been furnished or made available to Buyer and its Representatives. Buyer acknowledges that other than as expressly set forth in this Agreement or any related agreement, Seller expressly disclaims any warranty of income potential, operating expenses, costs of operation, or uses or fitness for a particular purpose of any Acquired Assets or the System.

Section 5.09. Scheduled Matters

. Buyer acknowledges that: (a) the inclusion of any matter on any Schedule shall not necessarily be deemed an admission by Seller that such listed matter is material or that such listed matter has

or could have a material adverse effect or constitutes a material liability with respect to the Acquired Assets; (b) matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be reflected in such Schedules; and (c) such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature.

Section 5.10. Independent Investigation

. Buyer acknowledges that it has conducted an independent investigation of the financial condition, assets, liabilities, properties and projected capital needs and operations of the System in making its determination as to the propriety of the transaction contemplated by this Agreement and, in entering into this Agreement and related agreements, has relied solely on the results of its investigation and on the representations and warranties of Seller expressly contained in Article IV of this Agreement.

Section 5.11. Litigation

. Buyer is not in breach of any applicable Law that could have a material adverse effect on the operations of the System or Buyer. Neither Buyer nor any Affiliate of Buyer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the Bureau of Industry and Security of the United States Department of Commerce or their successors, or on any other list of Persons with which Seller may not do business under applicable Law: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. Except as set forth on Schedule 5.11, there is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the Knowledge of Buyer, threatened against Buyer prior to or at the time of Closing, which will have a material adverse effect on (i) the transactions contemplated by this Agreement or (ii) the validity or enforceability of this Agreement.

ARTICLE VI.

TITLE TO REAL PROPERTY; UCC STATEMENTS

Section 6.01. Evidence of Title

. Subject to Section 6.06, with respect to all Real Property, Buyer shall obtain, at its sole cost and expense, a commitment for an owner's policy of title insurance on the ALTA Owner's Form 2006 (the "Title Commitment"), issued by a title insurance company selected by Buyer and licensed to insure title to real property by the Commonwealth of Pennsylvania (the "Title Company"), having an effective date after the Effective Date. Promptly following the Effective Date, Buyer shall order the Title Commitment from the Title Company and shall provide Seller evidence of the same. Notwithstanding anything to the contrary in Section 6.02(a) below, Buyer shall not be entitled to send an Objection Notice with respect to any parcel of Real Property and the Title Commitment for the same in the event, within thirty (30) Business Days after the Effective Date, Buyer has not ordered the Title Commitment from the Title Company for such parcel of Real Property and provided Seller with evidence of the same.

Section 6.02. Objections to Title.

(a) Notice of Objections. Within thirty (30) days of Buyer's receipt from the Title Company of a Title Commitment for any of the parcels of Real Property, Buyer shall deliver to Seller a true, correct and complete copy of the Title Commitment and true, correct, complete and legible copies of any and all exception documents listed in the same, along with Buyer's written notice to Seller of any of the exceptions to title set forth on Schedule B of such Title Commitment to which Buyer objects (such written notice of Buyer being referred to as the "Objection Notice") provided such exceptions (a) are not Permitted Liens, (b) pertain to Buyer or any requirements, conditions or obligations of Buyer, (c) are matters of record and set forth in the Title Commitment and adversely restrict or prevent the use of the Real Property in the operation of the System and (d) are not standard Title Company exceptions (such as the "survey" exception) (such exceptions objected to in the Objection Notice, provided the same are not as described in (a) through and including (d) aforesaid, being referred to as the "Title Objection Items"). Any Objection Notice which does not include a true, correct and complete copy of the Title Commitment and true, correct, complete and legible copies of any and all exception documents listed in the same shall not be effective for any purpose. In the event that Buyer provides Seller with an Objection Notice, Seller shall use commercially reasonable efforts to have all of the Title Objection Items cured, satisfied or released of record, or insured over, by the Title Company (individually, "Cure" and collectively, "Cured") prior to or as of the Closing. At or prior to the Closing, Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer and at Seller's expense, evidencing that Seller has Cured all such Title Objection Items. For avoidance of doubt, Buyer acknowledges that no item listed in clauses (a) through and including (d) aforesaid, may be objected to by Buyer as a Title Objection Item.

(b) Liens. Without limiting Seller's obligations pursuant to Section 6.02(a) above, prior to or as of the Closing, Seller shall be obligated, at its sole cost and expense, to Cure any Lien encumbering the Real Property which can be Cured by the payment of money (other than Permitted Liens).

(c) Title Endorsements/Survey. Any endorsements required by Buyer or any mortgagee of Buyer to Buyer's title policy shall be paid for solely by Buyer. In the event any survey is required by Buyer or its mortgagee, either as a condition to any such endorsement or otherwise, the same shall be obtained solely at Buyer's cost and expense. In the event Buyer obtains a survey of any or all of the Real Property and desires the deed to contain the legal description based on such survey, if the same is not identical to the legal description contained in Seller's deed of record, Seller shall not be obligated to include the same in the deed to buyer unless the survey is certified to Seller and such description is included in the deed on a "quitclaim" basis only and without warranty of title.

(d) License at Closing. Seller shall provide Buyer with a license agreement granting Buyer a license in all of Seller's rights to access such Real Property in order to allow Buyer to operate and maintain the System until such time as Buyer is provided title to such Real Property as provided for in this Agreement. For the avoidance of doubt, Seller shall provide such title as soon as reasonably practicable in accordance with Section 6.01.

(e) Insurable Claims. To the extent any Claim for Losses under Article VIII constitutes an Insurable Claim (as defined herein), Buyer agrees to assert and pursue with reasonable diligence such Insurable Claim against the Title Company (which shall include commencing litigation and diligently prosecuting such Insurable Claim to judgment) prior to pursuing a Claim for Losses under Article VIII. If at any time following a non-favorable judgment that substantially denies the relief sought by Buyer from the Title Company in connection with the Insurable Claim (each a “Non-Favorable Judgment”), Buyer shall be permitted, following such Non-Favorable Judgment, to pursue Seller with a Claim for Losses under Article VIII (any such Claim against Seller following an attempted Insurable Claim against the Title Company being a “Residual Title Claim”). Notwithstanding anything to the contrary in Article VIII, Buyer shall have the right to assert a Claim for Losses based upon a Residual Title Claim for a sixty (60) day period after the Non-Favorable Judgment. For purposes of this Section 6.02(e), an “Insurable Claim” shall mean a Claim that: (i) arises out of Buyer’s discovery of a title defect or encumbrance with respect to any of the Real Property following the Closing that materially restricts or prevents the use of such Real Property in the operation of the System; and (ii) constitutes a claim against the Title Company under Buyer’s Title Policy. Buyer acknowledges that any and all Claims which Buyer could otherwise bring as a breach of a covenant of title under the special warranty deed to the Real Property shall be included within the Claim for Losses under Article VIII and is subject to the terms of this Section 6.02(e) of first pursuing the same as an Insurable Claim.

(f) Affadavit and Documents. At Closing, Seller will deliver to Buyer and the Title Company, (i) a reasonable and customary form of owners’ or sellers’ affidavits, including an affidavit that there are no parties in possession other than Seller, that there are no Liens other than those being satisfied or released, that no work has been done for which payment in full has not been made, and the like, (ii) such customary affidavits and indemnities as may be required by the Title Company to insure Buyer’s title without exception for possible mechanics’ or brokers’ license in favor of persons claiming by, through or under Seller, (iii) an affidavit that Seller is not a “foreign person” for purposes of and as defined in the Foreign Interests in Real Property Tax Act and the corresponding provisions of the Internal Revenue Code, and (iv) and all other documents, resolutions and information as may be necessary to satisfy any reasonable and customary requirements applicable to Seller set forth on Schedule B-I of the Title Commitment, including true and correct copies of Seller’s organizational documents and authorizing resolutions.

Section 6.03. Title Expenses

. Irrespective of whether the transactions described by this Agreement are consummated and Closing occurs, all costs and expenses of obtaining the Title Commitment, Title Policy and any survey shall be paid by Buyer.

Section 6.04. UCC Search; Releases

. Not later than sixty (60) days after the Effective Date, Buyer shall obtain at its sole cost and expense a Uniform Commercial Code search against Seller covering any of the personal property or fixtures included among the Acquired Assets from the Office of the Secretary of the Commonwealth of Pennsylvania and the Recorder of Montgomery County, Pennsylvania (the

“UCC Search”). On or prior to the Closing, Seller shall at its sole cost and expense obtain releases of any and all security interests in any of the Acquired Assets which are not Permitted Liens. The form of the releases of such security interests shall be provided by Seller to Buyer on or prior to the Closing Date.

Section 6.05. Easements

(a) Promptly after the Effective Date and prior to the Closing, Seller shall, at its sole cost and expense, cause an abstractor selected by Seller and reasonably acceptable to Buyer and the Title Company (the “Abstractor”), to perform a search of the public land records of Montgomery County, based on Seller’s records and plans of the System (and such other sources of information as are reasonably related thereto), by means of searching the grantee index in the names of Seller and such other searches as the Abstractor may reasonably make, to (i) identify and provide Buyer with title information on any and all recorded Easements, and (ii) together with Seller, identify all Missing Easements. During such process, as the Abstractor provides written search results to Seller (including updated versions of the Abstractor Search Result Chart), Seller will promptly provide the same to Buyer for its review, and, without limiting the foregoing, Seller shall, or shall cause the Abstractor to, provide Buyer with periodic updates (which shall occur no less frequently than bi-weekly) on the status of the activities set forth in the previous sentence.

(b) In the event that during the process of Abstractor’s review and investigation of the Montgomery County land records, Seller determines, based on the Abstractor’s investigation, that there is a Missing Easement, Seller shall take any and all actions (including the use of its power of condemnation) to obtain any such Missing Easements so that the same may be sold, assigned, transferred and conveyed to Buyer at the Closing pursuant to the terms and conditions of this Agreement. All costs and expenses incurred in connection with obtaining each Missing Easement (including any consideration payable to the landowner in connection with condemnation, in lieu of condemnation or otherwise to obtain Missing Easements) shall be paid by Seller and no additional consideration shall be payable by Buyer for such Missing Easement. In the event Seller has not obtained all Missing Easements by the date that is sixty (60) days after the date that Abstractor has completed his review of the County land records and delivered the last results of the same to Seller (the “Abstract Completion Date”), then, no later than thirty (30) days after the Abstract Completion Date (but in any event no later than thirty (30) days prior to the Closing), Seller shall commence and file in the Court of Common Pleas, Montgomery County, a condemnation or eminent domain proceeding to obtain any and all such Missing Easements. For the purposes of clarity, upon obtaining each Missing Easement (including upon the final resolution of a condemnation proceeding), each Missing Easement that has been acquired or obtained by Seller shall be considered an Easement.

Section 6.06. Unscheduled Property

. The Parties acknowledge that Seller may own interests in or have the legal right to use or occupy the Real Property and Easements that is necessary or essential to the operation of the System and that is not specifically identified in Schedule 4.09 (the “Unscheduled Real

Property”). If the Parties discover prior to or after the Closing Date, one or more parcels of Unscheduled Real Property, the discovering Party shall give written notice of such discovery to the non-discovering Party. In addition to its obligations in Section 2.03, Seller shall convey, assign or otherwise transfer any rights to each parcel of Unscheduled Real Property, without additional consideration payable to Buyer to Seller, in such a manner as to provide Buyer with reasonable assurances that Buyer shall have the right to use or occupy the Unscheduled Real Property as it was used by Seller as of the Effective Date.

ARTICLE VII.

OTHER AGREEMENTS

Section 7.01. Taxes

. Except as hereinafter provided, Seller shall pay any and all Taxes, if any, arising out of the ownership of the Acquired Assets and out of the operation of the System before the Closing.

Section 7.02. Cooperation on Tax Matters

. Seller shall furnish or cause to be furnished to Buyer, as promptly as practicable, whether before or after the Closing Date, such information and assistance relating to the System as is reasonably necessary for the preparation and filing by Buyer of any filings relating to any Tax matters.

Section 7.03. Rates

(a) Rates. Buyer shall implement the Seller’s sanitary wastewater rates then in effect at Closing, as set forth on Schedule 7.03(a), and inclusive of any PaPUC permitted or required surcharges or pass-through costs (the “Base Rate”) as Buyer’s effective sanitary wastewater rates, provided that the rates reflected on Schedule 7.03(a) (at Closing) shall not be lower than those in effect on the date the Effective Date. The Parties agree that the Base Rate shall not be increased until after the second anniversary of the Closing Date. Buyer intends to bill customers on a monthly basis instead of annual billing, which Buyer will prorate accordingly.

(b) PaPUC Approval. The rate provisions of Sections 7.03(a) shall be part of Buyer's requested PaPUC Governmental Approval.

Section 7.04. Buyer Taxpayer

. From and after the Closing Date, Buyer acknowledges that, upon conveyance of the Acquired Assets to Buyer, Buyer will be subject to, among other Taxes, real estate Taxes, which shall be paid by Buyer.

Section 7.05. PaPUC Approval

(a) Promptly after the Effective Date, Buyer covenants and agrees to timely initiate and faithfully prosecute the necessary proceedings to obtain from the PaPUC (i) the issuance of certificates of public convenience to Buyer to provide wastewater services in the Service Area and (ii) the approval of the acquisition of the System by Buyer under terms and conditions that are reasonably acceptable to Seller and Buyer. Seller shall cooperate with and assist Buyer in proceedings before the PaPUC.

(b) Buyer and Seller hereby agree that the procedures for determining fair market value of the System and Acquired Assets outlined in subsection (a) of Section 1329 of Title 66 of the Pennsylvania Consolidated Statutes ("Section 1329") shall be utilized and filed with the PaPUC as contemplated by Section 1329.

(c) The Parties agree that the fees and expenses related to engaging the licensed engineer for such Section 1329 determination shall be borne fifty percent (50%) by Buyer and fifty percent (50%) by Seller.

(d) To the extent requested by Buyer, Seller agrees to participate in any proceedings before the PaPUC as an intervenor and active party, provided that Seller shall bear the fees and expenses directly related to such intervention, including legal expenses, that are reasonably incurred up to a cap of \$20,000, above which any such costs reasonably incurred shall be borne entirely by Buyer. Seller shall have the right to be represented by the counsel of their choice in any such proceedings.

(e) Buyer, in Buyer's first base rate proceeding with respect to the System following the Closing, shall propose the use of statutory and regulatory mechanisms available to benefit the Buyer's acquired customers for ratemaking purposes.

Section 7.06. Outstanding Indebtedness

. Buyer has the option, upon reasonable advance written notice to Seller (and upon Seller's consent if such consent is required), in lieu of paying in full the total amount of Outstanding Indebtedness, to assume any of Seller's obligations under other Outstanding Indebtedness which may be assumed. Buyer shall also obtain a release of all of Seller's obligations under the assumed Outstanding Indebtedness on or before Closing.

Section 7.07. Remedies for Breach of Article VII Agreements

. In the event of a breach by Buyer of any of the covenants and agreements set forth in this Article VII following Closing, in addition to all other rights and remedies available at law or in equity, including specific performance and/or injunctive relief, Seller shall also be entitled to commence proceedings before the PaPUC seeking enforcement of such covenants and agreements.

Section 7.08. Operation and Maintenance of the MS4 System

. Subject to applicable Law, Seller, shall at all times maintain ownership of its MS4 System and Stormwater System Assets. Seller will maintain any NPDES permits related to the Stormwater System Assets.

Section 7.09. Utility Valuation Experts

Buyer and Seller agree that each will be responsible for the costs associated with their respective Utility Valuation Expert for the preparation and completion of their respective Utility Valuation Expert's appraisal report and any additional work by their respective Utility Valuation Expert necessary to assist in the processing and prosecution of the application to the PaPUC in regard to this transaction under Section 1329.

Section 7.10. Restoration of Property

Buyer shall at all times act in accordance with all requirements imposed by the PaPUC and with the terms of any permits or approvals issued by Seller with regard to restoration of property on which construction or repair and replacement work is undertaken.

Section 7.11. EDU Allocations

In connection with EDU allocations, Buyer shall at all times act in compliance with Seller's ordinances, including those with respect to zoning and land use, the Seller's Act 537 plan, the Township's comprehensive plans and the Authority Agreements.

Section 7.12. Personnel Matters

(a) Subject to applicable Law, Buyer shall, or shall cause an Affiliate of Buyer to, offer employment effective on the Closing Date, to the Personnel set forth in Schedule 7.12(a), subject to Buyer's existing standard hiring policies and procedures applicable to new employees, except with respect to benefits as otherwise provided in Section 7.12(c). The Personnel who accept such employment and commence employment on the Closing Date, shall be referred to in this Agreement as the "Transferred Personnel."

(b) Subject to applicable Law, Transferred Personnel shall be employees-at-will of Buyer. Buyer shall provide each of the Transferred Personnel compensation and benefits which are at least substantially comparable to, in the aggregate, to Seller's compensation and benefits as of the Effective Date (including paid vacation and sick time benefits). Nothing contained in this Section 7.12(b) shall constitute an amendment of, or an undertaking to amend, any employee benefit plans, programs or arrangements maintained by Buyer or its Affiliates or is intended to prevent Buyer or its Affiliates from amending or terminating any such employee benefit plan, program or arrangement in accordance with the terms thereof.

(c) Subject to the obligations of Seller under Law, Buyer's rights and obligations set forth in Section 7.12. and the Buyer's applicable employee benefit plan documents, with respect to employee benefit plans maintained by Buyer for the benefit of its employees (*i.e.*, paid vacation leave, Buyer's 401k savings plan), effective as of the Closing, Buyer shall recognize the Transferred Personnel's length of service with the Seller as if such service were with Buyer for eligibility and vesting under Buyer's then existing employee benefit plans and programs.

(d) Subject to applicable Law, effective as of the Closing, the Transferred Personnel shall cease active participation in the Seller's Plans. Seller shall remain liable for all eligible claims for benefits under the Seller's Plans that are incurred by Transferred Personnel prior to the Closing Date. Subject to applicable Law, Seller shall remain liable to make any contributions to Seller's Plans related to, and/or to fund any retirement benefits accrued by, the Transferred Personnel prior to Closing.

(e) This Section 7.12 shall be binding upon and inure solely to the benefit of each of the Parties to this Agreement, and nothing in this Section 7.12, express or implied, shall confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 7.12. The Parties acknowledge and agree that the terms set forth in this Section 7.12 shall not create any right in any Transferred Personnel or any other Person to any continued employment with Buyer or any of its Affiliates or compensation or benefits of any nature or kind whatsoever, and shall not be deemed to restrict Buyer in the exercise of its independent business judgment in establishing or modifying any of the terms or conditions of the employment of the Transferred Personnel. Nothing contained in this Section 7.12 shall constitute an amendment of, or an undertaking to amend, any employee benefit plan, program or arrangement maintained by Buyer or its Affiliates or is intended to prevent Buyer or its Affiliates from amending or terminating any such employee benefit plan, program or arrangement in accordance with its terms.

(f) Notwithstanding anything in this Agreement to the contrary, it is expressly understood that Buyer will not acquire any asset, or assume any liability or obligation in connection with the transactions contemplated by this Agreement relating to any of the Seller's Plans, Seller's Benefit Obligations. Seller shall be solely responsible for any liability, funding obligation, claim or expense arising from the Seller's Plans, Seller's Benefit Obligations, both prior to, and after, the Closing Date, except as provided in Section 7.12(c).

(g) No later than the Closing Date, Seller shall transfer all records pertaining to the employment of the Transferred Personnel to Buyer including, but not limited to, all personnel and human resources Files and Records.

Section 7.13. Authority Matters.

Effective on the Closing Date, Buyer shall have the following rights:

(i) Seller shall provide to Buyer all financial information and other reports or communications received by Seller from the Authority within two (2) Business Days of receipt of such information by Seller from the Authority;

(ii) Buyer shall appoint a non-voting observer representative (selected in Buyer's sole discretion) who shall be permitted to attend all Authority board and committee meetings (whether regular, special, telephonic or in-person), except for executive sessions; and

(iii) upon request from Buyer to Seller, Seller shall exercise all of the rights afforded to it under the Authority Agreements in order to permit Buyer to inspect the Authority's books and records.

