

# **EXHIBIT CC**

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

1. Estimate the potential monthly incremental cost impact on existing and acquired customers following the actual results of the Buyer's most recently adjudicated base rate proceeding, whether litigated or settled, allocating the fair market value of the acquired system according to the Buyer's previously approved single-tariff pricing model.
    - a. In the case of a wastewater acquisition, a Buyer that employs a combined revenue requirement pursuant to 66 Pa. C.S. § 1311 will provide information assuming a combined water and wastewater revenue requirement consistent with its most recent adjudicated base rate proceeding.
    - b. If a Buyer has filed the thirty-day notice of 52 Pa. Code § 53.45(a), or has filed a rate case, it should calculate the above using data as proposed in its upcoming or filed rate case.
- Response: Regarding a. and b. above, please refer to Appendix A of Aqua Statement No. 3, Direct Testimony of William C. Packer, included as Exhibit Y to the Application.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

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

Response: Aqua has no present intention to increase the Greenville Sanitary Authority ("GSA") rates to a targeted rate.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

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

Response: Please refer to Appendix A of Aqua Statement No. 3, Direct Testimony of William C. Packer, included as Exhibit Y to the Application.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

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

Response: Please refer to Appendix A of Aqua Statement No. 3, Direct Testimony of William C. Packer, included as Exhibit Y to the Application.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

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

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

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

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

Response: There are no entities that receive free wastewater service from GSA.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

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

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

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

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

Response: Seller has not increased its rates within the last year. Greenville Borough passed Resolution 2023-22 which did not change rates, but aligned the GSA's resolution with their billing practice.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Rates/Ratemaking**

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

Response: The Company is not presently aware of any needed leases, easements or access to public rights-of-way that will not be transferred at closing. GSA and the Abstractor are currently reviewing real property records to determine any needed easements and will be obtaining any needed easements in accordance with Article 6 of the Asset Purchase Agreement.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Costs/Benefits**

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

Response: The estimated total transaction and closing costs are included in the Application at paragraph 58. Please see below for a breakdown of costs projected through closing. Please see Application Exhibit S1 for Gannett Fleming UVE invoices. Please see the attachments to SDR-10 for copies of other invoices incurred to date on the Application.

Legal	\$370,000
UVE	\$75,000
Engineering Assessment	\$42,250
<b>Total</b>	<b>\$487,250</b>

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

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

Invoice Number 4294951  
Invoice Date 11/05/23  
Client Number 383261  
Matter Number 00003

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Re: Greenville Sanitary Authority Acquisition

FOR PROFESSIONAL SERVICES RENDERED THROUGH 10/31/23:

**TOTAL AMOUNT OF THIS INVOICE** 3564.00

**SAUL EWING**  
**ARNSTEIN**  
**& LEHR** <sup>LLP</sup>

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

Invoice Number 4287670  
Invoice Date 10/04/23  
Client Number 383261  
Matter Number 00003

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Re: Greenville Sanitary Authority Acquisition

FOR PROFESSIONAL SERVICES RENDERED THROUGH 09/30/23:

**TOTAL AMOUNT OF THIS INVOICE** 1,138.50

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**SAUL EWING**  
**ARNSTEIN**  
**& LEHR** <sup>LLP</sup>

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

Invoice Number 2785372  
Invoice Date 09/08/23  
Client Number 383261  
Matter Number 00003

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Re: Greenville Sanitary Authority Acquisition

FOR PROFESSIONAL SERVICES RENDERED THROUGH 08/31/23:

**TOTAL AMOUNT OF THIS INVOICE** 148.50

**SAUL EWING**  
**ARNSTEIN**  
**& LEHR** <sup>LLP</sup>

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

Invoice Number 2778585  
Invoice Date 08/03/23  
Client Number 383261  
Matter Number 00003

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Re: Greenville Sanitary Authority Acquisition

FOR PROFESSIONAL SERVICES RENDERED THROUGH 07/31/23:

**TOTAL AMOUNT OF THIS INVOICE** 148.50

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**SAUL EWING**  
**ARNSTEIN**  
**& LEHR** <sup>LLP</sup>

