

EXHIBIT B

ASSET PURCHASE AGREEMENT

By and Among

**The Borough of Shenandoah, Schuylkill County,
The Municipal Authority of the Borough of Shenandoah,**

As Seller

and

Aqua Pennsylvania, Inc.

As Buyer

Dated as of July 20, 2021

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”), dated as of July 20, 2021 (the “Effective Date”), is made and entered into by and among The Municipal Authority of the Borough of Shenandoah, a body corporate and politic, organized under the Pennsylvania Municipal Authorities Act (the “Seller”), the Borough of Shenandoah, a body corporate and politic, organized under the laws of the Commonwealth of Pennsylvania (“Municipality”), and Aqua Pennsylvania, Inc., (the “Buyer”), a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania.

WITNESSETH:

WHEREAS, on the Effective Date, the Seller, acting by and through its Board (“Seller Board”), owns that certain water treatment and distribution system (the “System”) that provides public water service to various customers in the Municipality and in West Mahanoy Township in Schuylkill County, Pennsylvania (the “Service Area”); and

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

WHEREAS, as of the Effective Date, Municipality has approved this Agreement, but Seller has not. It is anticipated that Seller will approve this Agreement after the Effective Date. If Seller fails to approve this Agreement, Municipality intends to exercise the powers afforded under the Pennsylvania Municipality Authorities Act (the “MAA”) to acquire the Acquired Assets of Seller and convey them to Buyer per the terms hereof.

WHEREAS, Buyer, in reliance upon the representations, warranties and covenants of the Seller herein, desires to purchase and acquire from the Seller, and the 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 the 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, 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 therein), 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, means 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 Preamble 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.

“**Assigned Contracts**” has the meaning specified in Section 4.15.

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

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

“**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 the Seller that primarily relate directly or indirectly to the operation of the System, including those described in Schedule 4.14.

“**Borough Council**” means the Council of the Borough of Shenandoah, Schuylkill County, Pennsylvania.

“**Business Day**” means any day that is neither a Saturday, a 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.

“**COBRA**” means Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, including, without limitation, Sections 2201 through 2208 of the Public Health Service Act and Part 6 of Subtitle B of the Employee Retirement Income Security Act of 1974, as amended.

“**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.

“**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.

“**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 the Seller (including all leases of such property), which are primarily used in the operation of the System, (ii) any rights of the 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. 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 all liabilities other than Assumed Liabilities.

“Files and Records” means all files and records of the Seller primarily relating to the System, whether in hard copy or magnetic or other format including 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, computer software, and records relating to the System, and 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, re-argument, reconsideration, clarification, rescission, amendment, or supersedeas 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 petition or 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, the Seller Board and Borough Council.

“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 Requirements or which is classified as hazardous or toxic under applicable Environmental Requirements (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” or **“knowledge”** when used to qualify or limit a Party’s representations or warranties means the knowledge of such Party’s Representatives who are engaged in a material way in performing the functions of such Party with respect to which the representation made, after conducting reasonable investigation and inquiry with respect to the subject matter of the

representation. As pertaining to Municipality, Municipality shall be deemed to have whatever Knowledge Seller's Representatives would have regarding representations and warranties attributed to Seller in this 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.

"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.

"MAA" means the Pennsylvania Municipality Authorities Act.

"Material Adverse Effect," means a material 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 the Buyer has actual 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 the Buyer or its Representatives.

"Missing Easements" means, as of any particular date, each 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 and is for or used in connection with the operation of the System or (b) if such Easement

has been obtained by Seller, such Easement is unrecorded or such Easement is not sufficient to operate the System as currently conducted.

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

“Outside Date” means 365 days after the date the application to the PaPUC is accepted as complete by the PaPUC and the statutory 6-month consideration period is initiated.

“Outstanding Indebtedness” means the following outstanding indebtedness of the Seller: the Water Revenue Note from MABS to PNC Bank, dated as of September 5, 2018, issued in the original aggregate principal amount of \$6,530,000, currently outstanding, as of [●] in the aggregate principal amount of \$[●].

“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, the Municipality, or the Seller and the term “Parties” means collectively Buyer, the Municipality and the Seller.

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

“Pending Development Plan” means any project for the development of real property which is the subject of a subdivision or land development plan that has been submitted to the Municipality for approval pursuant to the Pennsylvania Municipal Planning Code.

“Permitted Liens” means (a) Liens for Taxes not yet due and payable or being contested in good faith by appropriate procedures; (b) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property as disclosed on Schedule 4.09; and (c) any encumbrances identified in the Title Commitment not identified in Buyer’s Objection Notice in accordance with the procedures and deadlines prescribed in Section 6.02(a).

“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 the Seller primarily employed in connection with providing services to the System.

“Proposal” means any written agreement, arrangement, offer or proposal (including a letter of intent, term sheet, form of definitive agreement or definitive agreement) for a Sale Transaction.

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

“Real Property” has the meaning specified in Section 4.09.

“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 Party, any director (including, in the case of Seller or the Municipality, any member of its Board or Borough Council, respectively), 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.”

"Sale Transaction" means any proposed sale, lease, liquidation or transfer of all or substantially all of the System or the Acquired Assets by Buyer; *provided*, that the term "Sale Transaction" excludes any sale or transfer of all or substantially all the assets of Buyer or the parent company of Buyer, the equity interests of Buyer or the parent company of Buyer, or all or substantially all the assets, of any of Buyer’s Affiliates or parent companies.

“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 reasonably apparent.

“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’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.

“Seller NPDES Permits” means the following **[to be inserted]** issued by PaDEP to Seller with respect to the System, including any revisions or amendments thereto.

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

“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.

“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.

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

“Unscheduled Real Property” has the meaning specified in Section 4.09.

“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 the Seller and the 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 the 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 the Seller), 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 necessary for the operation of the System, including without limitation (i) good and marketable fees 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 water treatment, transportation, and distribution facilities, including but not limited to the Seller's (i) water treatment plant located at 424 Raven Run Road in Shenandoah, PA, and (ii) all pipes, services, valves, hydrants, pumping stations, reservoirs, dams, storage tanks, improvements, fixtures, manholes and pipelines and any billing and collections related assets necessary to run the System;

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

(d) all Supplies and inventories relating to the Acquired Assets;

(e) all personal property and fixed assets, including all Equipment and Machinery, auxiliary equipment and plant equipment;

(f) all prepaid expenses and security deposits;

(g) all Files and Records;

(h) all Authorizations and Permits of or held by the Seller (to the extent transferrable to Buyer under applicable Law), including all Authorizations and Permits which are environmental permits, the Seller's NPDES Permits, water allocation permits, other operating permits and those items listed or described on Schedule 4.14 hereto; and

- (i) all goodwill of 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) all contracts, licenses and leases that are not Assigned Contracts;
- (b) the seals, organizational documents, minute books, Tax returns, books of account or other records having to do with the organization of Seller and all employee-related or employee benefit-related files or records;
- (c) cash and cash equivalents, including accounts receivable and existing financial security guaranteeing installation of public improvements (including water facilities);
- (d) all insurance policies of Seller and all rights to applicable claims and proceeds thereunder;
- (e) all rights to any action, suit or claim of any nature available to or being pursued by Seller, whether arising by way of counterclaim or otherwise;
- (f) all assets, properties and rights used by Seller other than those which primarily relate to the operations of the System;
- (g) the assets, properties and rights specifically set forth on Schedule 2.02(g); and,
- (h) the rights which accrue or will accrue to Seller under this Agreement and any related agreement, exhibit or schedule.