(b) Within ten (10) days of the Closing Date, the Parties shall appoint a working group (the "Working Group") consisting of six (6) individuals, three (3) of whom shall be Township Senior Staff, selected in Seller's sole discretion; *provided, however*, that at least one (1) such Seller Representative is a Seller-appointed member of the Authority and three (3) of whom shall be Buyer Representatives, selected in Buyer's sole discretion (each, a "Working Group Member" and, collectively, the "Working Group Members"). By written notice to the other Party, a Party may in its sole discretion remove and replace with or without cause any or all of its appointed Working Group Members. The Working Group shall meet periodically, but in any event prior to any regular or special meeting of the Authority board, to discuss matters to be discussed or acted upon at the Authority's board meeting and obtain Buyer's input with respect to (i) ongoing operations and management expenses and budgeting of the Authority and (ii) any required capital improvements by the Authority that will impact the System or the Minimum Flow Capacity.

Section 7.14. Minimum Flow Capacity.

On and after Closing, Buyer shall have the right to (i) the Minimum Flow Capacity and (ii) any future allocations of additional flow capacity/EDUs in the Authority's treatment facilities to the Seller as a result of any upgrade or expansion of said facilities pursuant to the Authority Agreements.

ARTICLE VIII.

INDEMNIFICATION

Section 8.01. Survival

. All representations and warranties contained in this Agreement shall survive until twelve (12) months following the Closing Date, except that (a) the representations and warranties of Seller set forth in Section 4.01 (Organization), Section 4.02 (Power and Authority), Section 4.03 (Enforceability) and Section 4.15 (Brokers' and Finders' Fees) (collectively, the "Seller Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by applicable Law, and (b) the representations and warranties of Buyer set forth in Section 5.01 (Organization), Section 5.02 (Authorization and Validity of Agreement), and Section 5.05 (Brokers' and Finders' Fees) (collectively, the "Buyer Fundamental Representations") shall survive the Closing indefinitely or until the latest date permitted by applicable Law. The covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the shorter period explicitly specified therein, except that for such covenants and agreements that survive for such shorter period, breaches thereof shall survive indefinitely or until the latest date permitted by applicable Law. Notwithstanding the preceding sentences, (x) any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if notice of the inaccuracy or breach

thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time, and (y) nothing contained in this Section 8.01 shall limit in any way any rights a Party may have to bring claims grounded in fraud, intentional misrepresentation or willful misconduct, which rights shall survive the Closing indefinitely.

Section 8.02. Indemnification by Seller

. To the maximum extent permitted by applicable Law and subject to the terms and conditions of this Article VIII, Seller agrees to indemnify, defend and hold harmless, Buyer and its successors and Affiliates and their respective employees, officers, directors, trustees and agents (the "Buyer Indemnified Persons"), from and against any and all claims for Losses arising from or relating to: (a) any misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Seller prior to the Closing pursuant to this Agreement (without regard to any materiality, Material Adverse Effect or related qualifications in the relevant representation or warranty (except where such provision requires disclosure of lists of items of a material nature or above a specified threshold)); (b) any breach or nonfulfillment of any of the covenants or agreements of Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Seller prior to the Closing pursuant to this Agreement; or (c) any Excluded Liability or Excluded Asset.

Section 8.03. Indemnification by Buyer

. To the maximum extent permitted by applicable Law and subject to the terms and conditions of this Article VIII, Buyer agrees to defend, indemnify and hold harmless Seller and its successors and Affiliates and each of their respective employees, officers, directors and agents (the "Seller Indemnified Persons") from and against any and all claims for Losses arising from or relating to: (a) any material misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of Buyer contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Buyer pursuant to this Agreement; (b) any material breach of any of the covenants or agreements of Buyer contained in this Agreement or in any exhibit, schedule certificate or other instrument or document furnished or to be furnished by Buyer pursuant to this Agreement; (c) any Assumed Liability as and when payment and performance is due, including without limitation any liability related to any claims by any Governmental Authority; (d) Buyer's actions involving Environmental Laws, Hazardous Materials or environmental claims from and after the Closing Date; or (e) the ownership, operation or control of the Acquired Assets or the System from and after the Closing Date.

Section 8.04. Indemnification Procedure

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any action, suit, claim or other legal proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a representative of the foregoing (a "Third Party Claim") against such Indemnified Party with

respect to which the Indemnifying Party may be obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party (and subject to the other requirements herein) to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel (which counsel shall be reasonably acceptable to the Indemnified Party), so long as (i) the Indemnifying Party notifies the Indemnified Party, within ten (10) Business Days after the Indemnified Party has given notice of the Third Party Claim to the Indemnifying Party (or by such earlier date as may be necessary under applicable procedural rules in order to file a timely appearance and response) that the Indemnifying Party is assuming the defense of such Third Party Claim, *provided*, that if the Indemnifying Party assumes control of such defense it must first agree and acknowledge in such notice that the Indemnifying Party is fully responsible (with no reservation of any rights other than the right to be subrogated to the rights of the Indemnified Party) for all Losses relating to such Third Party Claim, (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently and at its own cost and expense, and (iii) the Third Party Claim (A) does not involve injunctive relief, specific performance or other similar equitable relief, any claim in respect of Taxes, any Governmental Authority, any criminal allegations, or any potential damage to the goodwill, reputation or overriding commercial interests of Buyer or its Affiliates, (B) is not one in which the Indemnifying Party is also a party and joint representation would be inappropriate or there may be legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party, or (C) does not involve a claim which, upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend. The Indemnified Party shall reasonably cooperate in good faith in such defense. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.04(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 8.04(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Seller and Buyer shall reasonably and in good faith cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed), except as provided in this Section 8.04(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give prompt written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within fifteen (15) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 8.04(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any claim by an Indemnified Party with respect to any Loss which does not arise or result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail and shall indicate the estimated amount, if reasonably practicable, of the Losses that have been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. During such thirty (30) day period, the Indemnified Party shall reasonably cooperate and assist the Indemnifying Party in determining the validity and amount of such Direct Claim. If the Indemnifying Party does not so respond within such thirty (30) day period, by delivery of written notice disputing the basis or amount of the Direct Claim, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement. If the Indemnifying Party has timely disputed its indemnity obligation for any Losses with respect to such Direct Claim, the Parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by litigation in an appropriate court of jurisdiction determined pursuant to this Agreement.

Section 8.05. Limitations on Indemnification Obligations.

(a) Subject to the other limitations contained in this Section 8.05, neither Buyer nor Buyer Indemnified Persons shall be entitled to indemnification pursuant to Section 8.02(a) (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless

the aggregate amount of Losses incurred by Buyer and Buyer Indemnified Persons under this Agreement exceeds \$750,000 in the aggregate (the "Threshold Amount"), in which case Seller shall then be liable for Losses in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification based on fraud, intentional misrepresentation or willful misconduct.

(b) Subject to the other limitations contained in this Section 8.05 neither Seller nor the Seller Indemnified Persons shall be entitled to indemnification pursuant to Section 8.03(a) (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Losses incurred by Seller and Seller Indemnified Persons under this Agreement exceeds the Threshold Amount, in which case Buyer shall then be liable for Losses in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this Section 8.05(a) shall not apply to any claims for indemnification based on fraud, intentional misrepresentation or willful misconduct.

(c) Except in the case of fraud, intentional misrepresentation or willful misconduct (for which all applicable legal and equitable remedies will be available to Buyer), the Buyer Indemnified Parties shall only be entitled to assert claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations, which shall not be limited by this Section 8.05(c)) up to the aggregate amount of 5% of Purchase Price (the "Liability Cap"), which shall represent the sole and exclusive remedy of Buyer and the other Buyer Indemnified Parties for any such claims under Section 8.02(a) (other than claims with respect to breaches of any of the Seller Fundamental Representations or in the case of fraud, intentional misrepresentation or willful misconduct which shall not be subject to the Liability Cap, but shall be capped at the Purchase Price).

(d) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party in respect of any such claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses prior to seeking indemnification under this Agreement.

(e) Payments by an Indemnifying Party pursuant to Section 8.02 or Section 8.03 in respect of any Loss shall be reduced by an amount equal to any Tax benefit realized or reasonably expected to be realized as a result of such Loss by the Indemnified Party.

(f) Each Indemnified Party shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.

(g) Subject to the provisions of Sections 3.01, 7.06, 15.11 and any other provisions for equitable relief and/or specific performance, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject

matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Party hereto and their Affiliates and each of their respective representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.05(h) shall limit any Person's right to seek and obtain any equitable relief and/or specific performance to which any Person shall be entitled pursuant to this Agreement.

Section 8.06. Knowledge of Breach

. Neither Party shall be liable for any Losses based upon or arising out of any inaccuracy in or breach of any representations or warranties of such Party contained in this Agreement if the Party claiming such Losses had Knowledge of such inaccuracy or breach prior to the Closing.

ARTICLE IX.

PRE-CLOSING COVENANTS OF SELLER

Section 9.01. Operation of the System

. Except as otherwise expressly permitted by this Agreement, as required by applicable Law or with the prior written consent of Buyer (which consent shall not be unreasonably withheld, delayed or conditioned), from the Effective Date until the Closing, Seller shall (i) operate and manage the System only in the ordinary course of business in accordance with past practices and procedures, (ii) comply in all material respects with all applicable Laws and Authorizations and Permits, and (iii) use commercially reasonable efforts to maintain and preserve intact the business and assets of the System and preserve the rights, franchises, goodwill and relationships of Seller and the System and their customers, lenders, suppliers, regulators, the Authority and others having business relationships with Seller and the System.

Section 9.02. Cooperation

. Seller shall reasonably cooperate with Buyer and its employees, attorneys, accountants and other agents and, generally, act in reasonably good faith to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated by this Agreement.

Section 9.03. Supplements and Updates

. Seller shall promptly deliver to Buyer any supplemental information updating the information set forth in the representations and warranties set forth in Article IV of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. Following the Effective Date, Seller shall promptly advise Buyer of any facts which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained herein.

Section 9.04. Governmental Approvals

. Promptly after the execution of this Agreement, or as required by Law, except as otherwise expressly provided herein, Seller shall file all applications and reports that are required to be filed by Seller with any Governmental Authority as provided on Schedule 4.05 to Buyer. Seller shall also promptly provide all information that any Governmental Authority may require in connection with any such application or report. Seller shall use all commercially reasonable efforts to obtain all consents and approvals of any kind from any person in connection with the transactions contemplated hereby. All authorizations of any Governmental Authority necessary to consummate the transactions contemplated by this Agreement shall have been obtained in form and content reasonably satisfactory to Buyer and Seller prior to Closing and shall be final and non-appealable. In the event a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, Buyer and Seller may still mutually agree to proceed to consummate the transaction.

Section 9.05. Pending Development Plan Agreements / Future Developments

. Seller shall enforce all of its rights and the counterparties' obligations under any agreements relating to Pending Development Plans in existence as of the Effective Date, which shall not be amended without notice to and the consent of Buyer, which consent shall not be unreasonably withheld and such consent shall be provided by Buyer to Seller within fifteen (15) days of notice from Seller or this consent requirement shall be deemed waived by Buyer after such date. After the Effective Date, Seller shall not enter into any new agreements (including land development agreements and financial security agreements) with landowners regarding the construction of any sewer facilities which, upon completion of construction, will be transferred to Buyer pursuant to Section 2.01 above without notice to and the consent of Buyer, which consent shall not be unreasonably withheld and such consent shall be provided by Buyer to Seller within seven (7) days of notice from Seller or this consent requirement shall be deemed waived by Buyer after such date. For the avoidance of doubt, any attempt by Buyer to withhold consent for entry into any amendment or new agreement by Seller pursuant to this Section 9.05 that is, in the opinion of Seller's solicitor, required pursuant to the Pennsylvania Municipal Planning Code shall be unreasonable.

ARTICLE X.

PRE-CLOSING COVENANTS OF BUYER

Buyer covenants and agrees to comply with the following provisions:

Section 10.01. Actions Before the Closing Date

. Buyer shall not take any action which shall cause it to be in breach of any representation, warranty, covenant or agreement contained in this Agreement or cause it to be unable to perform in any material respect its obligations hereunder, and Buyer shall use commercially reasonable best efforts (subject to any conditions set forth in this Agreement) to perform and satisfy all conditions to Closing to be performed or satisfied by Buyer under this Agreement, including

action necessary to obtain all consents and approvals of third parties required to be obtained by Buyer to effect the transactions contemplated by this Agreement.

Section 10.02. Governmental Approvals

. Promptly after the execution of this Agreement, or as required by Law, except as otherwise expressly provided herein, Buyer shall file all applications and reports which are required to be filed by Buyer with any Governmental Authority as provided on Schedule 5.04. Buyer shall also promptly provide all information that any Governmental Authority may reasonably require in connection with any such application or report. Buyer shall use all commercially reasonable efforts to obtain all required consents and approvals of any kind from any person in connection with the transactions contemplated hereby.

Section 10.03. Cooperation

. Buyer shall reasonably cooperate with Seller and their employees, attorneys, accountants and other agents and, generally, do such other acts and things in good faith as may be reasonable to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated in accordance with the provisions of this Agreement.

Section 10.04. Supplements and Updates

. Buyer shall promptly deliver to Seller any supplemental information updating the information set forth in the representations and warranties set forth in Article V of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. At least three (3) Business Days prior to the Closing Date, Buyer shall advise Seller of any facts which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained herein.

ARTICLE XI.

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligation of Seller to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by Seller in its sole discretion:

Section 11.01. Consents and Approvals

(a) Receipt of all required material, non-governmental third party consents and any other approvals necessary to consummate the transactions contemplated by this Agreement set forth in Schedule 11.01(a) and all consents, waivers, authorizations and approvals of any Governmental Authority required pursuant to Section 4.05; and

(b) Receipt of any required environmental and other Governmental Approvals required for transfer and operation of the System by Buyer, with terms and conditions reasonably acceptable to Buyer, including without limitation all required EPA and PaDEP approvals and all such Authorizations and Permits and Governmental Approvals shall be final (and not subject to any appeal and any applicable appeal period having expired).

Section 11.02. Representations and Warranties of Buyer

. The representations and warranties made by Buyer in Article V which are (a) not qualified by materiality shall be true and correct in all material respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all material respects as of such specified date) and (b) qualified by materiality shall be true and correct in all respects on and as of the Closing Date (except for representations or warranties that speak of a specific date or time other than the Closing Date which shall be true and correct in all respects as of such specified date), and Seller shall have received a certificate to the effect of the foregoing from a duly authorized officer of Buyer dated as of the Closing Date.

Section 11.03. PaPUC Approval

. PaPUC shall have issued a Final Order approving the acquisition of the System under terms and conditions that are reasonably acceptable to Seller and Buyer. In the event a party to the PaPUC proceeding appeals or files a petition for reconsideration of PaPUC authorization of the transaction, Buyer and Seller may still mutually agree to proceed to consummate the transaction.

Section 11.04. No Injunctions

. Neither Seller nor Buyer shall be subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement.

Section 11.05. Performance of the Obligations of Buyer

. Buyer shall have performed in all material respects all obligations required under this Agreement to be performed by Buyer on or before the Closing Date, and Seller shall have received a certificate to that effect from Buyer dated the Closing Date.

Section 11.06. Deliveries by Buyer

. Buyer shall have made delivery to Seller of the documents and items specified in Section 13.03 herein.

Section 11.07. No Material Adverse Effect

. There shall not have occurred any event or condition which gives rise to a Material Adverse Effect with respect to the Acquired Assets or the System.

ARTICLE XII.

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligation of Buyer to consummate the transactions provided for in this Agreement is subject to the satisfaction, at or before the Closing, of the following conditions, any one or more of which may be waived in writing by Buyer in its sole discretion:

Section 12.01. Consents and Approvals

(a) Receipt of all required material, non-governmental third party consents and any other approvals necessary or advisable to consummate the transactions contemplated by this Agreement set forth in Schedule 11.01(a) and all consents, waivers, authorizations and approvals of any Governmental Authority required pursuant to Section 5.04; and

(b) Receipt of any required environmental and other Governmental Approvals required for transfer and operation of the System by Buyer, with terms and conditions reasonably acceptable to Buyer, including without limitation all required EPA and PaDEP approvals and all such Authorizations and Permits and Governmental Approvals shall be final (and not subject to any appeal and any applicable appeal period having expired).

Section 12.02. Representations and Warranties of Seller

. The representations and warranties made by Seller in Article IV this Agreement (disregarding all "materiality" and "Material Adverse Effect" or similar qualifications contained therein) shall be true and correct on and as of the Closing Date (except for representations and warranties expressly stated to relate to a specific date, in which case each such representation and warranty shall be true and correct as of such earlier date), with only such exceptions as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and Buyer shall have received a certificate to that effect from Seller dated as of the Closing Date.

Section 12.03. PaPUC Approval

. PaPUC shall have issued a Final Order approving the acquisition of the System under terms and conditions that are reasonably acceptable to Seller and Buyer. In the event a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, Buyer and Seller may still mutually agree to proceed to consummate the transaction.

Section 12.04. No Injunctions

. Neither Seller or Buyer shall be subject to any injunction, preliminary restraining order or other similar decree of a court of competent jurisdiction prohibiting the consummation of the transactions contemplated by this Agreement.

Section 12.05. No Material Adverse Effect

. There shall not have occurred any event or condition which gives rise to a Material Adverse Effect with respect to the Acquired Assets or the System.

Section 12.06. Deliveries by Seller

. Seller shall have made delivery to Buyer of the documents and items specified in Section 13.02 herein.

Section 12.07. Performance of the Obligations of Seller

. Seller shall have performed in all material respects all obligations required under this Agreement to be performed by Seller on or before the Closing Date, and Buyer shall have received a certificate to that effect from Seller dated the Closing Date.

ARTICLE XIII.

CLOSING

Section 13.01. Closing Date

. The Closing shall take place at a place in Pennsylvania that is mutually agreed upon by the Parties, at 10:00 a.m. Eastern Standard Time on the earliest agreed upon date or within twenty (20) Business Days after the date upon which all the conditions precedent to Closing described in this Agreement have been fulfilled or waived and Buyer and Seller receive the last of the required consents, waivers, authorizations and approvals from the Governmental Authorities, in each case, for the transactions contemplated by this Agreement, or at such other place and time, by such other method, or on such other date, as may be mutually agreed to by the Parties (the "Closing Date"). The Closing shall be effective at 12:01 a.m., East Norriton, PA time, on the Closing Date (the "Closing Effective Time").

Section 13.02. Deliveries by Seller

. At the Closing, Seller shall have delivered or cause to be delivered to Buyer executed copies of the following agreements, documents and other items:

(a) A Bill of Sale transferring all of the Acquired Assets comprising personal property, in the form attached hereto as Exhibit A;

(b) Possession of the Acquired Assets, including without limitation, the Real Property, the Easements and an interest in the Missing Easements (including a license from Seller to Buyer, if necessary);

(c) A duly executed counterpart to an Assignment and Assumption Agreement with respect to the Assumed Liabilities (the "Assignment and Assumption Agreement"), in the form attached hereto as Exhibit B;

(d) The consents to transfer all of the Assigned Contracts and Authorizations and Permits (including environmental Authorizations and Permits), to the extent required hereunder;

(e) One or more special warranty or other deeds in recordable form reasonably acceptable to Buyer transferring fee simple title of Real Property;

(f) Copies or originals of all Files and Records, materials, documents and records in possession of Seller relating to the Real Property or the Assigned Contracts;

(g) Certificate of Seller pursuant to Section 12.02 of this Agreement;

(h) Certificate of Seller pursuant to Section 12.07 of this Agreement;

(i) Any documents duly executed by Seller required by the Title Company to issue final owner's title policies in accordance with the procedures set forth in Article VI; and

(j) All such other instruments of conveyance or other documents as shall, in the reasonable opinion of Buyer and its counsel, be necessary to transfer to Buyer the Acquired Assets in accordance with this Agreement or to carry out the terms of this Agreement, duly executed and acknowledged by Seller, if necessary, and in a recordable form.

Section 13.03. Deliveries by Buyer

. At the Closing, Buyer shall have delivered or caused to be delivered to Seller the following agreements, documents and other items:

(a) Payment in full of the Purchase Price;

(b) A duly executed counterpart to the Assignment and Assumption Agreement;

(c) Certificate of Buyer pursuant to Section 11.02 of this Agreement;

(d) Certificate of Buyer pursuant to Section 11.05 of this Agreement;

(e) Evidence of PaPUC approval as provided in Section 12.03; and

(f) All such other instruments of assumption as shall, in the reasonable opinion of Seller and its counsel, be necessary for Buyer to assume the Assumed Liabilities in accordance with this Agreement.