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

Invoice Number 2771762  
Invoice Date 07/07/23  
Client Number 383261  
Matter Number 00003

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Re: Greenville Sanitary Authority Acquisition

FOR PROFESSIONAL SERVICES RENDERED THROUGH 06/30/23:

**TOTAL AMOUNT OF THIS INVOICE** 1,930.50

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**SAUL EWING**  
**ARNSTEIN**  
**& LEHR** <sup>LLP</sup>

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

Invoice Number 2768344  
Invoice Date 06/09/23  
Client Number 383261  
Matter Number 00003

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Re: Greenville Sanitary Authority Acquisition

FOR PROFESSIONAL SERVICES RENDERED THROUGH 05/31/23:

**TOTAL AMOUNT OF THIS INVOICE** 1,336.50

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

Invoice Number 2761432  
Invoice Date 05/09/23  
Client Number 383261  
Matter Number 00003

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Re: Greenville Sanitary Authority Acquisition

FOR PROFESSIONAL SERVICES RENDERED THROUGH 04/30/23:

**TOTAL AMOUNT OF THIS INVOICE** 1,188.00

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

Invoice Number 2757489  
Invoice Date 04/17/23  
Client Number 383261  
Matter Number 00003

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Re: Greenville Sanitary Authority Acquisition

FOR PROFESSIONAL SERVICES RENDERED THROUGH 03/31/23:

**TOTAL AMOUNT OF THIS INVOICE** 940.50

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

Invoice Number 2749561  
Invoice Date 03/06/23  
Client Number 383261  
Matter Number 00003

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Re: Greenville Sanitary Authority Acquisition

FOR PROFESSIONAL SERVICES RENDERED THROUGH 02/28/23:

**TOTAL AMOUNT OF THIS INVOICE** 396.00

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July 8, 2022

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 214743

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050 (0033)

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

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

Services: **\$ 5,400.00**  
Disbursements: \$ 0.00  
Total: \$ 5,400.00

October 7, 2022

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 218623

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050 (0033)

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

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

Services: \$ **675.00**  
Disbursements: \$ 0.00  
Total: \$ 675.00

November 4, 2022

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 219898

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050 (0033)

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

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

Services: **\$ 1,000.00**  
Disbursements: \$ 0.00  
Total: \$ 1,000.00

December 6, 2022

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 221236

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050 (0033)

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

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

Services: **\$ 5,900.00**  
Disbursements: \$ 0.00  
Total: \$ 5,900.00

January 6, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 222571

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050 (0033)

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

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

Services: **\$ 3,075.00**  
Disbursements: \$ 0.00  
Total: \$ 3,075.00

March 2, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 225908

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050 (0033)

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

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

Services: \$ **850.00**  
Disbursements: \$ 0.00  
Total: \$ 850.00

April 6, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 227031

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050 (0033)

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

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

Services: **\$ 2,125.00**  
Disbursements: \$ 0.00  
Total: \$ 2,125.00

May 5, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 228538

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050 (0033)

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

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

Services: **\$ 5,737.50**  
Disbursements: \$ 0.00  
Total: \$ 5,737.50

June 6, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 230048

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050

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

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

Services: **\$ 1,912.50**  
Disbursements: \$ 0.00  
Total: \$ 1,912.50

July 6, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 231261

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050

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

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

Services: **\$ 1,381.25**  
Disbursements: \$ 0.00  
Total: \$ 1,381.25

August 4, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 232780

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050

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

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

Services: **\$ 1,381.25**  
Disbursements: \$ 0.00  
Total: \$ 1,381.25

September 8, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 234416

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050

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

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

Services: **\$ 4,568.75**  
Disbursements: \$ 0.00  
Total: \$ 4,568.75

October 6, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 235813

Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050

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

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

Services: **\$ 5,838.75**  
Disbursements: \$ 0.00  
Total: \$ 5,838.75

November 06, 2023

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Invoice: 237080

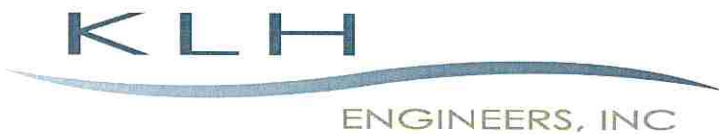
Re: Acquisition of Wastewater System Assets from Greenville Borough-Sewer  
LM Account Number: 180379.0050