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 the Seller to Buyer, as herein provided, shall be on the Closing Date, free and clear of all Liens other than Permitted Liens. 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 the Seller (1) arising under the Seller's NPDES Permits (arising from, related to, or based on events or circumstances occurring on or after the Closing Date), (2) arising under Seller's water allocation permits (arising from, related to, or based on events or circumstances occurring on or after the Closing Date), and (3) arising out of or relating to the System or the Acquired Assets on or after the Closing Date, specifically described as the following:

(i) all liabilities and obligations under the Assigned Contracts and Authorizations and Permits;

(ii) except as set forth in Section 7.03, all liabilities and obligations relating to employee benefits, compensation or other arrangements with respect to any Transferred Personnel arising on or after the Closing;

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

(iv) all liabilities and obligations for Taxes relating to the System, its operation, the Acquired Assets and the Assumed Liabilities attributable to the period beginning on the Closing Date; 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, 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, the Seller and/or Municipality shall, upon the request of Buyer, and Buyer shall, upon the request of the Seller and/or Municipality, 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, the Parties 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, the Seller and/or Municipality 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 one-half by Buyer and one-half by the Seller.

(b) Until such time as a Nonassignable Asset is transferred to Buyer pursuant to this Article II, the Parties 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 the Seller and/or Municipality 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 and/or Municipality, pay, perform and discharge the liabilities and obligations of the Seller and/or Municipality 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 and/or Municipality 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 the Seller and/or Municipality 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 and/or Municipality 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/or Municipality and the Seller and/or Municipality 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 Date, Buyer identifies any contract to which the Seller and/or Municipality 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 and/or Municipality 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.

Section 2.07. **Seller Approval of Agreement.**

(a) The execution of this Agreement by Municipality and Buyer shall constitute a binding agreement between those two Parties, notwithstanding the absence of Seller's execution of this Agreement.

(b) Upon Seller's approval of this Agreement, Seller shall deliver an executed counterpart signature page and shall, within thirty (30) days following such approval by Seller, provide updated Disclosure Schedules with all information required to make such Disclosure Schedules accurate and complete.

(c) Unless and until Seller approves this Agreement, Municipality shall enjoy all of the rights of Seller and Municipality shall be responsible for and discharge all of the obligations of Seller under this Agreement and shall be liable for any breaches of Seller's representations, warranties and covenants 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 Twelve Million Dollars (\$12,000,000) (the "Purchase Price") which shall be paid as follows at Closing:

(a) Buyer shall provide for the payment in full the total amount of Outstanding Indebtedness on account of the Purchase Price; 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 of immediately available funds the balance of the Purchase Price 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 the Buyer shall be entitled to all customer billings with respect to water system customers services for the period on or after the Closing Effective Time, and the Seller shall be entitled to all such billings prior to the Closing Effective Time. The Parties shall cooperate to calculate an agreed upon proration of billing amounts and to credit the Purchase Price for the appropriate Party on the Closing Date.

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**

. 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), shall be allocated among the Acquired Assets in accordance with an allocation prepared by Buyer in its sole discretion in accordance with this Section 3.03 (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 THE SELLER

The Seller and the Municipality make only the specified 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, the Seller and Municipality jointly and severally represent and warrant, as of the Effective 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**

. The Municipality is a body corporate and politic, organized and existing under the Borough Code of the Commonwealth of Pennsylvania. The Seller is duly organized and existing under the Municipal Authorities Act and incorporated by appropriate legal action by the Seller.

Section 4.02. **Power and Authority**

. The Municipality (i) duly adopted the 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 the Municipality of its obligations contained in this Agreement. The Municipality has all requisite 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. The Seller (i) duly adopted the resolutions 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 the Seller of its obligations contained in this Agreement. The Seller has all requisite 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 the Seller and the Municipality and constitutes a valid and legally binding obligation of each, enforceable against the Seller and Municipality 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 the Seller and Municipality, the consummation of the transactions contemplated hereby and the performance by each 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 the Seller and Municipality under (i) any applicable Law or (ii) any agreement, instrument or document to which the Seller and/or Municipality 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 the or the performance by the Seller and/or Municipality 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 or the Municipality, either accrued, absolute, contingent or otherwise, relating to the Acquired Assets, other than liabilities incurred in the ordinary course. All of the Outstanding Indebtedness can be repaid or defeased by Seller and/or Municipality and any security interests granted by Seller and/or

Municipality to secure its obligations pursuant thereto can be extinguished or terminated at or prior to the Closing pursuant to the contractual terms applicable to such Outstanding Indebtedness.

Section 4.07. **Absence of Certain Changes or Events**

. Except as set forth on Schedule 4.07, since December 31, 2019, there has not been any transaction or occurrence that has resulted or is reasonably likely to result in a Material Adverse Effect and the Seller has operated and maintained the System since December 31, 2019 in the ordinary course.

Section 4.08. **Tax Matters**

. Except as set forth in Schedule 4.08, that (i) the Seller has timely paid all Taxes that may have been or may be due and payable by the 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. This section does not apply to any Tax matter related to an employee benefit plan or compensation arrangement that is addressed separately in Section 4.11.

Section 4.09. **Real Property and Easements**

. Schedule 4.09 identifies all of Seller's rights in and to real property, including fee interests, Easements, or other interests (collectively, "Real Property") Seller owns and uses in the operation of the System and separately identifies the Easements. The 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. The 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 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, (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; and (iv) Seller has not received written notice of any special assessments of the nature referred to in Section 7.01, nor does it have any Knowledge of any intentions by any Governmental Authority to impose any such special assessments.

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, the 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.

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 414(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**

. As of the Effective Date, the Seller and Municipality are not able to make the following environmental representations. In between the Effective Date and the Closing Date, the Seller and Municipality will perform further due diligence with respect to these representations. At least 45 days prior to the Closing Date, Seller and Municipality shall send Buyer written confirmation that Seller and Municipality will include the following representations and warranties within the Certificate that Seller and Municipality are required to deliver to Buyer at Closing pursuant to Section 12.02:

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

(b) The 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) Neither the Seller nor Municipality have 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) The Seller has delivered to Buyer (1) all environmental site assessments pertaining to the System, (2) all compliance audits or compliance assurance reviews prepared within the previous five (5) years relating to compliance with Environmental Requirements by the System, and (3) all 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 the Seller.