ARTICLE XIV.

TERMINATION

Section 14.01. Events of Termination

. This Agreement may, by notice given in the manner hereinafter provided, be terminated and abandoned at any time prior to completion of the Closing:

(a) By the mutual consent of Seller and Buyer;

(b) By either Seller or Buyer if:

(i) the Closing shall not have occurred on or prior to the Outside Date; provided, however, the Buyer shall have the one-time right to extend the Outside Date for up to ninety (90) days if, in the Buyer's sole discretion, any such amount of time up to ninety (90) days is necessary to obtain a required Governmental Approval; or

(ii) any Governmental Authority shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the material transactions contemplated by this Agreement and such order, decree, ruling or other action will have become final and non-appealable; provided, however, that the party seeking termination pursuant to this clause (b) of this Section 14.01 is not in breach in any material respect of any of its representations, warranties, covenants or agreements contained in this Agreement;

(c) By Seller (if Seller is not then in material breach of any provision of this Agreement) in the event of a material breach of any covenant or agreement to be performed or complied with by Buyer pursuant to the terms of this Agreement or of any representation or warranty of Buyer contained in this Agreement, which breach (i) has continued without cure for a period of sixty (60) days following written notice thereof by Seller to Buyer or if such breach cannot be cured and (ii) would result in a condition to Closing set forth in Article XI of this Agreement not being satisfied (which condition has not been waived by Seller in writing); or

(d) By Buyer (if Buyer is not then in material breach of any provision of this Agreement) in the event of a material breach of any covenant or agreement to be performed or complied with by Seller pursuant to the terms of this Agreement or of any representation or warranty of Seller contained in this Agreement, which breach (i) has continued without cure for a period of sixty (60) days following written notice thereof by Buyer to Seller or if such breach cannot be cured and (ii) would result in a condition to Closing set forth in Article XII of this Agreement not being satisfied (which condition has not been waived by Buyer in writing).

This Agreement may not be terminated after completion of the Closing.

Section 14.02. Effect of Termination

. If this Agreement is terminated by Seller or Buyer pursuant to Section 14.01, written notice thereof will forthwith be given to the other and all further obligations of the parties hereto under this Agreement will terminate without further action by either party and without liability or other obligation of either party to the other party hereunder; provided, however, that no party will be released from liability hereunder if this Agreement is terminated and the transactions abandoned by reason of any willful breach of this Agreement.

Section 14.03. Damages for Willful Breach

. In the event this Agreement is terminated as a result of willful breach by either Party as described in Section 14.02, the Party who breached the agreement shall be liable for Losses incurred by the non-breaching party as a result of the breach in accordance with Article VIII hereof.

ARTICLE XV.

MISCELLANEOUS

Section 15.01. Confidentiality

. Except as and to the extent required by applicable Law (including but not limited to the Pennsylvania Right-To-Know Act at 65 Pa § 67.101) or pursuant to an order of a court of competent jurisdiction and as required hereunder to obtain any and all required Governmental Approvals, neither Party hereto shall, directly or indirectly, disclose or use (and no party shall permit its representatives to disclose or use) any Confidential Information with respect to the other Party furnished, or to be furnished, by such other Party hereto or its shareholders, directors, officers, agents, or representatives to the other Party hereto or its employees, directors, officers, agents or representatives in connection herewith at any time or in any manner other than in connection with the completion of the transactions contemplated by this Agreement and related transactions.

Section 15.02. Public Announcements

. Subject to applicable Law or listing rules of an exchange on which Buyer's parent corporation's stock is listed, and except as otherwise set forth herein, the initial public announcement relating to the transactions contemplated herein will be mutually agreed upon and jointly made by the Parties. Subsequent public announcements related to the sale of the System by one Party shall be provided to the other Party at least three (3) days prior to issuance.

Section 15.03. Notices

. All notices, other communications and approvals required or permitted by this Agreement shall be in writing, shall state specifically that they are being given pursuant to this Agreement and shall be addressed as follows:

in the case of Seller:

Township of East Norriton
2501 Stanbridge Street
East Norriton, PA 19401-1616
Attention: Township Manager

with a copy to:

Township of East Norriton
2501 Stanbridge Street
East Norriton, PA 19401-1616
Attention: Township Solicitor

in the case of Buyer:

Aqua Pennsylvania Wastewater, Inc.

762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Marc A. Lucca, President
malucca@aquaamerica.com

with a copy to:

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Frances Orth, Esq., Vice President, Senior Managing Counsel
fport@aquamerica.com

or such other persons or addresses as a Party may from time to time designate by notice to the other Party. A notice, other communication or approval shall be deemed to have been sent and received (i) on the day it is delivered, or if such day is not a Business Day or if the notice is received after ordinary office hours (time or place of receipt), the notice, other communication or approval shall be deemed to have been sent and received on the next Business Day, or (ii) on the fourth Business Day after mailing if sent by United States registered or certified mail.

Section 15.04. Headings

. The article, section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 15.05. Severability

. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 15.06. Entire Agreement

. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties. There are no representations, warranties, conditions or other agreements, whether direct or collateral, or express or implied, that form part of or affect this Agreement, or that induced any Party to enter into this Agreement or on which reliance is placed by any Party, except as specifically set forth in this Agreement. The Parties acknowledge and agree that (i) each has substantial business experience and is fully acquainted with the provisions of this Agreement, (ii) the provisions and language of this Agreement have been fully negotiated and (iii) no provision of this Agreement shall be construed in favor of any Party or against any Party by reason of such provision of this Agreement having been drafted on behalf of one Party rather than the other Party.

Section 15.07. Amendments; Waivers

. This Agreement may be amended, changed or supplemented only by a written agreement signed by the Parties. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

Section 15.08. Parties in Interest; Third Party Beneficiary

. Except as hereinafter provided, this Agreement is not intended to and shall not be construed to create upon any Person other than the Parties any rights or remedies hereunder.

Section 15.09. Successors and Assigns

. Neither Party hereto shall assign or delegate this Agreement or any rights or obligations hereunder without the prior written consent of the other Parties hereto, and any attempted assignment or delegation without prior written consent shall be void and of no force or effect.

Section 15.10. Governing Law; Jurisdiction

. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Pennsylvania (without giving effect to the principles of conflicts of laws thereof). The Parties hereto irrevocably agree and consent to the jurisdiction of the United States District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Montgomery County, Pennsylvania, for the adjudication of any matters arising under or in connection with this Agreement. Any action initiated in court shall be filed and litigated (including all discovery proceedings) exclusively in the United States District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Montgomery County, Pennsylvania, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such Party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER

INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 15.11. Specific Performance

. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity if the other Party has performed in accordance with the terms hereof.

Section 15.12. Counterparts; Facsimile Execution

. This Agreement may be executed in any number of counterparts which, taken together, shall constitute one and the same agreement. This Agreement shall be effective when it has been executed by each Party and delivered to both Parties. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to the other Party by facsimile transmission. Such Party shall be deemed to have executed and delivered this Agreement on the date it sent such facsimile transmission. In such event, such Party shall forthwith deliver to the other Party an original counterpart of this Agreement executed by such Party.

[THIS SPACE INTENTIONALLY LEFT BLANK;

SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed, or caused to be executed by their duly authorized Representatives, this Agreement as of the Effective Date.

TOWNSHIP OF EAST NORRITON,
MONTGOMERY COUNTY

AQUA PENNSYLVANIA WASTEWATER,
INC.

By: _____

By: _____

Printed: _____

Printed: _____

Its: _____

Its: _____

ATTEST:

ATTEST:

By: _____

By: _____

Printed: _____

Printed: _____

Title: _____

Title: _____

ASSET PURCHASE AGREEMENT

By and Between

Township of East Norriton, Montgomery County

As Seller

and

Aqua Pennsylvania Wastewater, Inc.

As Buyer

SCHEDULES AND EXHIBITS

Capitalized terms used in the Schedules which are not otherwise defined herein shall have the respective meanings ascribed to such terms in the Agreement. The Schedules are to be read in their entirety. Nothing in the Schedules is intended to broaden the scope of any representation or warranty in the Agreement. The disclosure of any item, explanation, exception or qualification in any Schedule is disclosure of that item for all purposes for which disclosure is required under the Agreement when it is reasonably apparent from the context that such item, explanation, exception or qualification also relates to another Schedule irrespective of whether any cross reference is made or no Schedule is provided with respect to a representation. Other than as expressly set forth herein or when the Schedules reference agreements or other matters not documented in a separate writing, all descriptions of agreements, written materials or other matters appearing herein, are summary in nature and are qualified by reference to the complete documents, which have been supplied to the Buyer or its counsel.

Schedule 2.02(h)

Excluded Assets

1. Any and all income received by the Township in connection with the Germantown Force Main litigation.
2. PennDOT reimbursement income related to the Route 202 road widening project.

Schedule 3.03

Allocation Schedule

[To be provided by Buyer]

Asset	Percentage of Purchase Price
	%

Schedule 4.05

Required Governmental Consents

1. Pennsylvania Public Utility Commission (“PaPUC”) Approval of Transaction
2. PaPUC Approval of Consent to Assignment and Amendment to Wastewater Service Agreements
3. Pennsylvania Department of Environmental Protection Approval of Act 537 Official Sewage Facilities Plan recognizing transfer of wastewater collection system from Seller to Buyer
4. Consent(s) to assign certain provisions in the Authority Agreements, excluding the Retained Liabilities and Obligations
5. Consents to assign Wastewater Service Agreements

9/10/2018

Schedule 4.06

Seller Liabilities

None.

9/10/2018

Schedule 4.07

Events Having a Material Adverse Effect

None.

9/10/2018

Schedule 4.08

Tax Matters

None.

Schedule 4.09

Real Property and Easements: Liens

Seller is endeavoring, with the assistance of its legal counsel, to prepare a schedule of real property related to operation of the sanitary sewer system which property would be conveyed to Buyer in the event of a sale. Seller has individual paper records for many of the properties which it is currently reviewing and recording in a schedule to be attached to an agreement of sale.

REAL PROPERTY AND ABOVE-GROUND EASEMENTS

Pump Stations	Parcel ID	Deed Book/Page	Address	Document	Date
1 Sandra Lane	330010568001	4670-00441	525 N Whitehall Rd., East Norriton, PA 19403	County Parcel Record	9/14/1981
2 Norris City	330005995101	5005-00813	528 Norris City Ave., East Norriton, PA 19401	County Parcel Record	1/29/1992
3 Schultz Road	330007654548	4688-00280	1031 Schultz Rd., East Norriton, PA 19403	County Parcel Record	11/6/1981
4 Einstein	330003187002	5777-02187/02196	675 W. Germantown Pike, East Norriton, PA 19403	County Parcel Record	6/15/2010
5 Potshop Lane	330090050007	5182-0360	2071 Potshop Lane, East Norriton, PA 19403	Deed of Dedication	11/3/1995
6 Timberlake	330008142006	4269-0137	2501 Stanbridge St., East Norriton, PA 19401	Deed of Dedication	7/3/1985
7 Whitehall Road	330010573005	4691-1156	3120 N. Whitehall Rd., East Norriton, PA 19403	Deed of Dedication	4/14/1982
8 Germantown Pike	330002947107	4171-595/596/597	820 W. Germantown Pike, East Norriton, PA 19403	Deed	12/13/1976
9 Felton Road*			2945 Felton Rd., East Norriton, PA 19401		

*Documents need to be retrieved from the County data records

Below Ground Easements

1. Based on the Township's review, it is estimated that 75-85% of below-ground easements are documented by signed subdivision plans or fall within the Township right of way.
2. The remaining easements are being documented on a manhole-to-manhole schedule and are well underway.

Schedule 4.10

Equipment and Machinery

The following pieces of machinery and equipment [NOTE: subject to minor changes by the Township as it completes final inventory]:

Asset ID	Description	Class	Subclass	Status	Purchased
994	NSWV Model 300 Wastewater Pump	008	ME	A	06/12/2015
1002	Yaskawa Variable Freq Drive	008	ME	N	08/31/2016
1003	Yaskawa Variable Freq Drive	008	ME	N	08/31/2016
804	Ford TV Truck	016	16	A	01/01/1999
805	GMC Flush Truck	016	16	A	01/01/1999
831	Ford F-250	018	TR	A	01/01/2000
833	Ford Truck & Plow	018	TR	A	01/01/2001
844	Burster Machine	018	ME	A	01/01/1998
848	Pump Control Panel	018	ME	A	01/01/1999
850	Pump Control Panel	018	ME	A	01/01/2000
851	Pump Station Flowmeter	018	ME	A	01/01/2001
852	Packer w/accessories	018	ME	A	01/01/2003
853	Ridgid Diamter Camera	018	ME	A	01/01/2004
854	Electric Chain Hoist w/acces.	018	ME	A	01/01/2005
855	Aries Camera System	018	ME	A	01/01/2005
856	Ridgid See Snake Camera	018	ME	A	01/01/2006
857	Ridgid Camera Monitor	018	ME	A	01/01/2006
858	Ridgid Mini See Snake Camera	018	ME	A	01/01/2006
859	(3) Ecograph T Recorders	018	ME	A	01/01/2006
860	Modem	018	ME	A	01/01/2007
861	Ridgid Mini Push Cable	018	ME	A	01/01/2007
862	Winpower DR4514 Generator	018	ME	A	01/01/2007
863	LCD/DVD Montior	018	ME	A	01/01/2008
864	Godwin Portable Generator	018	ME	A	01/01/2009
865	Portable Gas Monitors	018	ME	A	01/01/2010
866	Flow Meter	018	ME	A	01/01/2010
868	Confined Spaces Entry Equipmen	018	ME	A	01/01/2012
869	VFD Replacements	018	ME	A	01/01/2013
870	VFD Replacements - Sandra Ln	018	ME	A	01/01/2013
874	Norris City PS AC Repairs	018	ME	A	01/01/2014
875	VFD Replacements	018	ME	A	01/01/2014
992	Yaskawa Variable Freq Drive	018	ME	A	11/11/2015
993	Yaskawa Variable Freq Drive	018	ME	A	03/13/2015
830	GMC Truck	018	TR	D	01/01/1999
832	Ford F-350	018	TR	D	01/01/2000
867	VFD Pump	018	ME	D	01/01/2011

Class Legend

ME	Machinery & Equipment
TR	Trucks & Vehicles

Schedule 4.11(a)**Benefit Obligations****[Two non-union employees to be transferred with the sale]****Summary of
Benefits**

Health Insurance	HMO and PPO plans - Employee, Spouse and Family Coverage	
Holidays	13 Paid Holidays	
Life Insurance	1x Annual Salary up to max of \$150,000	
Long Term Disability	60% of salary from after 90 days to six months	
Pension	Defined Benefit Plan	
Personal Leave	5 Days Annually	
Short term Disability	70% of salary from day 8 to day 90	
Sick Leave	Accumulate 2.5 days per quarter/max 10 days per year	
Vacation	Years Completed	Vacation Days
	1	10
	5	15
	10	20
	15	25
	20	30

9/10/2018

Schedule 4.11(b)

Multiemployer Plans

None.

9/10/2018

Schedule 4.11(c)

Post-termination Benefit Obligations

None.

9/10/2018

Schedule 4.11(e)

Severance Agreements

None.

9/10/2018

Schedule 4.12(a)

Exceptions to Personnel Payments

None.

Schedule 4.13**Environmental Compliance****Noncompliance issues:**

Sanitary Sewer Overflows from 2014 to present (reported to Department of Environmental Protection but not necessarily resulting in a fine):

Date	Location(s)		Cause
	MH #	Physical Location	
4/30/2014	MH 432	Stoney Creek Rd	5-inch rainfall event
4/30/2014	MH 884	Congress Rd	5-inch rainfall event
4/30/2014	MH 885	Congress Rd	5-inch rainfall event
4/30/2014	MH 882	Easement - 3030 Potshop Rd	5-inch rainfall event
4/30/2014	MH 856	Taft Rd	5-inch rainfall event
4/30/2014	MH 855A	Taft Rd	5-inch rainfall event
4/30/2014	MH 402	Wellington Rd @ St. Vincent	5-inch rainfall event
4/30/2014	MH 372	Easement - 419 W. Twp Line	5-inch rainfall event
4/30/2014	MH 2A*	Easement - Pacer Lane	5-inch rainfall event
5/16/2014	MH 371	Easement - 419 W. Twp Line	3.1 inches of rain in 6 hours
5/16/2014	MH 372	Easement - 419 W. Twp Line	3.1 inches of rain in 6 hours
5/16/2014	MH 432	Stoney Creek Rd	3.1 inches of rain in 6 hours
5/16/2014	MH 402	Wellington Rd @ St. Vincent	3.1 inches of rain in 6 hours
5/16/2014	MH 2A*	Easement - Pacer Lane	3.1 inches of rain in 6 hours
5/16/2014	MH 351	Easement - 413 W. Twp Line	3.1 inches of rain in 6 hours
5/16/2014	MH 1151	Whitehall Rd near Twp Line Rd	Pump Station malfunction
6/9/2014	MH 2A*	Easement - Pacer Lane	2.5 inches of rain in 2 hours
11/9/2014	MH 882	Easement - 3030 Potshop Rd	Blockage
11/27/2014	402	Wellington Rd @ St. Vincent	Grease blockage
1/18/2015	2A	Right of Way in cul-de-sac of Pacer Lane	Heavy Rain

6/13/2015	N/A	147 Pine Ct - PRIVATE SEWER SYSTEM IN PRIVATE TOWNHOME COMMUNITY	Blockage in private sewer main caused backup into basement of 147 Pine Ct
6/22/2015	309	2720 Stanbridge Street	Grease accumulation suspected.
8/20/2015	N/A	619 W. Township Line Road	Rupture in 4-inch cast iron force main for Whitehall Road PS
11/30/2015	110	Dekalb Pike between Colonial Drive and Jefferson Crossing Blvd.	Grease accumulation suspected.
12/11/2015	N/A	PRIVATE SEWER LATERAL OVERFLOW - Along Northampton Road frontage of property located at 3034 N. Whitehall Rd.	Plumber hired by property owner removed clean out cap for low pressure (grinder pump) forced lateral. When pump started, SSO occurred.
12/14/2015	N/A	PRIVATE SEWER LATERAL OVERFLOW - 3035 Stoney Creek Rd	Excessive paper use - caught in trap of private sewer lateral & caused SSO from lateral vent pipe.
2/3/2016	853, 854, 855A, 884 & 885	Taft Road & Congress Road	Snow Melt and Heavy Rain
2/3/2016	2A	Pacer Lane Right of way	Snow Melt and Heavy Rain
2/4/2016	N/A	PRIVATE SEWER LATERAL: 21 Montgomery Avenue	Blockage in private sewer lateral.
2/16/2016	2A	Pacer Lane Right of way	Heavy Rain
2/16/2016	402	Wellington Road	Heavy Rain
2/24/2016	N/A	Norris City Avenue approximately 100 ft from Norris City Pump Station	Norris City Pump Station Force Main failure.
2/24/2016	2A	Pacer Lane Right of way	Norris City Pump Station Force Main failure. Had to shut down station to make repair, which caused SSO at this manhole.
2/24/2016	1316	Located near Timberlake Pump Station	Shut down Timberlake PS to minimize flows going to Norris City PS. Manhole surcharged and sewage leaked from joints of brick manhole.
4/25/2016	N/A	PRIVATE SEWER LATERAL: 3310 North Wales Road	Unknown
5/6/2016	N/A	504 Woodlyn Avenue	Blockage in sewer main between MH 22 & MH 23 on Hillcrest Avenue
8/24/2016	MH 622	Rear of 2319 Springview Road	Root Intrusion in sewer main.
9/21/2016	Between MH 664 & MH 665	Sewer main located along common property line between 8 & 10 Hanover Lane	Defective pipe joints allowed sewage to exfiltrate the main.