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

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

Services: **\$ 9,456.25**  
Disbursements: \$ 0.00  
Total: \$ 9,456.25



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

Invoice number 68946  
Date 04/30/2022

Project **502-12 FACILITIES ENGINEERING  
ASSESSMENT**

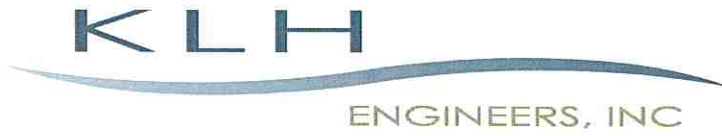
Professional Services through April 30, 2022

Work Order: 5550M00079 Company Code: 5550  
Center: P5550000  
Account: 5381000  
Aqua Contact: Tom Rafferty  
KLH Contact: John Mowry

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
<b>FACILITIES ENGINEERING ASSESSMENT</b>	55,000.00	18.55	10,200.00	0.00	10,200.00
<i>Cayman booster -- additional info</i>					
Total	55,000.00	18.55	10,200.00	0.00	10,200.00

Invoice total 

10,200.00
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Aqua Pennsylvania  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

Invoice number 69318  
Date 05/31/2022

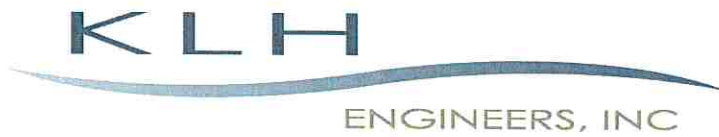
Project **502-12 FACILITIES ENGINEERING  
ASSESSMENT**

Professional Services through May 31, 2022

Work Order: 5550M00079 Company Code: 5550  
Center: P5550000  
Account: 5381000  
Aqua Contact: Tom Rafferty  
KLH Contact: John Mowry

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
<b>FACILITIES ENGINEERING ASSESSMENT</b>	55,000.00	55.00	30,250.00	10,200.00	20,050.00
<i>Cayman booster -- additional info</i>					
<b>Total</b>	55,000.00	55.00	30,250.00	10,200.00	20,050.00

Invoice total 20,050.00



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

Invoice number 69703  
Date 06/30/2022

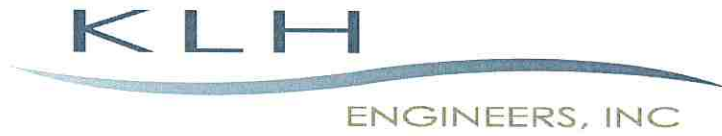
Project **502-12 FACILITIES ENGINEERING ASSESSMENT**

Professional Services through June 30, 2022

Work Order: 5550M00079 Company Code: 5550  
Center: P5550000  
Account: 5381000  
Aqua Contact: Tom Rafferty  
KLH Contact: John Mowry

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
<b>FACILITIES ENGINEERING ASSESSMENT</b>	55,000.00	72.27	39,750.00	30,250.00	9,500.00
<i>Cayman booster -- additional info</i>					
Total	55,000.00	72.27	39,750.00	30,250.00	9,500.00

Invoice total 9,500.00



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

Invoice number 74734  
Date 06/30/2023

Project **502-22 GREENVILLE SANITARY  
AUTHORITY FACILITIES ASSESSMENT**

Professional Services through June 30, 2023

Work Order: 5550M00079 Company Code: 5550  
Center: P5550000  
Account: 5381000  
Aqua Contact: Tom Rafferty  
KLH Contact: Sam Gibson

Description	Contract Amount	Percent Complete	Total Billed	Prior Billed	Current Billed
<b>GREENVILLE SANITARY AUTHORITY FACILITIES ASSESSMENT</b>	2,500.00	100.00	2,500.00	0.00	2,500.00
Total	2,500.00	100.00	2,500.00	0.00	2,500.00