Section 4.14. **Authorizations and Permits**

. Seller and Municipality represent that (i) Schedule 4.14 lists or describes the Authorizations and Permits of Seller that are currently in full force and effect; (ii) the 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, the Seller and Municipality are in compliance in all respects with all terms, conditions and requirements of all Authorizations and Permits, and no proceeding is pending or, to the knowledge of the Seller or Municipality threatened relating to the revocation or limitation of any of the Authorizations or Permits.

Section 4.15. **System Contracts**

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

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

(c) Seller and Municipality further represent that all of the Assigned Contracts specified in Schedule 4.15 are in full force and effect. Seller and Municipality have not, nor to the knowledge of the Seller or Municipality have 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 the Seller or Municipality, or to the knowledge of Seller or Municipality, any other party, to be in default under any Assigned Contract.

Section 4.16. **Compliance with Law; Litigation**

(a) The Seller has operated and is operating the System in compliance with all applicable Laws, Authorizations and Permits and is not in breach of any applicable Law, Authorization or Permit. 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 disclosed to the Buyer in the Disclosure Schedules (as those are updated pursuant to Section 9.03 below), to the Seller's Knowledge, 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 and there are no past, pending or threatened environmental claims or governmental enforcement actions against the Seller or Municipality.

(c) 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 the Seller or Municipality, threatened against the Seller or Municipality prior to or at the Closing Effective Time. 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 the Seller or Municipality, threatened against the Seller or Municipality which could materially affect the validity or enforceability of this Agreement.

Section 4.17. **Broker's and Finder's Fees**

Seller and Municipality represent that no broker, finder, or third party is entitled to any commission or finder's fee by reason of any agreement or action of Seller or Municipality in connection with this Agreement or the transactions contemplated by this Agreement. Seller and Municipality agree to pay when due the fees and expenses of their financial and technical advisors.

Section 4.18. **Title to the Acquired Assets; Sufficiency**

(a) Except as set forth on Schedule 4.18(a), the Seller has good and marketable title to, valid leasehold interest in or valid licenses to use, 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.

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 the Seller to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer hereby represents and warrants to the 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**

. The 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**

. The 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 the Buyer and constitutes a valid and legally binding obligation of the 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 the Buyer, the consummation of the transactions contemplated hereby and the performance by the 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 the Buyer under (i) any applicable Law, (ii) any material agreement, instrument or document to which

the Buyer is a party or by which it is bound or (iii) the articles, bylaws or governing documents of the Buyer.

Section 5.04. **Consents and Approvals**

. Except as set forth on Schedule 5.04, the execution and delivery of this Agreement by the Buyer, the consummation of the transactions contemplated hereby and the performance by the 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 the Buyer under (i) any applicable Law, (ii) any material agreement, instrument or document to which the Buyer is a party or by which it is bound or (iii) the articles, bylaws or governing documents of the Buyer.

Section 5.05. **Broker's and Finder's Fees**

. Buyer represents that no broker, finder or third party 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, public 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. **Scheduled Matters**

. Buyer acknowledges that: (a) the inclusion of any matter on any Schedule shall not necessarily be deemed an admission by Seller or Municipality 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 5.09. **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 the Seller expressly contained in Article IV of this Agreement.

Section 5.10. **Litigation**

. The Buyer is not in breach of any applicable Law that could have a material adverse effect on the operations of the System or the Buyer. Neither the Buyer nor any Affiliate of the 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 the 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 5.10, 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 the Buyer, threatened against the Buyer prior to or at the Closing Effective Time, which will have a material adverse effect on (i) the transactions contemplated by this Agreement or (ii) the validity or enforceability of this Agreement.

Section 5.11. **Independent Decision**

. Except as expressly set forth in this Agreement, or any of the related agreements, Buyer acknowledges that (a) neither Seller nor Municipality nor any other Person has made any representation or warranty, and (b) neither Seller nor Municipality 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. .

ARTICLE VI.

TITLE TO REAL ESTATE; EASEMENTS

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 American Land Title Association's ("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 twenty (20) 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 with Seller 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 the Buyer or any requirements, conditions or obligations of the Buyer, and (c) 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 (c) aforesaid, being referred to as the "Title Objection Items"). Any Objection Notice shall 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. In the event that Buyer provides the Seller with an Objection Notice, the Seller shall have all of the Title Objection Items cured, satisfied or released of record (individually, "Cure" and collectively, "Cured") prior to or as of the Closing. At or prior to the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing that Seller has Cured all such Title Objection Items. In the event that Seller is unable to Cure any Title Objection Item per this Section 6.02(a), Seller or Municipality shall indemnify Buyer for such inability per the terms of Article VIII hereof. For avoidance of doubt, Buyer acknowledges that no item listed in clauses (a) through and including (c) aforesaid, may be objected to by Buyer as a Title Objection Item.

(b) Liens. Without limiting the Seller's obligations pursuant to Section 6.02(a) above, prior to or as of the Closing, the 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 the Buyer or any mortgagee of the 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 and Municipality 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 or Municipality 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(c), 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.

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 Date, 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 the 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, the Seller will, at its sole cost and expense, cause and abstractor selected by the Seller and reasonably acceptable to Buyer and the Title Company (the "Abstractor"), to perform, at the Seller's sole cost and expense, a search of the public land records of Schuylkill County, based on the 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 the 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 (including information related to any Liens or encumbrances on Seller's title thereto), and (ii) together with the 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), the Seller will promptly provide the same to Buyer for its review, and, without limiting the foregoing, the Seller shall, or shall cause the Abstractor to, provide Buyer with periodic updates (which shall occur no less frequently than every other week) on the status of the activities set forth in the previous sentence.

(b) Notice of Objections. Within thirty (30) days of Buyer's receipt from the Seller (or the Abstractor) of the information described in subsection (a) above, Buyer shall deliver to Seller an Objection Notice identifying the encumbrances on the Easements that are unacceptable to Buyer, provided such exceptions are not Permitted Liens (an "Easement Objection Notice"). In the event that Buyer provides the Seller with an Easement Objection Notice, the Seller shall use commercially reasonable efforts to have such objections Cured, prior to or as of the Closing. At or prior to the Closing, the Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer, evidencing that Seller has Cured all objections identified in the Easement Objection Notice. In the event that Seller is unable to Cure any such Objection Item per this Section 6.05(b), Seller or Municipality shall indemnify Buyer for such inability per the terms of Article VIII hereof.

(c) In the event that during the process of Abstractor's review and investigation of the Schuylkill County land records, Seller determines, based on the Abstractor's investigation, that there is a Missing Easement, the Seller or Municipality 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 the Seller or Municipality. In the event Seller has not obtained all Missing Easements by the date that is ninety (90) 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 the Seller or Municipality shall, as soon as reasonably practicable, commence and file in the Court of Common Pleas, Schuylkill 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 the Seller or Municipality shall be considered an Easement.