9/27/2016	N/A	Norris City Pump Station	Failure of compressed air line fitting to surge relief tank at pump station.
3/30/2017	MH 148 & MH 149	18 W. Germantown Pike	Bricks from MH blocking channel/pipe
3/31/2017	MH 2A*	Pacer Lane Right of way	Heavy Rain
7/24/2017	MH 2A*	Pacer Lane Right of way	Heavy Rain
9/19/2017	N/A	2521 Springview Road	Partial main blockage btw MH 94 & 95 creating surcharge conditions & exfiltration.
10/23/2017	MH 975	Between 3142 & 3144 Taft Road	Root Intrusion in sewer main.
2/7/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 1.0 inches of rain
2/11/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 1.9 inches of rain
2/16/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 0.75 inches of rain
3/2/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - Nor'easter of March 2nd
3/2/2018	MH 43	Meadowbrook Road	Rain Event - Nor'easter of March 2nd
4/16/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 2.5 inches of rain
4/16/2018	MH 402	Wellington Road	Rain Event - 2.5 inches of rain
5/27/2018	MH 2A*	Easement off of Pacer Lane	Rain Event - 2.5 inches of rain
5/27/2018	MH 402	Wellington Road	Rain Event - 2.5 inches of rain
5/27/2018	MH 780	Easement behind 3048 Taft Road	Rain Event - 2.5 inches of rain
6/11/2018	MH 780	Easement behind 3048 Taft Road	Rain Event - 2.5 inches of rain

* Carroll Engineering Corp is currently working on plans and specifications for a project to minimize SSOs at MH 2A. Project involves hydraulic improvements to MH 2 on Norris City Ave, immediately downstream of MH 2A, where pipe makes an acute angle bend. We propose to install intermediate manholes upstream and downstream of MH 2 that would "smooth" the bend in the pipe and improve flow hydraulics. Project would also divert flows from Coleston Area (Hartranft, Hancock, Montgomery, Francis, First, Second & Third Streets) by install a diversion MH on Swede Rd at Norris City Ave and connecting pipe to existing gravity sewers on Norris City at MH 5. This would divert an estimated 175,000 gpd of peak flow from MH 2A. The Township submitted a PA Small Water & Sewer Grant application for this project in February of 2018 and are awaiting notification of award.

Consent order and Agreement dated 20th February 2007 with Department of Environmental Protection regarding sanitary sewer overflows at the Germantown pump station

Schedule 4.14

Authorizations, Licenses and Permits

1. The below permits issued by the Commonwealth of Pennsylvania Department of Environmental Protection:

**East Norriton Township/
East Norriton Municipal Authority**

**DEP Wastewater Permits**

Pump Station Name	Location	DEP Permit #
Timberlake Pump Station (Stony Creek Pumping Station No. 1)	2501 Stanbridge St. East Norriton, PA 19401	9524-5
Norris City Pump Station (Stony Creek Pumping Station No. 2)	528 Norris City Ave. East Norriton, PA 19401	9524-5
Germantown Pike Pump Station (Stony Creek Pumping Station No. 3)	820 W. Germantown Pike East Norriton, PA 19403	4681405
Germantown Pump Station Parallel Force Main (Approved as an amendment to Einstein PS permit)	820 W. Germantown Pike East Norriton, PA 19403	4609411
Potshop Lane Pump Station/Burnside Ave Pump Station	2071 Potshop La. East Norriton, PA 19403	
Sandra Lane Pump Station	525 N. Whitehall Rd. East Norriton, PA 19403	4674456 / 4602413
Felton Road Pump Station	2945 Felton Rd. East Norriton, PA 19401	4672431
Whitehall Road/Township Line Road Pump Station	3120 N. Whitehall Rd. East Norriton, PA 19403	4681443 / WQG 02461716
Einstein Pump Station & Surge Storage Tank (Filed w/DEP under ENPWISA)	675 W. Germantown Pike East Norriton, PA 19403	4609411
Schultz Pump Station	1031 Schultz Rd. East Norriton, PA 19403	4674453

[Schedule continues on following page]



Other DEP Wastewater Permits

Sewer Extension (Subdivision, Location/Streets)	DEP Permit #	DEP File ID #
Sewer Extension (Provident, Norriton East Apts, Dekalb Inn)	764546	43414
Original Sewers & Stony Creek No. 1 & No. 2 stations	95245	43415
Sewer Ext. & Ejector Station (Woodland Manor)	4674454	43398
Sewer Ext. (Sunset Knoll - Woodland Ave & James Cr)	4674455	43399
Sewer Ext. & Sandra Lane PS (Sandra Ln)	4674456	43400
Sewer Ext. (Tanglewood Subdivision)	4379430	43401
Sewer Ext. (Flood Subdivision)	4679435	43402
Sewer Ext. (Village East - Carol Ln)	4679436	43403
Sewer Ext. (Kimberly Knoll - Kimberly Ln, Jennifer Dr, Patricia Dr, Kristin Ct)	4679437	43404
Sewer Ext. (Glen Moore - Marna Ct)	4679438	43405
Sewer Ext. (Lehigh Maple Corp - Dorp Ln, Dorp Cr)	4679441	43406
Sewer Ext. & Stony Creek No 3 PS Wet Well Expansion (Whitehall Estates II - Faith Dr)	4681405	43408
Sewer Ext. (Maple Ridge)	4681422	43409
Sewer Ext. (Barley Sheaf - Office Bldg)	4681440	43410
Sewer Ext. & Whitehall Rd Ejector Sta. (Existing homes on Whitehall Rd Marion Ave to Twp Line Rd)	4681443	43411
Sewer Ext. (Eliz Myers Subdivision - Embassy Cr)	4685465	43413
Sewer Ext. (New Hope Village - Sawmill Ct)	4680426	43407
Sewer Ext. (Tornetta Realty Corp - Northtowne Plaza)	4682436	43412
Sewer Ext. & Felton Rd Ejector Station (Felton Rd)	4672431	43396
Sewer Ext. & Schultz Rd PS (Keenan Construction Subd. - Singer Ln, Doris Ln, Lewis Ln, Woodland Ave)	4674453	43397
Sewer Ext. (Barley Sheaf Subdivision - residential)	4685411	31643
Sewer Ext. (Spring House Manor - Spring House Ln)	4687411	31645
Sewer Ext. (Whitehall Woods - Baker Dr)	4685453	31644

2. Pennsylvania Department of Environmental Protection approval of Act 537 Official Sewage Facilities Plan
3. Montgomery County Health Department – Post-closing notice
4. PaPUC
 - a. Approval of transaction
 - b. Approval of consent to assignment and amendments to Wastewater Service Agreements

Schedule 4.15

Assigned Contracts

Agreements			
Name of Contract	Parties to Contract	Date of Contract	Subject
Agreement with Joint Sewer Authority	East Norriton-Plymouth-Whitpain Joint Sewer Authority, East Norriton Township, Whitpain Township and Plymouth Township	November 12, 2003	Excludes development Burnside Reserve within East Norriton from the service area of the Authority; permits development to send its sewage effluent to West Norriton
Agreement	Township of Whitpain, East Norriton Township, and John DiSanto	July 18, 1994	Permitting DiSanto to connect to Whitpain's sewer system
Agreement	Plymouth Township Municipal Authority, Plymouth Township, the East Norriton Sewer Authority, and the East Norriton Township Board of Supervisors/the Township of East Norriton	August 13, 1991	Plymouth and East Norriton agree to accept sewage from certain areas of the other Township
Agreement	East Norriton Township, Whitpain Township, and the Automobile Dealers Association of Greater Philadelphia	September 9, 2007	Permitting the Automobile Dealers Association to connect to Whitpain's sewer system
Authority Agreements (as defined below)*	See definition	See definition	Governing the Joint Sewer Authority

* **Authority Agreements** means, collectively, the following agreements to which East Norriton Township is a party: (i) a Joint Treatment Agreement dated October 5, 1959 (the "1959 Agreement") among Seller, Plymouth Township, the East Norriton Township Municipal Authority, the Plymouth Township Municipal Authority, and the Authority, (ii) an Intermunicipal Sewage Treatment Service Agreement dated September 1, 1991 (the "1991 Agreement") among Seller, Plymouth Township, Whitpain Township, the East Norriton Township Municipal Authority, the Plymouth Township Municipal Authority, and the Authority; and (iii) Supplement No. 1 to the 1991 Agreement dated on or about October 25, 2005 (the "2005 Agreement"). The assignment of the Authority Agreements will not include the Retained Liabilities and Obligations (as defined in the Agreement).

9/10/2018

9/10/2018

Schedule 4.16

Litigation or Potential Claims

None.

9/10/2018

Schedule 4.18(a)

Exception to Title to Acquired Assets

None.

9/10/2018

Schedule 4.18(b)

Sufficiency

None.

Schedule 4.19

Pending Development Plans**PROJECTED DEVELOPMENTS**

Name of Area Served	Permits Obtained	DEP Permit #	Proposed Housing Units or EDU's					
			2017	2018	2019	2020	2021	2022
Bentwood Executive Campus (Commercial)	N/A	N/A		55	55		13	
2208 Old Arch Road	N/A	N/A		7	7			
Northwoods (Commercial)	N/A	N/A			18	30	30	23
Moreland Development (Restaurant Pad Site)	N/A	N/A					3	
317 W. Germantown Pk (Commercial)	N/A	N/A				14		21
Tone 2000	N/A	N/A			7			
Valenza Property (Commercial)	N/A	N/A			3			
Einstein Regional Medical Center	Yes	4609411			70			
Norriton Bus. Campus (Lots 2 & 14)	N/A	N/A			18		18	
1055 W. Germantown Pk (Alfonse)	N/A	N/A					5	
Altemose Property (Commercial)	N/A	N/A						9
1030 W. Germantown Pk (Gambone)	N/A	N/A			7			
Hillcrest Office Building (Commercial)	N/A	N/A				24		
2000 Arch Road Assoc.	N/A	N/A			3			
Miscellaneous	N/A	N/A		3	3	3	3	3
Totals			0	65	191	71	72	56

9/10/2018

Schedule 4.20

Land Development and Financial Security Agreements

[to be updated as appropriate.]

9/10/2018

Schedule 5.04

Buyer Consents and Approvals

Pennsylvania Department of Environmental Protection.
PaPUC

9/10/2018

Schedule 5.11

Buyer Litigation

[None.]

Schedule 7.03(a)Rates

As of the date of this Agreement, Seller's rates are as follows:

Description	Minimum Bill	Allowed Minimum Usage Per Quarter (gal)	Current Rate Per 1,000 Gallons Over Allowed (minimum) Usage
Metered Sewer Customers	\$63.25	4,000	\$6.54
Flat Rate Sewer Customers	\$115.60	n/a	n/a
Metered Well Customers	\$63.25	4,000	\$6.54

Schedule 7.06

Outstanding Indebtedness

The Township's Series of 2010 General Obligation Bonds are currently outstanding as follows:

<u>Maturity Date</u>	<u>Total Principal Amount</u> [†]	<u>Sewer Portion to be Defeased</u> [‡]	<u>Interest Rate</u>
8/15/2019	\$320,000.00	\$215,000.00	3.125%
8/15/2020	335,000.00	225,000.00	3.300%
	<u>\$655,000.00</u>	<u>\$440,000.00</u>	

[†] Principal payment of \$315,000 to be made by Township on August 15, 2018.

[‡] Sewer fund obligation accounts for 66.95% of the obligation.

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Jerome C. Weinert, Principal and Director, AUS Consultants
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Appraisals

15. For each UVE in this case, please provide the following, if not already provided:
- a. A list of valuations of utility property performed by the UVE;
 - b. A list of appraisals of utility property performed by the UVE
 - c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
 - d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.

Response: Harold Walker III:

- a. Please see the Curriculum Vitae attached as Appendix A to Mr. Walker's direct testimony, included as Exhibit X to the Application (Aqua Statement No. 4). Starred items represent dockets where Mr. Walker presented testimony related to the appraisal of utility property.
- b. Please see Mr. Walker's response to a., above.
- c. Please see Mr. Walker's response to a., above.
- d. In the past two years, Mr. Walker submitted testimony in the below dockets. Links to the dockets where Mr. Walker testified are below:
 - i. Limerick Township – A-2017-2605434
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2017-2605434
 - ii. Mahoning Township – A-2018-3003519 and A-2018-3003517
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3003519
 - iii. East Bradford Township – A-2018-3001582
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3001582

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Jerome C. Weinert, Principal and Director, AUS Consultants
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

- iv. Exeter Township – A-2018-3004933
[http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?
Docket=A-2018-3004933](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3004933)
- v. Cheltenham Township – A-2019-3008491
[http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?
Docket=A-2019-3008491](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2019-3008491)

Jerome C. Weinert:

- a. Please see Mr. Weinert's Curriculum Vitae attached as Appendix A to Exhibit Y of the Application, direct testimony of Jerome C. Weinert (Aqua Statement No. 5).
- b. Please see Mr. Weinert's response to a., above.
- c. Please see the below list of dockets that Mr. Weinert submitted testimony to a public utility commission related to the appraisal of utility property:

A-2016-2580061 – New Garden
A-2017-2606103 – McKeesport
A-2018-3001582 – East Bradford
A-2018-3002437 – Sadsbury
A-2018-3004933 – Exeter
A-2019-3006880 – Steelton
A-2019-3008491 – Cheltenham

- d. In the past two years, Mr. Weinert submitted testimony in the below dockets. Links to the dockets where Mr. Weinert testified are below:
 - i. City of McKeesport – A-2017-2606103
[http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?
Docket=A-2017-2606103](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2017-2606103)
 - ii. East Bradford Township – A-2018-3001582
[http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?
Docket=A-2018-3001582](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3001582)
 - iii. Sadsbury Township – A-2018-3002437
[http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?
Docket=A-2018-3002437](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3002437)

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Jerome C. Weinert, Principal and Director, AUS Consultants
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

- iv. Exeter Township – A-2018-3004933
[http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?
Docket=A-2018-3004933](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3004933)
- v. Steelton Borough – A-2019-3006880
[http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?
Docket=A-2019-3006880](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2019-3006880)
- vi. Cheltenham Township – A-2019-3008491
[http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?
Docket=A-2019-3008491](http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2019-3008491)

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Jerome C. Weinert, Principal and Director, AUS Consultants
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Appraisals

16. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.

Response: Harold Walker III:

Please see the direct testimony of Harold Walker III, Application Exhibit X (Aqua Statement No. 4) at p. 16-20.

Jerome C. Weinert:

Please see the direct testimony of Jerome C. Weinert, Application Exhibit Y (Aqua Statement No. 5) at p. 10-11. Information on the discount rate can also be found in Application Exhibit No. R (AUS Appraisal), the section entitled “Cost of Capital / Required Return”.

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Jerome C. Weinert, Principal and Director, AUS Consultants
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Appraisals

17. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.

Response: Harold Walker III:

Gannett Fleming used the original cost new (OCN) method to calculate the trended original cost (TOC) measures, or the reproduction cost of the depreciable assets by multiplying the OCN by specific cost indices. Please see the direct testimony of Harold Walker III, Application Exhibit X (Aqua Statement No. 4) at p. 14-15 for an explanation of why this method was chosen.

Jerome C. Weinert:

AUS Consultants used replacement cost. Please see the direct testimony of Jerome C. Weinert, Application Exhibit Y (Aqua Statement No. 5) at p. 6 for an explanation of why the replacement cost was chosen.

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Jerome C. Weinert, Principal and Director, AUS Consultants
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Appraisals

18. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.

Response: Harold Walker III:

Please see SDR-18 Attachment 1.

Jerome C. Weinert:

The source of the purchase prices used in the comparable sales approach to the Market Approach was the Asset Purchase Agreements in those transactions. Please see SDR-18 Attachment 2 for excerpts from those Agreements. Mr. Weinert did not consider number of customers in his comparable sales approach to the Market Approach. Mr. Weinert compared purchase price to original cost less depreciation and to replacement cost new less depreciation in the comparable sales approach.

Operating Data 2015

2015 LARGEST CUSTOMERS

Customer	Consumption	2015 Annual Revenues	% of Total 2015 Revenues
UPMC Health System #11	18,245	\$226,257.50	2.84%
McKeesport Housing Auth (1-14 Harrison Village)	8,317	\$106,877.90	1.34%
Dravosburg Housing Auth (250 Scott Dr)	10,230	\$102,802.05	1.29%
McKeesport Housing Auth (23-41 Crawford Village)	7,699	\$95,498.50	1.20%
McKeesport Housing Auth (17 Harrison Village)	3,978	\$49,463.80	0.62%
McKeesport Housing Auth (6 th st and Huey st)	3,454	\$44,795.20	0.56%
Midtown Plaza Apartments	3,273	\$42,529.00	0.53%
Kane Regional Nursing Home	3,216	\$40,029.00	0.50%
Serra High School	2,406	\$32,134.20	0.40%
Senior Care Plaza	2,568	\$32,000.80	0.40%
TOTAL	63,386	\$772,387.95	9.68%

Source: Authority Officials

SEWER SYSTEM RATES

Sewage Service Rates – McKeesport Sewage Processing Rate Charge/1,000 gal Consumed

2007	\$3.16
2008	\$3.70
2009	\$4.44
2010	\$5.30
2011	\$6.10
2012	\$6.10
2013	\$7.85*
2014	\$7.95
2015	\$8.05
2016	\$8.15

* Rate Increase started 7/1/13, all other rate increases started January 1

Sewage Service Rates per Month – McKeesport

<u>Year</u>	<u>Charge for 0-2000gal Consumed</u>	<u>Charge for each additional 1,000gal</u>
2011	\$25.00	\$10.55
2012	\$25.00	\$10.55
2013*	\$25.00	\$12.30*
2014	\$30.00	\$12.30
2015	\$30.00	\$12.40
2016	\$30.20	\$12.50

* Rate Increase started 7/1/13, all other rate increases started January 1

Sewage Service Rates per Month – Duquesne

<u>Year</u>	<u>Charge per 1000 gal</u>
2011	\$5.75
2012	\$5.75
2013	\$5.75

<u>Year</u>	<u>Charge for 0-2000gal Consumed</u>	<u>Charge for each additional 1,000gal</u>
2014*	\$25.00	\$7.95
2015	\$25.00	\$10.10
2016	\$25.20	\$12.50

* Effective 1/1/14

Sewage Service Rates per Month – Dravosburg

<u>Year</u>	<u>Charge for 0-2000gal Consumed</u>	<u>Charge for each additional 1,000gal</u>
2011	\$18.00	\$8.00
2012	\$18.00	\$8.00
2013*	\$18.00	\$9.75
2014	\$25.00	\$9.75
2015	\$25.00	\$10.10
2016	\$25.20	\$12.50

* Rate Increase started 7/1/13, all other rate increases started January 1

Trends in Customer Breakdown – Sewer System per Year

Historical Number of Customers

2001 19,987*
2002 19,987*
2003 19,987*
2004 19,142*
2005 19,070*
2006 19,180*
2007 19,225*
2008 19,225*
2009 19,225*
2010 18,985~
2011 18,985~
2012 21,556~
2013 22,007~
2014 21,576~
2015 20,320~
2016 20,320~

* Number provided by the communities in their annual waste load management report

~Number provided by Service Community billing departments

Source: Authority Officials

McKeesport sewer system to be sold for \$156 million

September 16, 2016 12:00 AM

By Deana Carpenter

The Municipal Authority of the City of McKeesport has agreed to sell its sewer system to Pennsylvania American Water for approximately \$156 million.

The sale is needed to bring the city to more stable financial ground and avoid Act 47, the program for financially distressed municipalities, or municipal bankruptcy, McKeesport Mayor Michael Cherepko said at the Sept. 7 council meeting.

“It became very clear to this administration that the only way to save our community from municipal bankruptcy, while continuing to offer the same level of services our residents deserve, would be to transfer our local sewage system to a regional or national utility company,” Mr. Cherepko said in a news release.

A purchase agreement was signed by both parties last Friday following votes by city council and the municipal authority to sell the sewer system. The sale is expected to be finalized in the second half of next year pending regulatory approvals and other closing conditions.

The system serves 22,000 customers in McKeesport and the communities of Dravosburg, Duquesne, East McKeesport, Elizabeth Township, Glassport, Liberty, Lincoln, North Versailles, Port Vue, Versailles and White Oak.

“We look forward to closing the proposed acquisition and to providing wastewater services that reflect our commitment to environmental stewardship and quality customer service,” said

Kathy L. Pape, president of Pennsylvania American Water, said that after the deal is closed, the company looks forward “to welcoming the Municipal Authority of the City of McKeesport’s employees and customers to the Pennsylvania American Water family.”