Section 6.06. **Unscheduled Property**

. The Parties acknowledge that the Seller may own interests in or have the legal right to use or occupy the Real Property 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, with no adjustment to the Purchase Price, 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, the 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 Date. Notwithstanding the prior sentence, any special assessments on the Real Property incurred after the Effective Date and prior to the Closing Date which Seller discloses to Buyer, whether or not currently due and payable, shall be paid by the Buyer in accordance with their terms.

Section 7.02. **Cooperation on Tax Matters**

. The 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. **Personnel Matters.**

Buyer shall offer employment effective on the Closing Date, to all Personnel as of the Closing Date. The active Personnel who accept such offer of employment and commence employment with Buyer on the Closing Date, shall be referred to in this Agreement as the “Transferred Personnel.” For purposes of clarity, nothing contained in this Section 7.03 shall be deemed to limit, restrict or prohibit Buyer from interviewing the applicable Personnel for informational purposes only in connection with the transfer of employment of the Personnel to Buyer as provided in this Section 7.03. In addition to the foregoing, Buyer shall have the option of making the required offer of employment at such time to permit Buyer to require such offerees’ decision to accept or reject such offers at least three (3) months prior to a projected Closing Date to permit Buyer to ensure the adequate staffing of the System upon Closing. Accordingly, Buyer shall have no obligation to permit offers to remain outstanding beyond the date that is projected to be (3) months prior to Closing.

(a) Buyer's offers of employment will be at each of the individual Transferred Personnel's salary or rate of pay levels in effect as of the Effective Date of this Agreement or a higher salary or rate of pay. Excluding the union pension plan, Buyer shall provide each of the Transferred Personnel benefits comparable to the Buyer's Roaring Creek division employee benefits which are at least substantially comparable to, in the aggregate (including paid vacation and sick time benefits), Seller's benefits as of the Effective Date. The parties recognize that Buyer intends to hire Transferred Personnel paid on an hourly basis, excluding office clerical employees, foreman, professional employees, executive and supervisory personnel, into Buyer's existing Roaring Creek division and include them in the existing bargaining unit governed by a collective bargaining agreement ("CBA") between the Roaring Creek Division and the Utility Workers Union of America ("UWUA"). Pursuant to the current collective bargaining agreement between Buyer and UWUA, comparable bargaining unit members currently have a higher hourly wage than the union Transferred Personnel.

(b) Subject to the obligations of Seller under applicable Law, Buyer's rights and obligations set forth in Section 7.03, 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. Transferred Personnel's length of service shall not be recognized for any other purpose.

(c) 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. For purposes of this Agreement, the following claims shall be deemed to be incurred as follows: (i) life, accidental death and dismemberment, short-term disability, and workers compensation insurance benefits, on the event giving rise to such benefits, (ii) medical, vision, dental, and prescription drug benefits, on the date the applicable services, materials or supplies were provided, (iii) long-term disability benefits, on the eligibility date determined by the long-term disability insurance carrier for the plan in which the applicable Personnel participates.

(d) This Section 7.03 shall be binding upon and inure solely to the benefit of each of the Parties to this Agreement, and nothing in this Section 7.03, express or implied, shall confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 7.03. The Parties acknowledge and agree that the terms set forth in this Section 7.03 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 7.03 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.

(e) 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 or 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 7.03(c).

Section 7.04. **Rates**

(a) **Rates**. Buyer shall implement Seller's water system rates then in effect at Closing, as reflected on Schedule 7.04(a) ("Seller Base Rates"), until the Buyer's next base rate case proceeding following Closing. The Buyer shall not apply Buyer's Distribution System Improvement Charge to the Seller Base Rates until calendar year 2023. Buyer may apply required surcharges (e.g., State Tax Adjustment Surcharge) to Seller Base Rates after Closing. Buyer intends to bill customers on a monthly basis instead of quarterly billing, which Buyer will prorate accordingly.

(b) The rate provisions of Sections 7.04(a) shall be part of the Buyer's requested PaPUC Governmental Approval.

Section 7.05. **Buyer Taxpayer**

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

Section 7.06. **PaPUC Approval**

. 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 water 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 the Buyer in proceedings before the PaPUC. Buyer and Seller hereby agree that the procedures for determining fair market value of the System and Acquired Assets outlined in Section 1329(a) of Title 66 of the Pennsylvania Consolidated Statutes shall be utilized and filed with the PaPUC as contemplated by Section 1329(c) of Title 66 of the Pennsylvania Consolidated Statutes. Buyer and Seller hereby agree that the fees and expenses related to the mutually agreed upon licensed engineer that will conduct the engineering assessment for the application to the PaPUC shall be borne fifty percent (50%) by the Buyer and fifty percent (50%) by the Seller.

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, 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. **Pending Development Plans**

(a) Buyer and Seller acknowledge that from the time of the Effective Date, the Seller shall continue to administer, and perform its duties and responsibilities with respect to the Pending Development Plans set forth on Schedule 4.19. For the avoidance of doubt, after the Closing Date, the Seller shall not seek to collect any EDU-related fees.

(b) Following the Effective Date, Seller shall not enter into any contract with a third party that contemplates the construction of new water facilities, including, without limitation, pumping stations, mains, services, valves, hydrants, manholes, or pipelines for service to future customers related to Pending Development Plans (collectively, "New System Assets") without providing a draft of such contracts to Buyer for its review and approval as to the design and specifications prior to execution by the parties to such contracts. Buyer shall have fifteen (15) business days to review and approve such contracts, and Buyer's failure to object in writing to any terms of such contracts within such fifteen (15) day review period shall be deemed an approval of the same by Buyer.

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. **Certain Restrictions, Right of First Refusal**

(a) Buyer hereby acknowledges and agrees that for a period beginning on the Closing Date and ending on the date that new base rates are effective resulting from Buyer's first base rate case following the Closing Date (regardless of whether the System is or is not included in Buyer's first rate case following Closing) (the "ROFR Period"), the Municipality shall have a right of first refusal with respect to a Sale Transaction, as set forth in this Section 7.10.

(b) Buyer and Seller agree that if Buyer receives a Proposal that, if consummated, would qualify as a Sale Transaction, the Municipality shall have the right to purchase the System Assets on substantially the same or better terms and conditions contained in the Proposal. Buyer shall provide the terms of the Proposal to Municipality within twenty (20) calendar days of receiving such Proposal, along with any information provided to the party that submitted the Proposal (but, in every case, limited to information pertaining to the System only) (the "Proposal Notice"). Municipality shall have no right to any information or diligence material other than what Buyer is required to include with the Proposal Notice. Municipality shall then have an irrevocable and exclusive option to exercise the option to purchase the System Assets provided

in this Section 7.10 by delivering written notice to Buyer (the "Exercise Notice") within ninety (90) calendar days after the date of the Proposal Notice (the "Sale Proposal Review Period"). Delivery of the Exercise Notice by the Municipality shall be a binding obligation on the Municipality to acquire the System Assets on the terms and conditions contained in the Proposal. If Buyer does not receive an Exercise Notice along with evidence that the Municipality has approved the acquisition in accordance with applicable law, all prior to the expiration of the Sale Proposal Review Period, the Municipality shall be deemed to have refused to exercise its rights under this Section 7.10 and those rights shall terminate immediately.

(c) Buyer acknowledges and agrees that irreparable damage would occur and Municipality would not have an adequate remedy at law in the event that any of the provisions of this Section 7.10 were not performed by them in accordance with their specific terms or were otherwise breached, and that monetary damages, even if available, would not be an adequate remedy therefor, and therefore fully intend for specific performance to be the principal remedy for breaches of this Section 7.10. It is accordingly agreed that Municipality shall be entitled to an injunction or injunctions to prevent breaches of this Section 7.10 and to enforce specifically the performance of terms and provisions of this Section 7.10 without proof of actual damages, this being in addition to any other remedy to which Municipality and/or its designee are entitled at law or in equity. Buyer further agrees not to assert that a remedy of specific performance is unenforceable, invalid, contrary to applicable Law or inequitable for any reason, nor to object to a remedy of specific performance on the basis that a remedy of monetary damages would provide an adequate remedy for any such breach.

Section 7.11. **Paving**

. The Buyer shall be responsible for paving curb-to-midpoint for any pavement damaged or disturbed by Buyer for any reason including pipe replacement and repair.

Section 7.12. **Acquisition of Acquired Assets by Municipality from Seller**

No later than the Closing Date, in the event that Seller does not approve and join in this Agreement per Section 2.07, Municipality shall have exercised all powers including, without limitation, those granted to Municipality under the MAA, to acquire all of the Acquired Assets from Seller such that Municipality can transfer the Acquired Assets to Buyer at Closing in accordance with the terms hereof.

Section 7.13. **Covenant Survival**

. The covenants set forth in this Article shall survive Closing.

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 the Seller

and Municipality set forth in Section 4.01 (Organization), Section 4.02 (Power and Authority), Section 4.03 (Enforceability) and Section 4.17 (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 the Seller**

. To the maximum extent permitted by applicable Law and subject to the terms and conditions of this Article VIII, the Seller and Municipality agree, jointly and severally, 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 material misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of the Seller and/or Municipality contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by the Seller and/or Municipality 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 material breach or material nonfulfillment of any of the covenants or agreements of the Seller and/or Municipality contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by the Seller and/or Municipality prior to the Closing pursuant to this Agreement; or (c) any Excluded Liability or Excluded Asset. Notwithstanding anything in this Agreement to the contrary, Municipality shall be responsible for all obligations of Seller under this Article VIII.

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 the Seller and Municipality 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 the 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 Requirements, 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. The 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. **Knowledge of Breach**

. No Party shall not be liable under this Article VIII for any Losses based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of such Party contained in this Agreement if the Party claiming such Losses had actual knowledge of such inaccuracy or breach prior to the Closing.

ARTICLE IX.

PRE-CLOSING COVENANTS OF THE 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, the 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 the Seller and the System and their customers, lenders, suppliers, regulators and others having business relationships with the Seller and the System including, but not limited to, the land development agreements in existence as of the Effective Date which such agreements shall not be materially amended without notice to and the consent of Buyer, which consent shall not be unreasonably withheld or delayed.

Section 9.02. **Cooperation**

. The Seller and Municipality 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**

. The 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. Within three (3) Business Days of having Knowledge of the same, the Seller shall 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 provided in Section 7.06 or otherwise expressly provided herein, the Seller and Municipality shall file all applications and reports that are required to be filed by Seller and/or Municipality with any Governmental Authority as provided on Schedule 4.05 to the Buyer. The Seller shall also promptly provide all information that any Governmental Authority may require in connection with any such application or report. The 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 the 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, the Buyer and the Seller may still mutually agree to proceed to consummate the transaction.

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 the Seller and Municipality 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 the Seller and Municipality 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 the Seller and Municipality 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 THE SELLER

The obligation of the 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 the 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 4.04; 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 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 the 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 the Seller and Buyer. In the event a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, the Buyer and Seller may still mutually agree to proceed to consummate the transaction.

Section 11.04. **No Injunctions**

. Neither the 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 the 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 the 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 12.01(a) and all consents, waivers, authorizations and approvals of any Governmental Authority required pursuant to Section 4.05;

(b) Approval by the Seller Board and Municipality for: (i)(A) defeasance and redemption of any outstanding bonds issued by the Seller on the System included in the Outstanding Indebtedness and (B) discharge of any other outstanding debt issued to the Seller and payable to any current lender and (ii) applying any funds related funds held in any construction fund or account under any indenture(s) being held by the Seller or any lender to the Seller on any outstanding debt (it being understood that any debt service funds or debt service reserve funds will be applied to the defeasance, redemption and discharge of outstanding debt); and

(c) 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 and Municipality**

. The representations and warranties made by the Seller and Municipality in Article IV this Agreement (disregarding all “materiality” and “Material Adverse Effect” or similar qualifications contained therein), specifically including, without limitation, those representations and warranties to be made as of Closing by the Seller and Municipality set forth in Section 4.13, 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), and the Buyer shall have received a certificate to that effect from the 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 the Seller and Buyer. In the event a party to the PaPUC proceeding appeals PaPUC authorization of the transaction, the Buyer and Seller may still mutually agree to proceed to consummate the transaction.

Section 12.04. **No Injunctions**

. Neither the 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.

Section 12.08. **Municipality's Acquisition of the Acquired Assets**

Municipality shall have acquired the Acquired Assets pursuant to Sections and 7.12 in order to permit Municipality to convey the Acquired Assets to Buyer as required under this Agreement.

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 the 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., Borough of Shenandoah, PA time, on the Closing Date (the "Closing Effective Time").

Section 13.02. **Deliveries by Seller**

. At the Closing, the Seller or Municipality 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);

(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 the Seller relating to the Real Property or the Assigned Contracts;
- (g) Certificate of the Seller pursuant to Section 12.02 of this Agreement;
- (h) Certificate of the 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 the 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 the Seller and the Buyer;
- (b) By either the Seller or the 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 the 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 the Buyer pursuant to the terms of this Agreement or of any representation or warranty of the Buyer contained in this Agreement, which breach (i) has continued without cure for a period of sixty (60) days following written notice thereof by the Seller to the 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 the Seller in writing); or

(d) By the 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 the Seller pursuant to the terms of this Agreement or of any representation or warranty of the Seller contained in this Agreement, which breach (i) has continued without cure for a period of sixty (60) days following written notice thereof by the Buyer to the 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 the 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 the Seller or the 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.