She said the company also looks forward to “providing wastewater services that reflect our commitment to environmental stewardship and quality customer service.”

The next step is approval of the acquisition by the Pennsylvania Public Utility Commission along with other approvals, such as from the state Department of Environmental Protection.

In June, state Auditor General Eugene DePasquale said McKeesport erred when it accidentally spent \$729,275 in state funds earmarked for pension costs and subsequently couldn't pay its \$2.3 million annual pension obligation last year.

McKeesport officials said then they would remedy the shortfall through “the sale of an asset in the near future.”

“The total proceeds of the pending sale of the Municipal Authority of the City of McKeesport will solidify the City of McKeesport’s financial position for years to come,” Mr. Cherepko said this week. “The down payment associated with this

sale will generate enough revenue to cover all of the city's outstanding financial obligations, including the minimum municipal obligations associated with the city's pension funds.”

Deana Carpenter, freelance writer: suburbanliving@post-gazette.com.

EAST END SEWER ACCOUNTS

Type	2015-4	2015-3	2015-2	2015-1	2014-4	2014-3	2014-2	2014-1
CO1	2,070,000	2,060,000	1,831,000	2,284,000	2,971,000	2,665,000	1,498,000	1,278,000
CO2	739,000	1,050,000	885,000	793,000	1,028,000	1,061,000	873,000	873,000
IND								
MIX	15,000	9,000	10,000	4,000	17,000	14,000	12,000	18,000
RES	13,780,000	13,367,000	12,924,000	13,280,000	12,700,000	14,137,000	14,241,000	12,874,000
Grand Total	16,604,000	16,486,000	15,650,000	16,361,000	16,716,000	17,877,000	16,624,000	15,043,000

# DAYS	94	90	89	91	87	94	93	91
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Type	2015-4 GPD	2015-3 GPD	2015-2 GPD	2015-1 GPD	2014-4 GPD	2014-3 GPD	2014-2 GPD	2014-1 GPD
CO1	22,021	22,889	20,573	25,099	34,149	28,351	16,108	14,044
CO2	7,862	11,667	9,944	8,714	11,816	11,287	9,387	9,593
IND								
MIX	160	100	112	44	195	149	129	198
RES	146,596	148,522	145,213	145,934	145,977	150,394	153,129	141,473
Grand Total	176,638	183,178	175,843	179,791	192,138	190,181	178,753	165,308

Type	Total Units	Total Active Units	Total Accounts
CO1	145	109	65
CO2	40	16	13
IND			
MIX	8	7	3
RES	1,043	1012	823
Grand Total	1,236	1,144	904

Type	2015 Total	2014 Total
CO1	8,245,000	8,412,000
CO2	3,467,000	3,835,000
IND		
MIX	38,000	61,000
RES	53,351,000	53,952,000
Grand Total	65,101,000	66,260,000

Service Area	Total Units	Total Active Units	Total Accounts
BP	290	282	107
BR	52	51	52
BW	99	90	56
CR	5	4	5
CW	110	109	110
EE	1		1
GL	132	110	70
HD	127	110	112
PD	31	31	31
PM	48	47	48
PS	66	66	66
SC	65	37	40
SH	132	132	132
SRO	2	2	2
WB	76	73	72
Grand Total	1,236	1,144	904

SOUTH END SEWER ACCOUNTS

Type	2015-4	2015-3	2015-2	2015-1	2014-4	2014-3	2014-2	2014-1
CO1	163,000	68,000	33,000	27,000	277,000	265,000	28,000	25,000
RES	7,444,000	7,494,000	7,172,000	7,565,000	7,109,000	7,576,000	7,233,000	7,750,000
Grand Total	7,607,000	7,562,000	7,205,000	7,592,000	7,386,000	7,841,000	7,261,000	7,775,000

# DAYS	94	90	89	91	87	94	93	91
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Type	2015-4 GPD	2015-3 GPD	2015-2 GPD	2015-1 GPD	2014-4 GPD	2014-3 GPD	2014-2 GPD	2014-1 GPD
CO1	1,734	756	371	297	3,184	2,819	301	275
RES	79,191	83,267	80,584	83,132	81,713	80,596	77,774	85,165
Grand Total	80,926	84,022	80,955	83,429	84,897	83,415	78,075	85,440

Type	Total Units	Total Active Units	Total Accounts
CO1	6	2	2
RES	611	605	607
Grand Total	617	607	609

Type	2015 Total	2014 Total
CO1	291,000	595,000
RES	29,675,000	29,668,000
Grand Total	29,966,000	30,263,000

Service Area	Total Units	Total Active Units	Total Accounts
ES	178	174	174
HGN	129	125	125
HGS	30	29	30
MG	21	21	21
WS	259	258	259
Grand Total	617	607	609

AVONDALE SEWER ACCOUNTS SEWER ACCOUNTS

Type	2015-4	2015-3	2015-2	2015-1	2014-4	2014-3	2014-2	2014-1
CO1	2,833,000	3,044,000	2,895,000	3,014,000	2,844,000	2,681,000	2,598,000	2,992,000
CO2	191,000	208,000	235,000	228,000	224,000	195,000	192,000	179,000
MIX	301,000	312,000	255,000	273,000	227,000	258,000	276,000	332,000
RES	4,090,000	3,750,000	3,588,000	4,089,000	3,506,000	4,183,000	4,716,000	3,705,000
TWP	31,000	24,000	20,000	19,000	21,000	22,000	19,000	74,000
Grand Total	7,446,000	7,338,000	6,993,000	7,623,000	6,822,000	7,339,000	7,801,000	7,282,000

# DAYS	94	90	89	91	87	94	93	91
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Type	2015-4 GPD	2015-3 GPD	2015-2 GPD	2015-1 GPD	2014-4 GPD	2014-3 GPD	2014-2 GPD	2014-1 GPD
CO1	30,138	33,822	32,528	33,121	32,690	28,521	27,935	32,879
CO2	2,032	2,311	2,640	2,505	2,575	2,074	2,065	1,967
MIX	3,202	3,467	2,865	3,000	2,609	2,745	2,968	3,648
RES	43,511	41,667	40,315	44,934	40,299	44,500	50,710	40,714
TWP	330	267	225	209	241	234	204	813
Grand Total	79,213	81,533	78,573	83,769	78,414	78,074	83,882	80,022

Type	Total Units	Total Active Units	Total Accounts
CO1	397	48	38
CO2	4	4	4
MIX	8	22	8
RES	306	282	230
TWP	3	3	3
Grand Total	718	359	283

Type	2015 Total	2014 Total
CO1	11,786,000	11,115,000
CO2	862,000	790,000
MIX	1,141,000	1,093,000
RES	15,517,000	16,110,000
TWP	94,000	136,000
Grand Total	29,400,000	29,244,000

Service Area	Total Units	Total Active Units	Total Accounts
41	308	76	46
BH	123	120	121
BH2	6	6	6
RR	130	119	79
TK	151	38	31
Grand Total	718	359	283

EXECUTIVE SUMMARY

DRAFT ASSETS PURCHASE AGREEMENT
Between
NEW GARDEN TOWNSHIP
And
NEW GARDEN TOWNSHIP SEWER AUTHORITY
And
AQUA PENNSYLVANIA WASTEWATER, INC.

July 19, 2016

The Asset Purchase Agreement (the “Agreement”) sets forth the terms between New Garden Township and New Garden Township Sewer Authority (collectively the “Seller”) and Aqua Pennsylvania Wastewater, Inc. (“Aqua”) for Aqua’s acquisition of the Township and Authority’s sewage collection and treatment system (the “System”). Seller issued a Request for Proposal, including addenda (the “RFP”), for the sale and acquisition of its System. Seller has reviewed all offers to purchase the System and has determined that Buyer is the most responsible bidder, and that Buyer’s December 4, 2014 proposal and March 18, 2016 supplemental proposal (collectively, the “Proposal”) represents the best reasonable offer for the System to continue the services to the customers within the System, and its current and future operation. Aqua is a public wastewater utility regulated by the Pennsylvania Public Utility Commission (“PA PUC”) that furnishes wastewater services to the public in portions of the Commonwealth of Pennsylvania, including Chester County. The terms of the Agreement must be approved by the PA PUC. A summary of the salient business terms of the draft Agreement follows. The exact terms are set forth in the Agreement itself. In the event of any inconsistency or discrepancy between this summary and the Agreement, the terms of the Agreement will control.

The assets subject to the Agreement include all of the assets, properties and rights of Seller, which are held and used in connection with the System. The assets do not include the customer service laterals that run from the curb area (or edge of road) to each of the individual customer’s residences or structures, any and all piping and fixtures internal to each of the individual customer’s residences or structures, with the exception of any meters associated with the System. The assets exclude the cell tower parcel and lease on the East End spray fields.

The purchase price for the assets will consist of payment of \$29,500,000.00 to be paid by Aqua at closing. The closing will be secured by a performance bond in the amount of \$2,950,000.00. Buyer will also contribute \$20,000.00 toward Seller’s closing costs.

As is typical for asset purchase agreements, Aqua will assume responsibility for the permits and assets associated with the System, and will be responsible for the provision of wastewater service to the customers of Seller, after closing. Most other liabilities and obligations of Seller pre-closing will remain the sole responsibility of Seller. Closing is to take place after the Agreement is approved by the PA PUC. The PA PUC approval process will include the procedures under the newly enacted Act 12 of 2016 which establishes a procedure for determining

the fair market value of the System. Aqua agrees that the application of Act 12 will not affect the purchase price as stated in the Agreement.

Seller and Aqua will apply for and receive approval to transfer any permit issued by the Pennsylvania Department of Environmental Protection (“PA DEP”). The Township will obtain any Act 537 sewage planning approval required by the PA DEP. At closing, Seller will turn over to Aqua title to all assets, properties, real estate, easements and rights to the assets of the System. Regulatory permits will be transferred to Aqua.

The Agreement sets forth certain improvements, rate schedules and other commitments by Aqua which will survive Closing. A summary of these commitments follows:

- Aqua will complete modifications, improvements, and requirements as may be mutually agreed upon by the parties in order to meet PA DEP requirements. Specifically, after Closing, Aqua will be making substantial improvements to the Route 41 sewer force main and the South End wastewater treatment plant.
- Aqua agrees that: (i) the existing rate schedules for all customers of the System shall remain the same as those rates charged by Seller as of Closing for no less than two years from the date of Closing (the “Rate Freeze Period”) so long as the Township executes the Agreement by August 31, 2016; and (ii) the ten year compounded annual growth rate (“CAGR”) shall not exceed 4% over a ten year period from Closing. The CAGR limitation shall include Aqua’s Distribution System Improvement Charge (“DSIC”) surcharge approved by the PA PUC, but will not include other rates and pass-through costs or charges, mandated by the Commonwealth of Pennsylvania.
- Immediately upon Closing Buyer will apply its Rules and Regulations, as contained in Aqua’s then-effective PA PUC-approved tariff, to all customers connected or who will connect in the future to Seller’s Assets so long as they are consistent with the terms of this Agreement. Buyer’s current PA PUC-approved wastewater tariff can be examined at the following website: https://www.aquaamerica.com/media/30285/supplement_no_99_compendium_as_of_4-1-2016.pdf.
- Sewer customers are presently billed on a quarterly basis. After the closing, Aqua will continue to bill quarterly but may convert to monthly billing in the near future.
- The Township will have an option to repurchase the Dibello Property, the South Plant spray fields and the East End spray fields in the event that Aqua does not require these for current or future sewerage operations including if Aqua converts to stream discharge. The option means that Aqua must sell the lands first to the Township at the price set forth in the Agreement before it sells the lands to anyone else.

- Aqua will not charge a sewer tapping fee for connections to the System.
- Aqua's connection fee for new customers who complete an application for connection to the System shall be equal to the cost incurred by Aqua of installing a customer service lateral from the main to the curb line in accordance with its Tariff with the PA PUC and bona fine applicant agreement.
- Aqua acknowledges that New Garden Township has jurisdiction over sewage facilities planning and sewer service through its Act 537 planning program, zoning and subdivision and land development ordinances, and comprehensive land use plans. Aqua will not request, pursue or implement expansions of the System within New Garden Township beyond the existing service area without the prior written approval of the Township and the PA DEP.
- Aqua agrees to work with the Township to ensure that under Act 537, the wastewater collection, conveyance, treatment and disposal needs of the Township are timely met in an environmentally-responsible way.
- Aqua will work with Seller through Aqua's Public Private Partnership ("P3") program in order to facilitate Township development projects that meet Aqua's P3 criteria.
- Aqua will form a 3-5 person Local Sewer Advisory Committee consisting of one member appointed by Aqua and the remaining members appointed by the Township that will meet to facilitate local input and make recommendations to Aqua with respect to needs, priorities, rate increases, projects, public awareness and other matters. Committee will not have the power to take action or control Aqua or the operation of the System. The Local Sewer Advisory Committee shall meet at least two times per year unless the meeting schedule is changed by the Local Sewer Advisory Committee in accordance with its bylaws. The meetings shall be held at the New Garden Township Building or such other places as the Local Sewer Advisory Committee shall decide.
- If approved by Aqua, the Township may construct and maintain trails on existing sewer easements and real properties conveyed to Aqua pursuant to this Agreement as part of the Township's planned trail network.

Limerick Township

Newsletter

Moving Forward... The Next Phase of Limerick Township



Limerick Community Park

*Township Accepts Donation
of 24 Acres Adjacent to
Limerick Community Park*

Limerick Fire Company

*Begins Construction of
20,300 sq. ft. Facility*



Message from the Chairman



Thomas J. Neafcy, Jr.
Chairman

The past few months have been a busy time for the Township as the Board of Supervisors worked through the many details required for the 2017 Annual Budget. While the Budget is short-term by nature and only speaks to a specific 12 month period, Limerick has consistently structured the budget document around long-range planning which looks to provide services in the most efficient and cost effective manner possible. These services have been provided for many years while maintaining low real estate taxes which have consistently been in the lower 1/3 of all 62 municipal communities within Montgomery County.

This budgeting philosophy remains the basis for long-term studies which have been underway over the past several years as the Township analyzed how services would be provided to future generations of Limerick residents. Several long range projects have been recently finalized and are highlighted within this newsletter.

As a result of a 2009 legislative action by the State mandating that local municipalities are to be responsible for fire protection services, the Township worked with both Limerick and Linfield Volunteer Fire Companies to establish joint budgeting and operational procedures focusing on the needs of the Township, not one particular fire company. The new Limerick Fire Station, currently under construction, is an important step in this effort.

The Board is also thankful to the Sankey Family for their donation of 24 acres of land which will be incorporated into the award-winning Limerick Community Park. While the new park land and fire station are important long-term achievements, funding considerations for all Township operations were a main focus of the Board as we looked for ways to lessen the burden to existing taxpayers to pay for long-term capital needs. Included in this newsletter is a review of the recent decision to sell the Township's sewer system in order to pay for long-term capital projects. Over the next several months, the Board will discuss a financial strategy for the proceeds of the sale; we will look at ways to reduce Township debt, provide for long-term capital needs, and maintain Limerick's long standing below-average real estate tax rates.

This is an exciting time for our Township; as we look forward to the start of a new year, Limerick can also look beyond 2017 with the knowledge that the foundation of a strong and vibrant community will be in place not only for those who call Limerick home today, but for all who will follow.

I wish you all a Merry Christmas, Happy New Year, and a wonderful Holiday season!

Thomas J. Neafcy, Jr.
Chairman

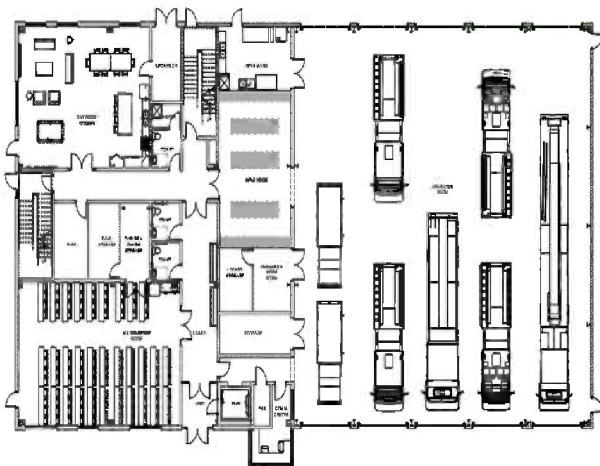


Limerick Fire Company

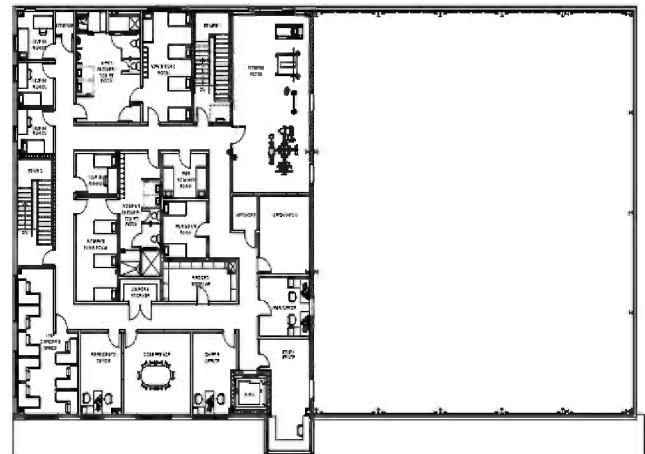
Limerick Township is fortunate to maintain a strong force of over 100 active volunteer firefighters. A volunteer force saves the Limerick Community approximately \$4 million annually by reducing the need for paid firefighters. The Township has established a capital funding program which will assist the volunteers with the equipment and facilities they need so they are able to focus on the operation of the fire service. Construction of this new Limerick Fire Station is expected to be completed in the summer of 2017.



First Floor



Second Floor



Park Expansion

The Township is grateful to the Sankey Family for their recent donation which will add valuable parkland adjacent to the Limerick Community Park. With a growing community seeking options for athletic, trail, playground, and outdoor recreational activities these additional acres will help serve the needs of this community for many years to come. In order to determine the best use for the new land, a Master Plan Study is anticipated to begin in early 2017. The Master Plan Study will look to incorporate the newly acquired 24 acres into the existing park. Public participation is strongly encouraged in this process and if you wish to participate, please check for updates to be posted on the Township website at www.limerickpa.org.

Limerick Community Park is the home of 15 different programs and events offered by Limerick Township Parks and Recreation.

An average of 200 pavilion rental permits are issued each season between the Main Pavilion and Lion's Den Pavilion.

Baseball and Softball fields are heavily used 208 out of the 224 rental days by five adult baseball/ softball leagues and six youth baseball/softball organizations.

Multipurpose fields are used 187 out of the 224 rental days by 8 different youth athletic organizations.

24 acres acquired to expand the Limerick Community Park.





SUPERVISORS APPROVE THE SALE OF THE TOWNSHIP SEWER SYSTEM

At the Board's public meeting on November 15th, the Supervisors approved the sale of the sewer system to Aqua Pennsylvania Wastewater, Inc. "Aqua" for \$75.1 million. The approval to sell the sewer system is the culmination of an analysis that has been under discussion for many years to identify funding options to cover the long term needs of the Township's core service departments which include Police, Volunteer Fire Companies, and Public Works. The demand for services on each department has increased dramatically over the past two decades with the steady growth of the community as many new residents choose Limerick as their home and place they wish to raise a family. Businesses also continue to see the benefits of the Limerick region and invest in the Township by providing jobs, goods, and services to all residents. All rely on township services and Limerick has strived to provide the community with the highest level of those services in the most cost efficient manner possible. "Police protection, fire and emergency response services, and the need to maintain a road network of approximately 100 miles are the primary services Limerick must ensure to maintain the vitality of this community not only for today, but for future generations" states Limerick Board Chairman Thomas J. Neafcy, Jr.

Township cost studies identified a required funding level of \$20 to \$30 million over the next 10 to 15 years just to meet the long term capital needs of each of these three departments, which is above and beyond daily operational expenses. The Limerick Board recognized the financial burden this would place on the existing tax base and began to investigate other funding options. We learned that other municipalities had sold sewer systems in the last couple of years to raise capital funds. This non-tax revenue source was investigated and found to be a viable option for Limerick. To fully understand if the monetization of the sewer system would be realistic, the Supervisors appointed the PFM Group in May of this year to begin a formal valuation of the system. The valuation appeared favorable and in August the Board authorized PFM to begin a formal bidding process which resulted with Aqua submitting the winning bid of \$75.1 million. The agreement with Aqua includes a Board specified guarantee that they will not increase sewer rates above the current level for a three year period.