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 by one Party shall be subject to review by the other Party 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 the Seller:

Municipal Authority of the Borough of Shenandoah
[●]
[●]

in the case of the Municipality

Borough of Shenandoah
15 W Washington Street
Shenandoah, PA 17976
Attention: [●]

with a copy to:

James J. Amato, Esquire
Fanelli, Evans & Patel, P.C.
No. 1 Mahantongo Street
Pottsville, PA 17901

in the case of the Buyer:

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

Attention: Marc A. Lucca, President

with a copy to:

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

Attention: Frances P. Orth, Vice President and Senior Managing Counsel

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 of 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 Schuylkill 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 Schuylkill 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.

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.

MUNICIPAL AUTHORITY OF THE
BOROUGH OF SHENANDOAH

AQUA PENNSYLVANIA, INC.

By: James Rusin

DocuSigned by:
Marc Lucca
4E722E4AF...015E

By: _____

Printed: James Rusin

Printed: Marc A. Lucca

Its: President

Its: President

ATTEST:

ATTEST:

By: John Dombrosky
Name: John Dombrosky
Its: Secretary

By: _____
Name: _____
Its: _____

BOROUGH OF SHENANDOAH

By: _____

Printed: _____

Its: _____

ATTEST:

By: _____
Name: _____
Its: _____

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.

MUNICIPAL AUTHORITY OF THE
BOROUGH OF SHENANDOAH

AQUA PENNSYLVANIA, INC.

DocuSigned by:
Marc Lucca
4EA22E4AF39946E...

By: _____

By: _____

Printed: _____

Printed: Marc A. Lucca

Its:

Its: President

ATTEST:

ATTEST:

By: _____

By: _____

Name:

Name:

Its:

Its:

BOROUGH OF SHENANDOAH

By: _____

Printed: _____

Its:

ATTEST:

By: _____

Name:

Its:

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.

MUNICIPAL AUTHORITY OF THE
BOROUGH OF SHENANDOAH

AQUA PENNSYLVANIA, INC.

By: _____

By: _____

Printed: _____

Printed: Marc A. Lucca

Its:

Its: President

ATTEST:

ATTEST:

By: _____

By: _____

Name:

Name:

Its:

Its:

BOROUGH OF SHENANDOAH

By: John Paul Dombrosky (VP.)

Printed: John Paul Dombrosky (VP.)

Its: Vice President

ATTEST:

By: Anthony Surra

Name:

Its: Borough Manager

Schedule 2.02(g)

Excluded Assets

1. Wind energy facilities as described in the Wind Energy Lease and Easement Agreement effective as of September 1, 2008 between Locust Ridge II, LLC and the Seller, and the land beneath those facilities. (Parcel Nos. 30-08-0059; 30-08-0058.001; 30-08-0060; 30-08-0061)
2. Breached Dams: Kehly Run Dam #3, #5, and #6. (Parcel Nos. 36-02-0002; 36-02-0003; 36-02-0003.001; 36-02-0003.0002; 30-09-00023).
3. Brandonville Dam and Pump Station
4. Certain Cell Tower Revenue: Revenues from the Cell Towers (defined below) will be allocated between the Parties as follows: (i) from the Closing Date to the fifth anniversary of the Closing Date, the Municipality will retain all revenues from the Cell Towers; (ii) from the fifth anniversary of the Closing Date to the eleventh anniversary of the Closing Date, Municipality will receive the first \$10,000 of revenue from the Cell Towers and Buyer will retain the remaining revenue; and (iii) after the eleventh anniversary of the Closing Date, Buyer will retain all revenues from the Cell Towers. The term “Cell Towers” means the cellular communications facility, including all improvements, equipment, antenna and conduit as described in the Water Tower Lease Agreement dated January 9, 2017, between Cellco Partnership d/b/a Verizon Wireless and the Seller (the “Lease”); provided that on and after the fifth anniversary of the Lease extension date, occurring on or about January 8, 2027, the Lease shall be assigned to the Buyer, without further action on the part of the Seller, by virtue of the agreement to assign the Lease to the Buyer beginning in 2027.
5. Seller is in the process of acquiring two trucks that it intends to purchase before the Closing Date.
6. Vacant land not required for the operation of the System.

Schedule 4.05

Required Governmental Consents

1. PaPUC Approval of Transaction.
2. PaDEP approval of transfer of permits identified on Schedule 4.14.

Schedule 4.06

Undisclosed Liabilities

- *Agular v. Moyer*, 3-21-CV-00595-MCC
- *Figeroa v. Moyer*, 3-21-CV-00601-MCC

Schedule 4.07

Absence of Certain Changes or Events

None.

Schedule 4.08

Unpaid Taxes and Tax Claims

None.

Schedule 4.09

Real Property and Easements; Liens

Fee Simple

Parcel Number	Address #	Street	Municipality
30-07-0011.000	72	Lex Lane	Union Township
30-07-0011.001		Reservoir Road	Union Township
30-07-0022.000		North of Reservoir Rd	Union Township
30-08-0007.000		Reservoir Road	Union Township
36-01-0005.002	424	Raven Run Road	West Mahanoy Township
36-01-0007.000		N. Side of Raven Run	West Mahanoy Township
36-01-0008.000	430	Raven Run Lost Creek	West Mahanoy Township
36-02-0026.000	0	Swatara Road	West Mahanoy Township
36-02-0055.005	0	Coal Street	West Mahanoy Township
36-08-0047.005	0	Swatara Road	West Mahanoy Township
64-05-0281.002	104	N. Ferguson St.	Shenandoah Borough
64-05-0283.000		N. Ferguson St.	Shenandoah Borough

Easements

Parcel Number	Address #	Street	Municipality
04-02-0032.000		Connerton Road	Butler Township
04-02-0036.000		Rapp Road	Butler Township
04-03-0001.000		Connerton Road	Butler Township
30-07-0011.003		Lex Ln	
30-07-0025.000		Reservoir Road	Union Township
30-07-0025.002	295	Reservoir Road	Union Township
30-07-0025.003	289	Reservoir Road	Union Township
30-07-0026.000		Reservoir Road	Union Township
30-07-0026.001	247	Reservoir Road	Union Township
30-07-0026.002	267	Reservoir Road	Union Township
30-08-0001.000		Reservoir Road	Union Township
30-08-0003.000	483	Reservoir Road	Union Township
30-08-0005.000	515	Reservoir Road	Union Township
30-08-0006.000		Reservoir Road	Union Township
30-08-0010.000		Reservoir Road	Union Township
30-08-0011.000		Reservoir Road	Union Township
30-08-0012.000	28	Thompson Lane	Union Township
30-08-0021.004	174	Ringtown Boulevard	Union Township
30-08-0058.000		Jerrys Road	Union Township
30-08-0059.000		Reservoir Road	Union Township
30-08-0064.000		Union & W Mahanoy Twp Line	Union Township
30-08-0065.000		Union & W Mahanoy Twp Line	Union Township

36-02-0003.003		E. Side of Shenandoah	West Mahanoy Township
36-01-0004.000		North Side Of Raven Run	West Mahanoy Township
36-01-0005.000	424	Raven Run Road	West Mahanoy Township
36-02-0006.000		Shenandoah Highway	West Mahanoy Township
36-02-0006.001		Shenandoah Highway	West Mahanoy Township
36-02-0015.000		Ringtown Boulevard	West Mahanoy Township
36-02-0055.004	725	W. Mahanoy/Shenandoah Line	West Mahanoy Township
36-02-0105.000		W. Coal Street	West Mahanoy Township
36-02-0114.000	43	Teresa Street	West Mahanoy Township
36-02-0123.000	1193	W. Center Street	West Mahanoy Township
36-02-0125.000	1185	W. Center Street	West Mahanoy Township
36-04-0007.000		Mount Olive Boulevard	West Mahanoy Township
36-04-0015.000		Mount Olive Boulevard	West Mahanoy Township
36-04-0018.000		Lost Creek #2	West Mahanoy Township
36-04-0020.001		New Road	West Mahanoy Township
36-04-0023.000		High Road	West Mahanoy Township
36-04-0024.000		New Road	West Mahanoy Township
36-04-0027.000		Newton Street	West Mahanoy Township
36-04-0029.000		Store Patch	West Mahanoy Township
36-04-0029.001	393	Mount Olive Boulevard	West Mahanoy Township
36-04-0157.000	417	Mount Olive Boulevard	West Mahanoy Township
36-04-0159.000	411	Mount Olive Boulevard	West Mahanoy Township
36-04-0180.000	28	Convent Road	West Mahanoy Township
36-04-0197.000	5	Church Street	West Mahanoy Township
36-04-0198.000	8	Convent Road	West Mahanoy Township
45-04-0009.000		E. Mahanoy Avenue	Girardville Borough
45-04-0018.000		A Street	Girardville Borough
64-01-0001.001		W. Centre Street	Shenandoah Borough
64-01-0001.002		N. Vine Street	Shenandoah Borough
64-01-0001.007	806	W. Coal Street	Shenandoah Borough
64-01-0023.000	600	S. Main Street	Shenandoah Borough
64-01-0025.002		Penn Street	Shenandoah Borough
64-01-0027.001		S. Main Street	Shenandoah Borough
64-01-0029.000		S. Main Street	Shenandoah Borough
64-01-0031.000	43	S. Main Street	Shenandoah Borough
64-01-0032.001		Herald Road	Shenandoah Borough
64-01-0041.000		N. Main & E. Washington Street	Shenandoah Borough
64-01-0041.003		E. Washington Street	Shenandoah Borough
64-01-0042.000	101	E. Washington Street	Shenandoah Borough
64-01-0045.000		Penn Street	Shenandoah Borough
64-01-0047.002		Washington Street	Shenandoah Borough
64-01-0048.000		Penn Street	Shenandoah Borough
64-02-0003.000		W. Penn Street	Shenandoah Borough
64-02-0003.001	1037	W. Coal Street	Shenandoah Borough
64-02-0003.002		W. Coal Street	Shenandoah Borough

64-02-0006.000	212	W. Coal & Race Street	Shenandoah Borough
64-02-0029.000		W. Penn Street	Shenandoah Borough
64-03-0001.004	841	W. Penn Street	Shenandoah Borough
64-03-0051.011		Coal Street	Shenandoah Borough
64-06-0027.000		N. Bridge Street	Shenandoah Borough
64-06-0328.000	532	Herald Street	Shenandoah Borough
64-08-0144.000	116	S. Main Street	Shenandoah Borough
64-08-0145.000	120	S. Main Street	Shenandoah Borough
64-08-0350.000		Laurel Street	Shenandoah Borough
64-08-0352.000		S. White Street	Shenandoah Borough
64-11-0093.001		Furnace Street	Shenandoah Borough

Schedule 4.10

Equipment and Machinery; Associated Liens

[Itemized list below.]

Office Furniture and Equipment

KM2550 Kyocera Copier	2007
Various Office Equipment	2008
Security System	2009
4 Camera System w/ DVR (#5 house)	2010
4 Camera System w/ DVR (garage)	2011
APC Smart-UPS 5000VA Tower Battery	2012
Office Furn & Equip	1999

Transportation Equipment

2019 F350 Dump Truck	2019
Plow Installed on Dump Truck	2008
2009 Ford F150 Truck	2009
2000 Chevy Silverado	2000
2010 Ford F150 Truck	2010
2011 Ford Ranger Truck	2010
2010 Jeep Liberty	2010
Trans Equip	1999

Miscellaneous Equipment

Tools	2007
Lawn Tractor	2008
Tools & Equipment	2009
Tools & Equipment	2010

Commercial Lawn Mower	2010
Wacker Generator	2010
Actuator	2011
Actuator	2013
Actuator	2015
Permanent Electrical Repairs	2011
Wacker	2015
Communication Equipment	2014
Other Equip	1998

Schedule 4.11(a, b, c, e)

Employee Benefits

Schedule 4.11(a): Seller's Plans and Seller's Benefit Obligations

Sellers Plans:

- Municipal Authority of the Borough of Shenandoah Employees' Pension Plan, dated March 22, 1974, as amended pursuant to Amendment No. 1, executed December 17, 1981 and Amendment No. 2, executed November 21, 1991.
- Agreement by and Between Municipal Authority of the Borough of Shenandoah and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, executed March 12, 2018.

Seller's Benefit Obligations:

<u>Provision</u>	<u>Description</u>
Holiday	12 days
Personal	2 days
Sick	10 days
Vacation	Less than one (1) year - 0 days
	After one (1) year service - 1 week
	Three (3) or more years' service - 2 weeks
	Eight (8) or more years' service - 3 weeks
	Thirteen (13) or more years' service - 4 weeks
	Twenty (20) or more years' service - 5 weeks
Medical	Highmark Healthcare
	1 PPO Plan
Rx	Carved-in with Highmark
Dental	Carved-in with Highmark
Vision	Carved-in with Highmark

Life Vendor	Unum (Life)
	1x annual earnings, Max of \$50,000 Core benefit life and disability plan insured through UNUM. Monthly premium \$547.60
Short Term Disability	Unum:
	Weekly - 60% of weekly earnings to a max weekly benefit of \$250
Long Term Disability	Unum:
	Monthly - 60% of earnings to a max monthly benefit of \$1,500. Payable to age 65.
Employee Stock Purchase Plan (ESPP)	N/A
401(k) Plan	N/A
DB Plan	Yes
Tuition	N/A
Defined Benefit Pension Plan	Asset holder: Principal Financial Group. Assets: \$1,018,532. Asset Management fees: 1.51% Third Party Administrator: TRA INC., Lancaster Pa. Annual fee: \$4,220 Minimum Municipal Obligation (funding): \$95,160 Note: this plan was deemed to be in distress by the Auditor General of PA. The plan has been corrected and is functioning in accordance with the Act 205 Recovery Program filed with the Attorney General office in November 2018.
Pension Life Insurance	Pension Life insurance: This replaces the life insurance benefit that was in the pension plan (and taken out as part of the recovery submission).