"We are pleased to accept this bid and to be able to fund these important capital projects without the need for increased taxes. We also realize that the excess funds provide an opportunity of financial stability and stable tax rates for this community for many more years if a proper investment strategy is undertaken by the Board" states Vice Chair Kara Shuler. To achieve this, the Board will begin to discuss a long range financial plan with following objectives:

- Long term capital investments to support the "volunteers" who serve the Limerick and Linfield Fire Companies and in doing so, provide an annual savings to the community of approximately \$4 million which would be required to cover a full time paid firefighter membership
- Provide for long term capital and equipment needs for the Police department so they can continue to provide high level public safety protection services to the Limerick community in

the face of rising crime, drug, domestic abuse, and traffic issues that are affecting all communities across the country

- Provide for long term equipment needs of the Township's Public Works Department that maintains a network of approximately 100 roadway miles used daily by residents and the business community
- Reduction of current township debt
- Maintain the ongoing business strategy that has resulted in the Township's "AAA" Bond rating by the Standard and Poor's organization. This achievement is the highest level recognized by the financial industry and enjoyed by only a handful of communities within Pennsylvania
- Maintain the township's history of low tax rates, which has consistently been in the lower 1/3 of all 62 municipalities in Montgomery County. This strategy will be supported by the use of investment income to offset any burden to the tax payer needed to fund operational expenses
- Continue to invest in safety upgrades to roadways and intersections within the community
- Enhancement of the park, trail, and open space offerings to this community including the recent donation of 24 additional acres adjacent to the Limerick Community Park

Aside from the financial benefits realized, the Township recognized that increasing State DEP regulations that govern the operation of a sewer system would begin to place a greater financial and operational burden on the entire department. In addition to higher operational costs, anticipated capital investments to the current \$36 million collection and treatment system would have been required. The sale of the system to a larger organization whose expertise is specific to the industry can achieve greater economies of scale and lowering of costs more than Limerick could provide moving forward. As important as price and rate stabilization to the Board, was that all current sewer department personnel be guaranteed employment with the winning bidder at similar pay, status, and benefit levels. Aqua has agreed with this requirement and is pleased to welcome the township employees into their organization and look forward to utilizing their skills, expertise, and knowledge of the system as they work to maintain sewer services for this Limerick Community.

The next step in the process will be the submission of an application to the PA PUC who will review the details prior to the actual closing, which is not anticipated until summer or early fall of 2017. Until that time, Limerick Township will continue to operate the sewer system. As we approach the sale closing date in 2017, the public will be notified of the pending change by Aqua along with contact and billing information.

"In discussing Aqua's organizational structure with them over the course of this process, the Board is pleased with their history of customer service, responsiveness, and dedication to maintaining a high level system at the lowest cost possible" states Chairman Neafcy. "While this decision was not made lightly, we are assured that the residents and rate payers of this community will be well served by Aqua and look forward to having them as part of our wonderful Limerick Community".

Winter Break Camps

Bricks 4 Kidz: A Galaxy Far Way

Bricks 4 Kidz is bringing the force to you in this exciting LEGO camp where we will learn and build the Star Wars way!

For more information or to register for this camp please visit www.bricks4kidz.com/481

Kitchen Wizards: Ringing in the New Year

Your child will learn how to make party snacks that will be perfect for ringing in the new year or any party occasion!

For more information or to register for this camp please visit the Parks and Recreation page

Parents Night Out

Plan a special evening out...*without the kids!*

We have a special night planned for them! The night will include a variety of themed activities, hot dog dinner, and fun games!

We will end the night with a movie, so feel free to bring a blanket or pillow!

Dates: 1/13, 2/10, 3/10

Time: 5:30PM to 9:30PM

Ages: 3-12 years, must be potty trained

Fee: \$20 per child, \$10 each additional sibling

Red Cross Babysitters Clinic

This workshop is designed to teach you how to supervise young children and includes instruction on topics including: basic first aid and CPR, feeding babies/young children, and much more!

Date: Saturday, February 25

Time: 9:00AM to 3:00PM

Ages: 11 to 15 year old

Fee: \$65

Winter Discount Tickets

Great gift idea for all ages!

Movie Tavern

Regal Movie Theater

Crayola Factory *

Philadelphia and Elmwood Zoos *

Adventure and Baltimore Aquariums *

Stop by the Township Building today to get your discounted tickets!

* Non-movie tickets available until 12/29/16

Discount Ski Tickets

Save money at your favorite mountain!

Bear Creek

Big Boulder / Jack Frost

Blue Mountain

Camelback

Elk Mountain



Stop by the Township Building today to get your discounted tickets to our local mountains!



Look for information about our **Summer Shamrock Camps** beginning January 3, 2017!

Camp Shamrock ages 5-9
Shamrock Adventures ages 10-13
Registration will begin on **Wednesday, February 1st**

Community News

WINTER 2016 HOME FIRE SAFETY TIPS,

from the Department of Emergency Services

- ♦ Use caution and care when preparing Holiday meals; unattended cooking is the leading cause of U.S. home fires & fire injuries.
- ♦ Holiday lights and decorations should have a UL label (or other approved independent testing laboratory) & used in accordance with the manufacturer's recommendations. Water fresh Christmas trees and do not use lit candles as decoration.
- ♦ If candles are used in the home, ensure they are not left unattended and are at least 12" away from anything that can burn.
- ♦ Have your heating equipment & chimneys cleaned and inspected by qualified personnel every year.
- ♦ Ash should be cool (48 – 72 hours) and placed in a metal container away from the home.
- ♦ Combustibles should be kept at least 3' away from heating equipment, temporary heating equipment should not be left unattended, and never use an oven to heat your home.
- ♦ Ensure your home is equipped with functioning smoke and carbon monoxide detectors.

Township Building Holiday Office Hours

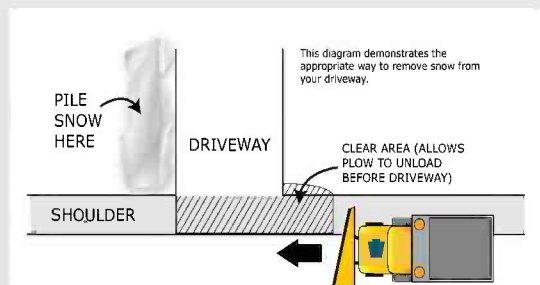
Please note that the Township Building and Administrative Offices will be closed on the following dates: *Friday, December 23, Monday, December 26, Monday, January 2*

Note: The Board of Supervisors will meet for their reorganizational meeting on *Tuesday, January 3, 2017 at 7:00PM.*

WINTER REMINDERS

- ♦ Do not drive unless it is absolutely necessary.
- ♦ Keep winter driving aids (blanket, shovel, boots, etc.) in the trunk of your car.
- ♦ When possible, remove vehicles from the street to enable road crews to efficiently plow and clear streets.
- ♦ Remove snow, ice, and slush from sidewalks including handicap ramps within 24 hours after the snow has stopped falling.
- ♦ Plowing operations begin after more than 2" accumulation and freezing temperatures which indicate no natural melting will occur.
- ♦ Clear vehicle completely of snow and ice before driving.
- ♦ Pile snow from sidewalks and driveways on lawns, not in the street.
- ♦ Residents are responsible for clearing snow around mailboxes.
- ♦ Basketball hoops are *not permitted* to be located within the right-of-way and *must be removed* from the roadway.
- ♦ Private plowing crews should haul snow from properties if it cannot be piled safely.
- ♦ Do *not* push onto the street or onto neighboring properties.
- ♦ Clear fire hydrants of snow as soon as possible.

To prevent your driveway from being plowed in, please follow the diagram to the right for clear removal of snow.



With Your Assistance We Can Stop the Spread of the Spotted Lanternfly

Spotted Lanternfly, *Lycorma delicatula*, an invasive planthopper, is a new threat to Pennsylvania and the United States. The Spotted Lanternfly attacks many hosts including grapes, apples, stone fruits, and pine trees and has the potential to greatly impact the grape, fruit tree, and logging industries. Early detection is vital for the protection of Pennsylvania businesses and agriculture.

Winter is the perfect time to find and destroy the egg masses before they hatch in May or June. The Spotted Lanternfly is spread when egg masses are moved.

Recently, the Spotted Lanternfly has been discovered within Limerick Township and Limerick has been added to the quarantine area.

Please visit the PA Department of Agriculture's website for more information or stop by the Township Building to pick up literature on how to reduce the spread of the Spotted Lanternfly.



Give the gift of *life* - donate blood

Monday, December 19

2:00PM – 7:00PM

Limerick Township Building

Register with Marcy (610) 495-6432



Christmas Tree Recycling Drop Off

Christmas trees may be dropped off for recycling at the designated area at the Limerick Community Park

December 26th through January 31st

Please remove all Tinsel, Lights, and Ornaments.



Santa Claus Is Coming to Town!

Santa will be visiting Limerick Township on the fire truck, and Santa's Elves will be handing out Candy Canes to all the good boys and girls in town! Listen for Christmas music playing and keep an eye out for Santa!



Linfield Fire- Saturday, Dec. 17, 9:00AM / Limerick Fire - Saturday, Dec. 17, 8:00AM

For event updates please visit the Fire Companies on Facebook:
facebook.com/LinfieldFireCompany / facebook.com/Limerick-Fire-Rescue

Limerick Township
646 West Ridge Pike
Limerick, PA 19468

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Limerick Township Municipal Building
646 West Ridge Pike, Limerick, PA 19468
610-495-6432 www.limerickpa.org

Board of Supervisors

Thomas J. Neafcy, Jr. -*Chairman*
Kara Shuler -*Vice Chairman*
Elaine DeWan
Kenneth W. Sperring, Jr.
Joseph St. Pedro

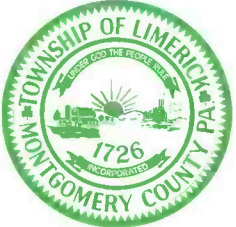
Schedule of Municipal Meetings

Board of Supervisors
1st and 3rd Tuesday of each month,
7:00PM at the Township Building

Planning Commission
4th Thursday of each month,
7:00PM at the Township Building

Parks & Recreation
2nd Tuesday of each month,
7:00PM at the Township Building

Zoning Hearing Board
4th Wednesday of each month,
6:30PM at the Township Building



Service Address	Customer Number	Edu Purchased	Group Code	Drainage Basin	SPA Amt	SPA Qty	SWR Amt	SWR Qty	Swr Base Amt	PEN Amt	INT Amt
3793 900 FOXMEADOW DR	12133	16	King Road	SOUTHEAST (6)	-	116,300.00	F	-	\$ 1,348.80	-	-
3794 1000 FOXMEADOW DR	12134	16	King Road	SOUTHEAST (6)	-	94,400.00	F	-	\$ 1,348.80	-	-
3795 1100 FOXMEADOW DR	12135	16	King Road	SOUTHEAST (6)	\$ 216.44	153,200.00	F	-	\$ 1,348.80	-	-
3796 1200 FOXMEADOW DR	12136	16	King Road	SOUTHEAST (6)	\$ 69.15	130,400.00	F	-	\$ 1,348.80	-	-
3799 1500 FOXMEADOW CIR	12139	16	King Road	SOUTHEAST (6)	\$ 43.95	126,500.00	F	-	\$ 1,348.80	-	-
3800 1600 FOXMEADOW CIR	12140	16	King Road	SOUTHEAST (6)	-	82,300.00	F	-	\$ 1,348.80	-	-
3801 1700 FOXMEADOW CIR	12141	16	King Road	SOUTHEAST (6)	-	84,300.00	F	-	\$ 1,348.80	-	-
3802 1800 FOXMEADOW CIR	12142	16	King Road	SOUTHEAST (6)	-	92,500.00	F	-	\$ 1,348.80	-	-
3803 1900 FOXMEADOW DR	12143	16	King Road	SOUTHEAST (6)	-	111,200.00	F	-	\$ 1,348.80	-	-
3804 2000 FOXMEADOW CIR	12144	16	King Road	SOUTHEAST (6)	\$ 8.42	121,000.00	F	-	\$ 1,348.80	-	-
3805 2100 FOXMEADOW CIR	12145	16	King Road	SOUTHEAST (6)	\$ 160.88	144,600.00	F	-	\$ 1,348.80	-	-
3806 2200 FOXMEADOW DR	12146	16	King Road	SOUTHEAST (6)	-	101,000.00	F	-	\$ 1,348.80	-	-
3807 2300 FOXMEADOW DR	12147	16	King Road	SOUTHEAST (6)	\$ 176.38	147,000.00	F	-	\$ 1,348.80	-	-
3808 2400 FOXMEADOW CIR	12148	16	King Road	SOUTHEAST (6)	\$ 94.99	134,400.00	F	-	\$ 1,348.80	-	-
3809 2500 FOXMEADOW CIR	12149	16	King Road	SOUTHEAST (6)	\$ 107.26	136,300.00	F	-	\$ 1,348.80	-	-
161 640 N LEWIS RD	275	17	King Road	SOUTHEAST (6)	\$ 1,932.95	306,700.00	F	-	\$ 84.30	-	-
3674 7-27 W RIDGE PIKE/STRP ML	12005	18	King Road	SOUTHEAST (6)	\$ 63.37	92,100.00	F	-	\$ 927.30	-	-
3727 125 SUNSET RD	12065	18	King Road	282 GRATERFORD RD (20)	\$ 1,198.45	193,000.00	F	-	\$ 84.30	-	-
3772 15 KEYSTONE DR	12112	18	King Road	TRINLEY (5)	\$ 2,452.98	387,200.00	F	-	\$ 84.30	-	-
5199 256 SWAMP PIKE/SCHOOL	60965	18	Possum Hollow	RAVENS CLAW (18)	\$ 2,015.24	334,400.00	F	-	\$ 252.90	-	-
162 339 N LEWIS RD	276	19	King Road	SOUTHEAST (6)	\$ 1,256.59	202,000.00	F	-	\$ 84.30	-	-
3706 W RIDGE PIKE/STRIP/BANK	12039	19	King Road	SOUTH LIMERICK (3)	\$ 1,373.73	272,500.00	F	-	\$ 674.40	-	-
3745 542 N LEWIS RD	12084	19	King Road	TRINLEY (5)	\$ 112.65	32,400.00	F	-	\$ 168.60	-	-
3411 70 BUCKWALTER RD/1350/APPLEB	11737	20	King Road	SOUTHEAST (6)	\$ 3,375.47	530,000.00	F	-	\$ 84.30	-	-
5389 206 JONES BLVD/MICROCOAX	70011	20	Possum Hollow	BROOKE EVANS (16)	\$ 14,938.23	2,319,900.00	F	-	\$ 84.30	-	-
3445 70 BUCKWALTER RD/1250/TEXAS	11771	21	King Road	SOUTHEAST (6)	\$ 2,419.39	382,000.00	F	-	\$ 84.30	-	-
3707 22 ANCHOR PARKWAY	12040	23	King Road	SOUTHEAST (6)	\$ 1,958.79	310,700.00	F	-	\$ 84.30	-	-
3773 77 GRATERFORD RD	12113	23	King Road	282 GRATERFORD RD (20)	\$ 1,208.14	194,500.00	F	-	\$ 84.30	-	-
64 677 ELM ST	170	24	Royersford	ORCHARD TERRACE (OT)	-	12,000.00	F	-	\$ 2,023.20	-	-
3863 430 W LINFIELD TRAPPE RD	12208	24	King Road	TRINLEY (5)	\$ 4,782.46	747,800.00	F	-	\$ 84.30	-	-
794 1101 ENTERPRISE DR	2573	28	King Road	TRINLEY (5)	\$ 1,182.95	190,600.00	F	-	\$ 84.30	-	-
2502 196 W RIDGE PK/FLEA MRKT	10679	29	King Road	RIDGE PIKE (10)	\$ 629.07	247,000.00	F	-	\$ 1,686.00	\$ 1.80	-
3869 420 LINFIELD TRAPPE RD	12214	30	King Road	TRINLEY (5)	\$ 852.20	139,400.00	F	-	\$ 84.30	-	-
5410 14 W LIGHTCAP RD	70032	34	Possum Hollow	POSSUM HOLLOW (17)	\$ 7,741.14	1,205,800.00	F	-	\$ 84.30	-	-
3401 19 W LINFIELD TRAPPE RD	11727	36	King Road	SOUTHEAST (6)	\$ 5,421.59	846,736.00	F	-	\$ 84.30	-	-
107 475 N LEWIS RD	216	52	King Road	SOUTHEAST (6)	\$ 3,921.34	614,500.00	F	-	\$ 84.30	-	-
3761 88 ANCHOR PARKWAY	12101	52	King Road	SOUTHEAST (6)	\$ 3,746.92	587,500.00	F	-	\$ 84.30	-	-
2292 420 W LINFIELD TRAPPE RD	10357	59	King Road	TRINLEY (5)	\$ 5,568.64	869,500.00	F	-	\$ 84.30	-	-
167 350 S LEWIS RD	282	60	King Road	SOUTHEAST (6)	\$ 3,791.50	594,400.00	F	-	\$ 84.30	-	-
2465 827 N LEWIS RD	10630	80	King Road	SOUTH LIMERICK (3)	-	150,200.00	F	-	\$ 6,744.00	-	-
3091 FOX RIDGE APTS	11378	97	King Road	SOUTH LIMERICK (3)	\$ 2,050.04	1,043,000.00	F	-	\$ 8,177.10	-	-
2685 165 W RIDGE PIKE/TRLR PK	10913	115	King Road	SOUTHEAST (6)	\$ 6,018.69	1,792,000.00	F	-	\$ 9,694.50	-	-
5397 EXELON LIM GEN STA	70019	137	Possum Hollow	POSSUM HOLLOW (17)	N	-	\$ 8,659.75	1,348,000.00	\$ 84.30	\$ 1,041.07	-
5400 18 LIGHTCAP RD	70022	200	Possum Hollow	POSSUM HOLLOW (17)	\$ 4,006.31	1,278,500.00	F	-	\$ 7,418.40	-	-
	5416	8402			\$ 299,707.92	89,160,697	\$ 25,039.14	7,288,556	\$ 600,843.05	\$ 14,296.74	\$ 1,169.98

Wastewater treatment is provided by the Borough of West Chester pursuant to a Sewer Capacity Agreement dated November 14, 2017, by and between the Borough and East Bradford Township. Copies of West Chester's 2017 Chapter 94 Reports to DEP for the Goose Creek WWTP and for the Taylor Run WWTP are attached hereto as Exhibit E3 and Exhibit E4.

15. The Goose Creek WWTP has a permitted treatment capacity of 1.672 MGD. The Taylor Run WWTP has a permitted treatment capacity of 1.50 MGD. The elevation of the Goose Creek WWTP is generally about EL 370. The elevation of the Taylor Run WWTP is generally about EL 260. The elevation of the Requested Territory ranges from approximately EL 365 to EL 280.

16. Water service in the Requested Territory is provided by both Aqua Pennsylvania, Inc. and private wells.

17. The original cost, by year and major plant category, of the East Bradford Township used and useful plant in service is \$8,294,931 with a related calculation depreciation reserve of \$2,820,983. The original cost value includes a series of capped sewers along the North Benjamin Drive area of the Township. The capped sewers include approximately 3,300 linear feet of 8" Gravity PVC pipe and 20 manholes, with an estimated original cost value of approximately \$100,000 as estimated by Aqua. The pipe and manholes are included in the totals on page 2-11 and 2-12 of Exhibit W. Aqua will categorize the capped sewer pipe and manholes as plant held for future use in its asset allocation upon closing. The area of capped sewers along North Benjamin Drive is not included in the Requested Territory.

18. Tentative journal entries to record the transaction are presented in Section IV.

IV. ASSET PURCHASE AGREEMENT

19. The *Assets Purchase Agreement* is dated December 20, 2017. The *First Amendment to Assets Purchase Agreement* is dated April 18, 2018. The purchase price is Five Million Dollars

(\$5,000,000.00). In addition to the purchase price, Section 1.5 of the Agreement provides that Aqua will assume certain defined liabilities and pay certain out-of-pocket costs incurred by East Bradford Township.

20. The purchase price and Agreement are based on arm's length negotiations. Aqua and East Bradford Township are not affiliated with each other. Aqua will use short term debt initially for the purchase of the assets with the expectation that the short term debt will be converted to long term debt and equity capital at a later date.

21. The wastewater system assets to be acquired are the "Assets" and have the meaning specified in Section 1.1 of the Agreement. The Assets include the assets, properties and rights of East Bradford Township that comprise the wastewater system or that are owned by East Bradford Township and used by it solely in connection with operation of the system.

22. "Excluded Assets," which are those assets not being transferred to Aqua, have the meaning specified in Section 1.4 of the Agreement. Excluded Assets include customer service laterals that run from the curb area to individual customer residences or structures; piping and fixtures internal to each customer residence or structure; cash and cash equivalents; and the items set forth in Schedule 1.4 of the Agreement.

23. "Assumed Liabilities" has the meaning specified in Section 1.6 of the Agreement and include the liabilities and obligations under the Assumed Contracts that arise after Closing, liabilities incurred or arising from and after Closing under or from failure to comply with permits, approvals or licenses related to the system that are transferred to Aqua and the obligation to provide wastewater service after Closing. The Assumed Contracts, which are listed in Schedule 1.6 of the APA and attached hereto as **Exhibit F1** and **Exhibit F2**, are the Sewer Capacity Agreement dated November 14, 2017, by and between the Borough of West Chester and East Bradford Township and the Intergovernmental Cooperation Agreement dated March 15, 1999, between East Bradford and Birmingham Township.

East Bradford Township

	# of Customers	Annual Gallons Treated (2017)
Residential- Single Family	399	23,783,560
Residential- Townhomes	814	36,390,635
Commercial		
Bradford Retail - The Bistro		112,800
Bradford Retail - Strip Stores		688,000
Brookworth Plaza - Dunkin Donuts		147,200
Brookworth Plaza - CVS		35,300
Brookworth Plaza - empty building		-
Brookworth Plaza - Strip Stores		142,000
Brookworth Plaza - PNC Bank		17,000
Countryside Food Mart		52,700
Antique Ice Museum		3,600
Mrs. Mike's Restaurant		103,110
Brandywine Hall Nursing Home		8,281,000
Daily Local News - now empty building		24,400
Bradford Plaza - Strip Stores		1,991,430
Bradford Plaza - Giant Food Store		2,527,700
Bradford Plaza - Walgreens		47,000
Bradford Plaza - Giant Gas Station		6,200
Chester County Art Association		120,100
Industrial		
Diesel Systems		66,300
Chem Service		173,400
Other Class(?)*		
Goddard School		252,800
Hillsdale Elementary School		649,700
WCU S Campus Apts - 144		24,200
WCU S Campus Apts - 167		583,900
WCU S Campus Apts - 168		500,900
WCU S Campus Apts - 169		441,900
WCU S Campus Apts - 170		570,900
WCU S Campus Apts - 171		318,900
WCU S Campus Apts - 172		422,000
WCU S Campus Apts - 173		306,400
WCU S Campus Apts - 174		424,500
WCU S Campus Apts - 175		323,400
WCU S Campus Apts - 176		340,000
WCU S Campus Apts - 177		356,000
University Student Housing 1		4,463,500
University Student Housing 2		5,429,000
Total		90,121,435

*May include church, school, public, etc... (please insert a line for each)

420,000
153,300,000

35
399
814
1,248

1. SUMMARY

1.1 Executive Overview

The Township of Mahoning operates sewer collection and water distribution systems within the Township. The Township does not treat water or wastewater. Rather, it purchases treated water from the Danville Municipal Authority to distribute through its water distribution system, and it transmits the wastewater it collects to a treatment plant owned and operated by the Danville Municipal Authority.

The Township has more than one-thousand each of water and wastewater connections within Mahoning Township. It operates its systems primarily with two employees, one of whom operates the system and performs minor repairs as needed and the other of whom performs administrative duties.

This Request for Proposal (“RFP”) is seeking proposals for a qualified public utility to purchase the Township’s water and wastewater systems and to operate them for the benefit of the existing customers. This RFP asks how much you, or your company, would be willing to pay the Township for ownership and operation of the water and wastewater systems. It also asks about your capabilities and experiences and wants to know about you, or your company, and how you would operate the systems.

The Township or Mahoning may accept or reject a proposal with no obligation to the bidder. The acceptance of a proposal does not obligate the Township to enter into a contract. This RFP is for comparative pricing only.

The goals of the Township are:

- (a) To enter into a purchase and sale agreement with a responsible individual or entity to assume complete ownership and operation of the Township’s water distribution and wastewater collection systems.
- (b) To ensure viable operation of the systems, such that the water distribution and wastewater collection systems are operated by responsible professionals who will provide a high level of service to the residents of Mahoning Township at an appropriate price.
- (c) To maximize revenue to the Township of Mahoning.

2. INTRODUCTION

2.1 Background Information.

The Township of Mahoning, is a municipal entity organized under the Pennsylvania Second Class Township Code, with its principal office located at the Mahoning Township Building, 1101 Bloom Road, Danville, Montour County, Pennsylvania. Mahoning Township surrounds the Borough of Danville on three sides, the southwest side of the Borough being bounded by the Susquehanna River. As of the census of 2000, there were 4,263 people, 1,466 households, and 963 families residing in the Township. The population density was 517.3 people per square mile. There were 1,542 housing units at an average density of 187.1/sq. mi. The Township's principal employer is Geisinger Medical Center, the main facility of which is located within the Township.

The Township operates water distribution and wastewater collection systems within the Township. The Township's systems have approximately 1,177 water connections and approximately 1,226 wastewater connections. The bulk of these connections are in Mahoning Township; however, the Township serves thirty-three (33) extraterritorial customers in the adjoining Cooper and Valley Townships.

The Township seeks a qualified person, or entity, to own and operate the Township's water distribution and wastewater collection systems for the benefit of the Township and its residents. The Township desires to maximize payment to the Township from the sale of the water distribution and wastewater collection systems and to ensure the best management of the systems for the best value, all for the benefit of the Township's residents. While the best price to the Township will be a major consideration, the Township will consider other proposals deemed to be in the best interest of the Township.

2.2 Proposal Schedule.

The Township intends to follow the schedule below in selecting a purchaser for the sewer and water systems:

- (a) Proposal issued – August 1, 2017.
- (b) Pre-proposal meeting – 10:30 a.m., August 14, 2017, Supervisor's Meeting Room, Mahoning Township Building, 1101 Bloom Road, Danville, PA.
- (c) Questions and clarifications – August 1, 2017 through August 25, 2017.
- (d) Final date for posting new information, addenda and answers to questions – August 28, 2017.

October 5, 2017

The Water and Sewer Bids Opening of the Mahoning Township Supervisors was held today at the Mahoning Township Municipal Building at 10:30 am.

Members of the Board present:

Ken Woodruff, Chairperson

Bill Lynn, Vice Chairman

T. S. Scott, Supervisor

Attorney Ben Landon

Township Secretary Joe Oberdorf

Zoning Officer Dean VonBlohn

Also attending were Karen Blackledge, Julye Wemple, Press Enterprise, Tate Hunsinger Suez, Tom Little of Cooper Township, Glen Cromley, John Whelan, and Molly Shultz.

Supervisor Scott spoke first to notify everyone the format of the Township Meeting on October 9, 2017 (5:30 pm) will be as follows: Each bidder will be allotted 15 minutes to present in detail their company. The order of presentation will be alphabetical based upon the bidder's company name. All questions will be held until all bidders (AQUA and SUEZ) have made their presentation and then a 30-40 minute question and answer period will occur. Questions may come from supervisors and residents and be directed at an individual bidder, or to the group of bidders.

Attorney Ben Landon reported the purpose of the meeting today is the sale of the water and sewer system. Attorney Landon said two bids were received and he wanted everyone to understand the supervisors will review the bids and enclosed documents and take into consideration other factors such as rates, financial responsibility, ability to provide service.

The first bid was from SUEZ Water Pennsylvania Inc. and the bid was \$9,500,000 of which \$7,000,000 is for water system and the waste water system at \$2,500,000. The bids will be researched for items or issues which could adjust the bids.

Attorney Landon said the second bid was from Aqua Pennsylvania, Inc. for \$7,500,000. He further noted the Supervisors will research and make determinations that will be utilized to the best responsive and responsible bidder. Responsive is that everything is in the bid package and a responsible bidder is one who is capable of doing the job. The supervisors will evaluate these bid packages and then make a determination which is the best responsive and responsible bidder.

This meeting was recorded on tape.

Joe Oberdorf, Secretary.

The following table breaks down the above total figures by customer class as of December 31, 2017, 2016, and 2015 :

	2017	2016	2015
Customers:			
Residential	118,493	111,494	110,254
Commercial	9,386	8,626	8,569
Industrial	536	479	478
Public Authority	1,072	948	964
Fire Protection	3,178	2,876	2,815
Other (including non-metered accounts)	2,980	545	553
Total	<u>135,645</u>	<u>124,968</u>	<u>123,633</u>
Water Revenues (in thousands):			
Residential	\$ 62,831	\$ 59,884	\$ 58,439
Commercial	13,676	12,250	11,816
Industrial	3,196	3,176	3,229
Public Authority	3,845	3,510	3,193
Fire Protection	20,235	18,486	18,016
Other (including non-metered accounts)	3,271	1,361	1,348
Total	<u>\$ 107,054</u>	<u>\$ 98,667</u>	<u>\$ 96,041</u>
Customer Water Consumption (millions of gallons):			
Residential	6,408	6,583	6,551
Commercial	2,026	1,954	1,941
Industrial	711	724	777
Public Authority	575	539	503
Total	<u>9,720</u>	<u>9,800</u>	<u>9,772</u>

The Regulated Companies own various small, discrete parcels of land that are no longer required for water supply purposes. At December 31, 2017, this land totaled over 600 acres. Over the past several years, we have been disposing of these land parcels through sales and/or donations, primarily to towns and municipalities. For more information, please refer to *Segments of Our Business* below.

Additional information on land dispositions can be found in Item 7 – “Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Commitments and Contingencies”.

Competition

Our Regulated Companies face competition from a few small privately-owned water systems operating within, or adjacent to, our franchise areas and from municipal and public authority systems whose service areas in some cases overlap portions of our franchise areas.

Employees

As of December 31, 2017, we employed a total of 294 people. Our employees are not covered by collective bargaining agreements.

DEALS AUGUST 6, 2018 / 5:11 PM / 6 MONTHS AGO

SJW Group makes \$1.1 billion all-cash offer for Connecticut Water

3 MIN READ



NEW YORK (Reuters) - SJW Group (SJW.N) and Connecticut Water Service Inc (CTWS.O) said on Monday they were changing from a merger to an acquisition agreement, with SJW offering to buy the New England utility for \$1.1 billion in cash instead of combining stock.

The switch to an all-cash offer is worth \$70 per Connecticut Water share, a 33 percent premium to Connecticut Water's share price prior to the original deal announced in March, according to a joint statement.

It was also higher than the implied \$61.86 per share value of the Clinton, Connecticut-based firm under the merger-of-equals transaction, which would have created a combined company in which existing SJW shareholders would hold 60 percent of the stock.

SJW closed 2.3 percent lower, while Connecticut Water was 9 percent higher at \$68.50.

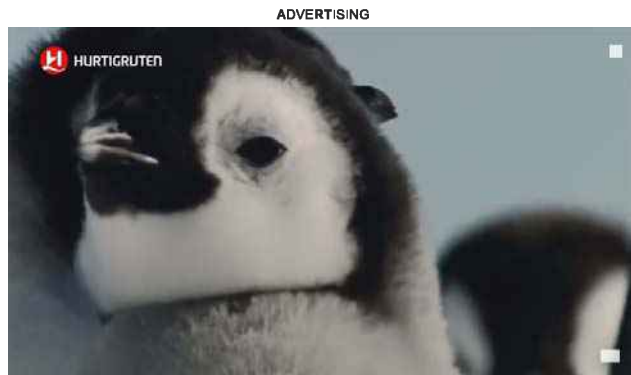
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To pay for the acquisition, SJW will initially utilize a \$975 million bridge loan from financial adviser JP Morgan Chase (JPM.N). Ultimately, the purchase would be covered by debt and between \$450 million and \$500 million of equity finance.

The new deal aims to conclude in the first quarter of 2019, subject to approvals from Connecticut Water's shareholders, as well as regulators in Connecticut and Maine.

The duo's original all-stock merger announcement in March triggered competing offers from Eversource Energy ([ES.N](#)) and California Water Service Group ([CWT.N](#)).

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"We have converted from a stock-for-stock deal to a cash offer, which will resolve any further market distractions from the inferior proposals," SJW Chief Executive Eric Thornburg told Reuters, in reference to the actions by Eversource and CalWater.

Switching to an acquisition, versus a merger structure, means that SJW shareholders will no longer be required to vote on approving the deal, the statement said.

CalWater has an open tender offer to acquire SJW that runs until Sept. 28.

However, asked if the change was aimed at heading off any shareholder challenge to the deal, Thornburg told Reuters it "wasn't a consideration" and it had received nothing but support from its shareholders.

RBS sounds alarm over Brexit

CalWater declined to comment. A spokesman for Eversource said the company was evaluating developments but, as it has made clear, it will be disciplined in pursuing this or any other transaction.

Reporting by David French in New York; Additional Reporting by Liana B. Baker; Editing by Lisa Shumaker

Our Standards: [The Thomson Reuters Trust Principles.](#)

MORE FROM REUTERS

ASSET PURCHASE AGREEMENT

Between

NEW GARDEN TOWNSHIP

And

NEW GARDEN TOWNSHIP SEWER AUTHORITY

And

AQUA PENNSYLVANIA WASTEWATER, INC.

August ____, 2016

New
GARRET

b. The purchase price for the Assets will consist of payment of Twenty-nine Million Five Hundred Thousand Dollars (\$29,500,000.00) (the "Purchase Price") to be paid by Buyer at Closing in one lump sum payment of immediately available funds. Buyer and Seller agree that the results of the appraisals pursuant to Act 12 (as defined herein) shall have no effect on the Purchase Price.

c. Buyer also agrees to contribute Twenty Thousand Dollars (\$20,000.00) toward Seller's closing costs.

2.6 Assumption of Liabilities and Contracts

a. Buyer will (a) satisfy and comply with all conditions and requirements of the permits specified in Schedule 2.6(a) upon transfer of such permits to Aqua.

b. Seller and Buyer shall: (I) obtain consents to the assignment of the contracts listed on Schedule 2.6(b), section I from all parties to said contracts if required by the terms of the respective contracts; and (II) arrange for the termination or amendment of the contract listed on Schedule 2.6(b), section II and the execution of a new agreement or, in the case of an amendment, an assignment, that is agreeable to Aqua in its sole discretion, with any such new agreement to replace the terminated contract. The contracts listed on Schedule 2.6(b) are collectively referred to herein as the "Assumed Liabilities".

c. Seller hereby acknowledges that, following the effective time of Closing, Aqua shall be responsible for the provision of wastewater service to the customers of Seller.

d. All other liabilities and obligations of Seller shall remain the sole responsibility of Seller. Other than the Assumed Liabilities, Buyer shall not assume and shall not be liable for, and Seller shall indemnify and hold harmless Aqua and its officers, employees and agents from and against, any and all liabilities or obligations of Seller of any nature whatsoever whether express or implied, fixed or contingent, known or unknown at the time of Closing.

3. CLOSING

Closing hereunder (the "Closing") shall take place at the offices of Lamb McErlane PC located at 24 E. Market St., West Chester, PA 19381 or other mutually agreed upon location, commencing at 10:00 a.m. local time, on the later to occur of: (i) one hundred fifty (150) days from the date Seller accepts Buyer's offer, as evidenced by the date of Seller's execution of this Agreement, and (ii) forty-five (45) days (a) after receipt of the last required unappealed regulatory approval of the transactions contemplated herein and (b) fulfillment of all conditions precedent under Section 4 hereof. Seller may terminate this Agreement should Buyer fail to obtain unappealed regulatory approval of the transactions contemplated herein within 365 days of the Effective Date, unless mutually extended in writing. The date of the Closing is referred to herein as the "Closing Date". The effective time of the Closing shall be 12:01 a.m. on the day following the Closing Date.

Execution Copy

ASSET PURCHASE AGREEMENT

By and Among

THE CITY OF MCKEESPORT,

THE MUNICIPAL AUTHORITY OF THE CITY OF MCKEESPORT

AS SELLER

and

PENNSYLVANIA AMERICAN WATER COMPANY

AS BUYER

Dated as of September ____, 2016

118857971_10

Execution Copy

not set forth on Schedule 4.15 (as may be updated pursuant to (c)) and (ii) Buyer reasonably believes is necessary or useful to the operation of the System, the Seller shall, promptly following Buyer's written request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such contract to Buyer for no additional consideration, and upon such assignment, such contract shall be deemed an Assigned Contract for all purposes hereunder.

(c) From the date of this Agreement until the Closing Date, the Seller shall collect accounts receivable and pay accounts payable in the ordinary course and in a manner consistent with its past practices.

ARTICLE III.

ESCROW AND PURCHASE PRICE

McKeesport

Section 3.01. **Escrow Amount.** At Closing, Seven Million Eight Hundred Thousand Dollars (\$7,800,000) of the Purchase Price (defined below) shall be deposited in escrow (the "**Escrow Fund**") with the Escrow Agent pursuant to an escrow agreement in the form of **Exhibit A**, by and among the Seller, the City, the Buyer and the Escrow Agent (the "**Closing Escrow Agreement**") to provide for any indemnification claims of the Buyer due and payable by the Seller pursuant to Section 8.02 herein; *provided, however*, that the Escrow Fund shall be released to the Seller or the City (in accordance with the Closing Escrow Agreement) on the Escrow Release Date, except for any amount reasonably required to cover any indemnification claim made by the Buyer prior to such date.

Section 3.02. **Purchase Price.** The purchase price for the Acquired Assets shall be One Hundred Fifty-Six Million Dollars (\$156,000,000) or the final appraised value as determined under 66 Pa.C.S. Section 1329, whichever is higher (the "**Purchase Price**") which shall be paid as follows:

(a) Within five (5) Business Days of the Effective Date, Buyer shall deposit Five Million Dollars (\$5,000,000) of the Purchase Price, payable to the City in immediately available funds (the "Signing Cash Deposit"), subject to Section 14.02 and secured by the City with a duly executed note (the "Deposit Note"), in the form attached hereto as Exhibit B;

(b) Within five (5) Business Days of receipt of written notice from the City that it has due and owing specific payables which meet the definition of Appropriate Use, such payables meet or exceed the amount set forth below and such payables are specifically identified in said notice, but in any case not prior to January 15, 2017, Buyer shall deposit Two Million Dollars (\$2,000,000) of the Purchase Price, payable to the City in immediately available funds (the "2017 Cash Deposit" and together with the Signing Cash Deposit, the "Deposits"), subject to Section 14.02 and secured by the City with the Deposit Note.

(c) At Closing, Buyer shall (i) provide for payment in full the total amount of Outstanding Indebtedness (less any amounts of Outstanding Indebtedness actually assumed by

EXECUTION VERSION

ASSET PURCHASE AGREEMENT

By and Between

Limerick Township, Montgomery County

As Seller

and

Aqua Pennsylvania Wastewater, Inc.

As Buyer

Dated as of November 16, 2016

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Parties the economic and, to the extent permitted under applicable Law, operational equivalent of the transfer of such Nonassignable Asset to Buyer at the Closing and the performance by Buyer of its obligations with respect thereto, and so long as the Seller transfers and turns over all economic and beneficial rights with respect to each such Nonassignable Asset, Buyer shall, to the extent permitted under applicable Law and the terms of any applicable contract that constitutes a Nonassignable Asset, as agent or subcontractor for the Seller, pay, perform and discharge the liabilities and obligations of the Seller thereunder from and after the Closing Date, but only to the extent that such liabilities and obligations would constitute Assumed Liabilities if the applicable consent or approval had been obtained on or prior to the Closing Date and such Nonassignable Asset had been assigned to Buyer at Closing. To the extent permitted under applicable Law, the Seller shall, at Buyer's expense, hold in trust for and pay to Buyer promptly upon receipt thereof, such Nonassignable Asset and all income, proceeds and other monies received by the Seller with respect to such Nonassignable Asset in connection with the arrangements under this Article II.