	<p>Principal Life Insurance Company: \$50,000 life benefit for each participating in the pension.</p> <p>Monthly cost: \$269.12</p> <p>One America: \$50,000 life benefit for each participating in the pension plan.</p> <p>Monthly cost: \$248.00 per month.</p>
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Schedule 4.11(b): Multiemployer Plans

See Schedule 4.11(a).

Schedule 4.11(c): Medical, Health, Life or other Welfare Plan or Benefits

See Schedule 4.11(a).

Schedule 4.11(e): Severance Arrangements

None.

Schedule 4.12

Exceptions to Personnel Payments

None.

Schedule 4.13

Noncompliance with Environmental Requirements

Inspection Review Letters:

- PaDEP letter to the Seller regarding 2019 Annual Inspection Report, DEP File No. D54-004, Ringtown No. 5 Dam, Union Township, Schuylkill County, dated February 13, 2020
- PaDEP letter to the Seller regarding 2019 Annual Inspection Report, DEP File No. D54-095, Ringtown No. 6 Dam, Union Township, Schuylkill County, dated February 13, 2020
- PaDEP letter to the Seller regarding 2019 Annual Inspection Report, DEP File No. D54-007, Raven Run No. 2 Dam, West Mahanoy Township, Schuylkill County, dated February 13, 2020
- PaDEP letter to the Seller regarding 2019 Annual Inspection Report, DEP File No. D54-008, Raven Run No. 3 Dam, West Mahanoy Township, Schuylkill County, dated February 13, 2020

Site-Level and Primary Facility-Level Inspections (2016 to present):

Inspection ID	Inspection Date	Inspection Type	Inspection Results
3401425	8/2/2022	Compliance Evaluation	Violation Noted (see below)

DEP Violations (2016 to present):

Inspection ID	Violation ID	Date	Facility	Program	Violation Description	Resolution
3401425	963631	8/2/2022	Shenandoah Boro Filter Plant (243782)	WPC NPDES	NPDES – failure to monitor pollutants as required by the NPDES permit	

Schedule 4.14

Authorizations and Permits

- Public Water Supply Permits
 - Permit No. 3540044
 - Permit No. 5490507
 - Permit No. 5491509
- Water Allocation Permit WA54-44C
- NPDES Permit No. PA0062758
- Raven Run No. 2 PADEP Dam ID No. 54-07, no permit exists
- Raven Run No. 3 PADEP Dam ID No. 54-08, Permit No. 54-08
- Ringtown No. 5 PADEP Dam ID No. 54-04, Permit No. 54-04
- Ringtown No. 6 PADEP Dam ID No. 54-95, Permit No. 54-95
- SRBC Grandfathered Application (filed with SRBC)

Schedule 4.15

Contracts/Assigned Contracts

Assignment and Assumption of Water Tower Lease Agreement dated January 9, 2017 between Cellco Partnership d/b/a Verizon Wireless and the Seller.

Schedule 4.18(a)

Title to Acquired Assets

- Water Revenue Note from MABS to PNC Bank, dated as of September 5, 2018, issued in the original aggregate principal amount of \$6,530,000, with a maturity date of September 1, 2038.
- Pennsylvania Game Commission boundary issue regarding Parcel 30-07-0011
- Rights reserved by the Stephen Girard Estate set forth in that certain Indenture between the Stephen Girard Estate and the Girard Water Company (predecessor in interest to MABS) dated November 1, 1928.

Schedule 4.18(b)

Sufficiency

None.

Schedule 4.19

Pending Development Plans

None.

Schedule 5.04

Consents and Approvals – Buyer

1. PaPUC Approval of Transaction
2. PaDEP approval of transfer of permits identified on Schedule 4.14.

Schedule 5.10

Litigation Involving Buyer

None.

PUBLIC COPY

**SECTION 7.03, "PERSONNEL MATTERS"
REMOVED FOR CONFIDENTIALITY**

**SECTION 7.03 WILL BE FILED WITH THE
CONFIDENTIAL DOCUMENTS.**

Schedule 7.04(a)

Rates

Quarterly Rate Structure - 5/8", 5/8 x 3/4, 3/4", 1" Meters:

Base Rate up to 3000 Gallons 5/8", 5/8 x 3/4 Meters	\$61.46
Base Rate up to 3000 Gallons 3/4" Meters	\$89.63
Base Rate up to 3000 Gallons 1" Meters	\$122.73

Additional Usage:

4,000 – 6,000 Gallons	\$20.49 Per 1,000 Gallons
6,000 – 9,000 Gallons	\$10.96 Per 1,000 Gallons
10,000 – 21,000 Gallons	\$4.83 Per 1,000 Gallons
Greater than 21,000 Gallons	\$10.96 Per 1,000 Gallons

Monthly Rate Structure Large Capacity Meters:

Base Rate 2" Meter up to 2,000 Gallons	\$110.29
Base Rate 3" Meter up to 84,000 Gallons	\$679.73
Base Rate 4" Meter up to 150,000 Gallons	\$1223.46
Base Rate 6" Meter up to 324,000 Gallons	\$2582.84
Base Rate 8" Meter up to 453,000 Gallons	\$3616.05

Additional Usage:

Next 500,000 Gallons beyond base allowance	\$3.92 Per 1,000 Gallons
Usage beyond base allowance + 500,000 Gallons	\$1.89 Per 1,000 Gallons

Fire Suppression Service:

Fire Line:	\$569.00/month
Private Fire Hydrants (2", 3", 4", 6")	\$152.94/Hydrant per Quarter
Public Fire Hydrants	\$28.48/Semi-Annual
Automatic Sprinkler Systems	\$.0869/sq. ft. with \$1033.51 Minimum charge (Annually)

OR

.021725/sq. ft. with \$258.38

	Minimum Charge (Quarterly)
Miscellaneous Water Service	
Temporary Service	\$133.09 Connection Fee
- Usage metered according to corresponding regular rates.	
Breakdown Service	\$10.16 per 1,000 Gallons
- Subject to availability of adequate supply for permanent customers.	

Service Fees

Burst Meter 5/8" or 1/4" Meter	\$190.00
On/Off Fee	\$123.00
Meter Testing	\$10.00
Weekday Service Call (up to 3hrs)	\$138.88
Weekend Service Call (up to 5hrs)	\$231.47
Holiday Weekday Service Call (up to 3hrs)	\$185.16
Holiday Weekend Service Call (up to 5hrs)	\$308.60
Lien Fee	\$18.00
Lien Release	\$13.00
Curbbox Lock	\$61.20

Miscellaneous Fees

D.E.P. Commercial	\$1.00/Month
D.E.P. Residential	\$3.00/Quarter

Schedule 11.01(a)

Required Nongovernmental Consents and Approvals for Seller

None.

Schedule 12.01(a)

Required Nongovernmental Consents and Approvals for Buyer

- Unanimous Consent of the Aqua Pennsylvania, Inc. Board of Directors