(c) If, following the date hereof and prior to the Closing, Buyer identifies any contract to which the Seller is a party which is not identified on Schedule 4.15 as an Assigned Contract as of the date hereof, and Buyer reasonably determines such contract is necessary to the operation of the System, Buyer shall give notice of such determination to the Seller and the Seller shall, promptly following receipt of such notice, deliver to Buyer an updated Schedule 4.15 identifying such contract, and such contract shall thereafter constitute and be deemed an Assigned Contract for all purposes hereunder.

(d) In the event that, during the twelve (12) month period following the Closing, Buyer identifies any contract to which the Seller was a party as of the Closing and which (i) was not set forth on or properly identified on Schedule 4.15 (as may be updated pursuant to (c)) and (ii) Buyer reasonably believes is necessary to the operation of the System, the Seller shall, promptly following Buyer's written request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such contract to Buyer for no additional consideration, and upon such assignment, such contract shall be deemed an Assigned Contract for all purposes hereunder.

ARTICLE III

PURCHASE PRICE AND ADDITIONAL CONSIDERATION

Section 3.01. Purchase Price and Additional Consideration. The purchase price for the Acquired Assets shall be Seventy-Five Million One Hundred Thousand Dollars (\$75,100,000) (the "Purchase Price") which shall be paid as follows at Closing:

(a) Buyer shall (i) provide for the payment in full the total amount of Outstanding Indebtedness; and

(b) Subject to any adjustment in Purchase Price resulting from the proration procedures set forth in Section 3.01(c), Buyer shall pay to the Seller at Closing by wire transfer

ASSETS PURCHASE AGREEMENT
Between
EAST BRADFORD TOWNSHIP
And
AQUA PENNSYLVANIA WASTEWATER, INC.

December 20, 2017

within thirty (30) days after receipt thereof.

Ernst
Berntsen

1.4 Excluded Assets

The Assets shall not include any of the following (collectively, the "Excluded Assets"):

- a. Any and all customer service laterals that run from the curb area (or edge of road or right-of-way) to each of the individual customer's residences or structures.
- b. Any and all piping and fixtures internal to each of the individual customer's residences or structures.
- c. Any of Seller's cash, investments, cash equivalents and accounts, including without limitation any accounts receivable or unbilled charges for Services furnished for periods prior to and up to the Closing Date.
- d. The real and personal property, including the improvements on said real property, described in Schedule 1.4.
- e. Any other asset, property, easement or interest as is shown in Schedule 1.4.

1.5 Consideration

The aggregate cash purchase price for the Assets is FIVE MILLION U.S. Dollars (\$5,000,000.00) (the "Purchase Price"). The Purchase Price shall be paid by Buyer at Closing, by wire transfer of immediately available funds to Seller.

Buyer and Seller agree to utilize the procedures under Act 12 of 2016, 66 Pa. C.S. § 1329 ("Section 1329") in completing this transaction.

Buyer agrees to and shall (i) assume at Closing the Assumed Liabilities (hereinafter defined), and (ii) pay at Closing Seller's actual, out-of-pocket costs incurred for services performed, excluding attorneys' fees, after the date of this Agreement in order to comply with the PUC Implementation Order, provided such costs do not relate to the Original Cost Study or any update thereto, and further provided such costs do not relate to the preparation and completion of the Seller's Utility Valuation Expert appraisal report and any additional work by the Seller's Utility Valuation Expert necessary to assist in the processing and prosecution of the application to the Pennsylvania Public Utility Commission ("PUC") in regard to this transaction under Section 1329. Buyer and Seller will be responsible for the costs associated with their respective Utility Valuation Experts. Buyer and Seller agree that the costs associated with the licensed engineer to develop and finalize the Engineer's Assessment will be paid fifty percent (50%) by Buyer and fifty percent (50%) by Seller.

Upon its execution and delivery of this Agreement to the Seller, the Buyer shall obtain a performance bond equal to ten percent (10%) of the Purchase Price (the "Bond"). The Bond

ASSET PURCHASE AGREEMENT
BETWEEN
TOWNSHIP OF SADBURY
AND
PENNSYLVANIA-AMERICAN WATER COMPANY

SEPTEMBER 5, 2017

(c) Any and all grinder pumps, piping and fixtures located at the curb-line or edge-of-the road to and throughout the customer's property and included as components of the Customer Sewer Laterals;

(d) Any and all stormwater system facilities including, but not limited to: (a) facilities located on, in, within, or under the real property, including easements, that is a part of the Assets, (b) facilities that are connected to the System and located within the public rights-of-way and (c) facilities or assets used in the operation of a municipal separate stormwater system;

(e) Seller's cash on hand on the date of Closing and Seller's account receivables related to the System for services rendered through the close of business on the Closing Date;

(f) All rights of Seller under this Agreement and related Bill of Sale and Assignment of Contracts Agreement as it pertains to the transfer and sale herein contemplated; and

(g) the specific assets, properties and rights of Seller set forth on **Schedule 1.3**.

1.4 Accounts Receivable. Accounts receivable for wastewater services related to the System rendered through the close of business on the Closing Date shall be excluded assets as per **Section 1.3**, and accounts receivable for wastewater services related to the System rendered thereafter shall belong to PAWC.

ARTICLE 2 **PURCHASE PRICE**

S.D.S.B.U.17

2.1 Purchase Price for the Assets

(a) Upon its execution and delivery of this Agreement to the Seller, PAWC shall remit a deposit of THIRTY SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$37,500.00) (i) which shall be retained by Seller in the event that the Closing does not occur for any reason other than Seller's default under this Agreement or a failure of a condition precedent under Section 8.1 below, and (ii) which, in the event of Closing, shall be applied to the Purchase Price.

(b) Subject to the terms and conditions of this Agreement, the purchase price (the "**Purchase Price**") for the Assets shall be NINE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$9,500,000.00). The parties agree that the Purchase Price represents the "negotiated purchase price" for such Assets, pursuant to the valuation process set forth in Section 1329 of the Public Utility Code, 66 Pa.C.S. § 1329. The Purchase Price shall be payable directly to Seller on the Closing Date by wire transfer or by corporate check, at Seller's discretion.

2.2 Use of Fair Market Valuation Process. Following the execution of this Agreement, PAWC and Seller shall each take such any and all further actions as are necessary to invoke, commence and complete the fair market valuation process set forth in Section 1329 of the Public Utility Code, 66 Pa.C.S. § 1329. Without limiting the generality of the foregoing, PAWC and Seller have each engaged a utility valuation expert from the list of such experts maintained by the Pennsylvania Public Utility Commission ("**PUC**") and have jointly selected and engaged a licensed engineer for the purposes set forth in Section 1329(a)(4) of the Public Utility Code, 66 Pa.C.S. § 1329(a)(4). The final reports of each of the two utility valuation experts are attached as **Schedule 2.2**. All costs and expenses associated with the utility valuation experts shall be the responsibility of the party engaging such expert. All costs and expenses associated with the licensed engineer jointly selected by the parties were shared equally between PAWC and Seller prior to the execution of this Agreement. PAWC

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ASSET PURCHASE AGREEMENT

By and Between

Steelton Borough Authority

As Seller

and

Pennsylvania-American Water Company

As Buyer

Dated as of November 14, 2018

the Seller with respect to such Nonassignable Asset in connection with the arrangements under this Article II.

(c) If, following the date hereof and prior to the Closing, Buyer identifies any contract to which the Seller is a party which is not identified on Schedule 4.15 as an Assigned Contract as of the date hereof, and Buyer reasonably determines such contract is necessary to the operation of the System, Buyer shall give notice of such determination to the Seller and the Seller shall, promptly following receipt of such notice, deliver to Buyer an updated Schedule 4.15 identifying such contract, and such contract shall thereafter constitute and be deemed an Assigned Contract for all purposes hereunder.

(d) In the event that, during the twelve (12) month period following the Closing, Buyer identifies any contract to which the Seller was a party as of the Closing and which (i) was not set forth on or properly identified on Schedule 4.15 (as may be updated pursuant to (c)) and (ii) Buyer reasonably believes is necessary to the operation of the System, the Seller shall, promptly following Buyer's written request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such contract to Buyer for no additional consideration, and upon such assignment, such contract shall be deemed an Assigned Contract for all purposes hereunder.

ARTICLE III. PURCHASE PRICE

STEELETON

Section 3.01 Purchase Price.

(a) Purchase Price for the Assets. Subject to the terms and conditions of this Agreement, the purchase price ("Purchase Price") for the Acquired Assets shall be Twenty Two Million Five Hundred Thousand Dollars (\$22,500,000). The Purchase Price shall be payable directly to seller on the Closing Date by wire transfer.

(b) Use of Fair Market Valuation Process. Following the execution of this Agreement, Buyer and Seller shall each take such actions as are necessary to invoke, commence and complete the fair market valuation process set forth in Section 1329 of the Public Utility Code, 66 Pa.C.S. §1329. Without limiting the generality of the foregoing, Buyer and Seller shall each engage a utility valuation expert other than HRG from the list of such experts maintained by the PaPUC and shall jointly utilize HRG, a licensed engineer for the purposes set forth in Section 1329(a)(4) of the Public Utility Code, 66 Pa.C.S. §1329(a)(4). All costs and expenses associated with the licensed engineer jointly utilized by the parties shall be shared equally between the Buyer and Seller. Seller agrees that Buyer shall prosecute an application for approval of the transaction contemplated by this Agreement and Buyer agrees that: (1) Seller has the right to intervene and participate in any regulatory or legal proceeding relating to the application, including negotiation or execution of a settlement agreement related to the application; (2) Buyer shall not oppose

ASSET PURCHASE AGREEMENT
Between
TOWNSHIP OF EXETER
(as Seller)
and
PENNSYLVANIA-AMERICAN WATER COMPANY
(AS BUYER)
dated as of May 24, 2018

Article 2.4 Excluded Liabilities. Any other liabilities and obligations of Seller shall remain the sole responsibility of Seller, including any liabilities and obligations of Seller arising under or to be performed under the Collective Bargaining Agreement and any liabilities or obligations with respect to any Compensation Plan that the Seller maintains, contributes to, has an obligation to contribute to or otherwise has any liability with respect thereto, and any withdrawal liability or funding obligation incurred by Buyer on or after the Closing with respect to any multi-employer pension plan (the "Excluded Liabilities").

Article 2.5 Customer Billing. Unless Buyer and Seller agree to a different procedure prior to Closing, Seller shall issue final bills for all customer accounts in accordance with its current billing practices after the Closing Date.

Article 2.6 Purchase Price.

Exeter

a) **Purchase Price.** Subject to Section 3.4, the purchase price for the sale, transfer, assignment, conveyance and delivery of the Assets shall be \$96,000,000.00 as may be adjusted in accordance with the terms of this Agreement (the "Purchase Price"), which shall be paid by Buyer to Seller at Closing in one lump sum payment by cash or by wire transfer of immediately available funds. Buyer and Seller agree that the results of any appraisals pursuant to Act 12 (defined below) shall have no effect on the Purchase Price.

b) **Deposit.** Within fourteen (14) days after the Effective Date, Buyer shall remit a deposit in the form of a performance bond in substantially the form attached hereto as Exhibit "A" (the "Bond") in the amount of \$9,600,000.00 (equal to ten percent (10%) of the Purchase Price) ("Deposit"). The Bond is payable to Seller and the surety company shall pay to Seller the amount of the Bond under the circumstances set forth in Sections 10.1(a) and 10.2(c), if applicable. Upon Closing, Seller will provide a full and unconditional discharge and release of the Bond by way of a written release letter addressed to and in a form reasonably satisfactory to the surety company (the "Bond Release").

c) **Intentionally Deleted.**

d) **Transfer Taxes.** Any and all deed stamps or transfer taxes that may be due the Commonwealth of Pennsylvania or any political subdivision in connection with the sale, transfer, assignment, conveyance and delivery hereunder of the Assets to Buyer (collectively, "Transfer Taxes"), shall be borne equally between Buyer and Seller.

**ARTICLE 3
CLOSING**

Article 3.1 Closing. The Closing hereunder (the "Closing") shall take place at the offices of Fox Rothschild LLP at 2000 Market Street, Philadelphia, Pennsylvania, or other mutually agreed upon location, commencing at 10:00 a.m. local time, within five (5) Business Days after the date upon which all the conditions precedent to Closing described in this Agreement have been fulfilled or waived, or at such other place and time as may be mutually agreed to by the

ASSET PURCHASE AGREEMENT

By and Between

Township of Cheltenham, Montgomery County

As Seller

and

Aqua Pennsylvania Wastewater, Inc.

As Buyer

Dated as of June __, 2018

ARTICLE III.

PURCHASE PRICE

Cheltenham

Section 3.01. Purchase Price

. The purchase price for the Acquired Assets shall be Fifty Million Two Hundred Fifty Thousand Dollars (\$50,250,000) (the "Purchase Price") which shall be paid as follows at Closing:

(a) Buyer shall (i) provide for payment in full of the total amount of Outstanding Indebtedness (less any amounts of Outstanding Indebtedness actually assumed by Buyer pursuant to clause (ii) below) and/or (ii) subject to the provisions of Section 7.07, assume any of Seller's obligations related to the Outstanding Indebtedness and obtain a release of Seller from all obligations thereunder in such form and terms reasonably acceptable to Seller and/or provide written evidence of such payment in full to Seller in such form reasonably acceptable to Seller, at Buyer's discretion;

(b) Buyer shall pay, subject to any adjustment pursuant to Section 3.01(c), to Seller by wire transfer of immediately available funds the balance of the Purchase Price (after taking into account the amount paid or assumed by Buyer pursuant to Section 3.01(b)) to one or more accounts that Seller designates and provides to Buyer at least three (3) Business Days prior to the Closing Date.

(c) Final Billing: The Parties agree that Buyer shall be entitled to all customer billings with respect to sanitary wastewater customers services for the period on or after the Closing Effective Time, and Seller shall be entitled to all such billings for the period prior to the Closing Effective Time. The Parties shall cooperate to calculate an agreed upon proration of billing amounts and to the extent that either Party collects billings that are attributable to service provided by the other Party, the Party holding the other Party's billing collections shall pay such amount to the other Party.

Section 3.02. Fair Consideration

. The Parties acknowledge and agree that the consideration provided for in this Article III represents fair consideration and reasonable equivalent value for the sale and transfer of the Acquired Assets and the transactions, covenants and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's-length good faith negotiations between the Parties and their respective Representatives.

Section 3.03. Allocation of the Purchase Price

. Buyer and Seller agree that the Purchase Price (which for purposes of this Section 3.03 shall include any liabilities required to be treated as part of the Purchase Price for federal income tax

Execution Version

ASSET PURCHASE AGREEMENT

By and Between

Township of East Norriton, Montgomery County

As Seller

and

Aqua Pennsylvania Wastewater, Inc.

As Buyer

Dated as of October 29, 2018

ARTICLE III.

PURCHASE PRICE

East Norriton

Section 3.01. Purchase Price. The purchase price for the Acquired Assets shall be Twenty-One Million Dollars (\$21,000,000) (the "Purchase Price") which shall be paid as follows at Closing:

(a) Buyer shall (i) provide for payment in full of the total amount of Outstanding Indebtedness (less any amounts of Outstanding Indebtedness actually assumed by Buyer pursuant to clause (ii) below) and/or (ii) subject to the provisions of Section 7.06, assume any of Seller's obligations related to the Outstanding Indebtedness and obtain a release of Seller from all obligations thereunder in such form and terms reasonably acceptable to Seller and/or provide written evidence of such payment in full to Seller in such form reasonably acceptable to Seller, at Buyer's discretion;

(b) Buyer shall pay, subject to any adjustment pursuant to Section 3.01(c), to Seller by wire transfer of immediately available funds the balance of the Purchase Price (after taking into account the amount paid or assumed by Buyer pursuant to Section 3.01(b)) to one or more accounts that Seller designates and provides to Buyer at least three (3) Business Days prior to the Closing Date.

(c) **Final Billing:** The Parties agree that Buyer shall be entitled to all customer billings with respect to sanitary wastewater customers services for the period on or after the Closing Effective Time, and Seller shall be entitled to all such billings for the period prior to the Closing Effective Time. The Parties shall cooperate to calculate an agreed upon proration of billing amounts and to the extent that either Party collects billings that are attributable to service provided by the other Party, the Party holding the other Party's billing collections shall pay such amount to the other Party.,

Section 3.02. Fair Consideration. The Parties acknowledge and agree that the consideration provided for in this Article III represents fair consideration and reasonable equivalent value for the sale and transfer of the Acquired Assets and the transactions, covenants and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's-length good faith negotiations between the Parties and their respective Representatives.

Section 3.03. Allocation of the Purchase Price. At Buyer's request and Seller shall agree that the Purchase Price (which for purposes of this Section 3.03 shall include any liabilities required to be treated as part of the Purchase Price for federal income tax purposes), as may be adjusted pursuant to this Section 3.03, shall be allocated among the Acquired Assets in accordance with the allocation reflected in a schedule prepared by Buyer in accordance with this Section 3.03 (the "Allocation Schedule"). Within sixty (60) days following the final determination of the Purchase Price pursuant to Section 3.01, Buyer shall deliver to Seller a draft of the Allocation Schedule setting forth Buyer's proposed allocation for Seller's review. Seller shall have the right to review and reasonably comment upon Buyer's proposed Allocation Schedule, *provided*, that (a) such proposed Allocation Schedule shall be deemed approved by Seller and shall be final and binding upon the Parties unless Seller provides written notice of

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Jerome C. Weinert, Principal and Director, AUS Consultants
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Appraisals

19. Have Buyer's and Seller's UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:
- a. Identify the nature and date(s) of correspondence;
 - b. Identify the type(s) of correspondence (i.e. written, verbal, etc); and,
 - c. Provide copies of any written correspondence exchanged between the UVEs

Response: No.

Respondent: Mark J. Bubel, Sr. Project Engineer III of Aqua Services, Inc.
and
Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and Rate Consultants
LLC
and
Jerome C. Weinert, Principal and Director, AUS Consultants
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Miscellaneous

20. Are there any outstanding compliance issues that the Seller's system has pending with the PA Department of Environmental Protection. If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer's anticipated or actual plan for remediation;
 - d. Provide Buyer's estimated costs for remediation; and,
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: a.- d. Compliance issues

Mark J. Bubel, Sr.

Please see the Direct Testimony of Mark J. Bubel, Sr., Application Exhibit V (Aqua Statement No. 2) page 6 and 9. In 2018, the Township experience a high amount of sanitary sewer overflows ("SSOs") in the system related to high wet weather events. The DEP has recently contacted the Township to discuss how to address this issue. The Company will work with the DEP and the Township on a plan to address the SSOs in the system.

e. Cost of remediation

Harold Walker III:

No cost of remediation was or is factored into the fair market valuation appraisal.

Jerome C. Weinert:

Respondent: Mark J. Bubel, Sr. Project Engineer III of Aqua Services, Inc.
and
Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and Rate Consultants
LLC
and
Jerome C. Weinert, Principal and Director, AUS Consultants
Date: July 30, 2019

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

While the cost of remediation of the compliance issues of the system were not specifically considered in AUS's appraisal, the appraisal's various approaches address the remediation issue in their application. The Cost approach's recognition of depreciation, i.e., the difference between the replacement cost new of \$70,770,233 (a system without need for remediation) and the replacement cost new less depreciation of \$27,461,356 reflects the value diminishment (\$43,308,877) resulting from all causes, physical and functional depreciation related to wear and tear including such factors as remediation. Plant investment (replacement cost new less depreciation) was used along with historical plant expenditures in the income approach to project future expenditures (a deduction from cashflows) thus reducing the resultant income approach thereby addressing any remediation. The market approach was based on an analysis of market comparable to the depreciated original cost (OCLD) and the replacement cost less depreciation (RCNLD) both of which include the depreciation related to aging and wear and tear which also addresses any remediation costs.

**AQUA PENNSYLVANIA WASTEWATER, INC.
EAST NORRITON TOWNSHIP
Section 1329 Application Standard Data Requests**

Miscellaneous

21. Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency. If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer's anticipated or actual plan for remediation;
 - d. Provide Buyer's estimated costs for remediation; and
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: Please see the responses to SDR-20. The PA DEP holds primacy regulatory authority in Pennsylvania.