Invoice total 2,500.00

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Costs/Benefits**

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

Response: Aqua estimates annual operating and maintenance expenses of approximately \$0.996 million based on GSA’s operating expenses presented in the 2022 financial statements adjusted by the Company. This represents an approximate 14% decrease in annual expenses. The assumed reduction in operating costs is based on Aqua’s experience and estimates of costs during the first year of operations. Please also refer to the Direct Testimonies of Zach Martin (Aqua Statement No. 1), Mark J. Bubel, Sr. (Aqua Statement No. 2), William C. Packer (Aqua Statement No. 3), John Childers (Aqua Statement No. 4), and Rita Black (Aqua Statement No. 5) included in the Application as Exhibits W, X, Y, Z, and AA, respectively, for further costs/benefits of the system under the Buyer’s ownership.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Costs/Benefits**

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

Response: There was no request for proposal for the GSA system.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Costs/Benefits**

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

Response: There was no request for proposal for the GSA system. Aqua and GSA entered into a Letter of Intent for the Sale of the System. Please see CONFIDENTIAL SDR-13 Attachment 1.

PUBLIC COPY

SDR-13 ATTACHMENT 1 - LETTER OF INTENT

REMOVED FOR CONFIDENTIALITY.

FILED WITH THE  
CONFIDENTIAL DOCUMENTS

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Costs/Benefits**

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

Response: Please see SDR-13 Attachment 1 (CONFIDENTIAL) regarding the Company's and GSA's letter of intent to purchase the GSA system. Please see SDR-14 Attachment 1 for the ordinance approving the sale of the GSA system to the Company.

**GREENVILLE SANITARY AUTHORITY**

A Home Rule Authority  
Mercer County, Pennsylvania

**RESOLUTION NO. 2022-01**

**WHEREAS**, the Greenville Sanitary Authority (the "Authority") is a municipal authority organized and operating in accordance with the Articles of Incorporation filed by the Borough of Greenville (the "Borough") on June 5, 1956 pursuant to the Pennsylvania Municipalities Authorities Act (the "Act"); and

**WHEREAS**, the Authority currently owns and operates a sanitary wastewater collection and disposal system (the "System") that provides wastewater service to various customers within the Borough and to portions of West Salem Township and Hempfield Township, all of which are located in Mercer County, Commonwealth of Pennsylvania (the "Service Area"); and

**WHEREAS**, the Authority has decided to pursue the sale (the "Assets Sale") of all of the assets, properties and rights (whether tangible, real, personal or mixed) which are exclusively held and used by it in connection with the System, as set forth in the Purchase Agreement (the "System Assets"); and

**WHEREAS**, the Authority has reviewed a proposal from Aqua Pennsylvania Wastewater, Inc. ("Aqua"), and has determined that the Assets Sale is in the best interest of the Authority and its customers; and

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

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

**WHEREAS**, the Authority now desires to approve the form and substance of the Purchase Agreement.

**NOW THEREFORE, BE IT RESOLVED** by the Authority Board of the Greenville Sanitary Authority as follows:

**1. Approval of the Purchase Agreement**

The Authority Board hereby authorizes and approves the execution, delivery, and performance of the Purchase Agreement substantially in the form attached hereto as *Exhibit A* and subject to any revisions that are: (1) necessary to conform the Agreement to Aqua's proposal, specifically including the purchase price accepted by the Authority Board and the future rate

structure proposed by Aqua; or (2) approved by the Authority Board's legal counsel. The Chairman or Vice Chairperson of the Authority Board are hereby authorized and directed on behalf of the Authority to execute any and all papers and documents and to do and cause to be done any and all actions and things necessary or proper to execute the Purchase Agreement in accordance with the resolutions set forth herein.

**2. Assignment of Intermunicipal Agreements and Other Relevant Agreements**

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

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

The Authority Board hereby authorizes the execution and delivery by the Chairman or Vice Chairperson of the Authority Board of the Conveyance Instruments necessary and required to be executed.

**4. Disposition of Proceeds**

The proceeds of the sale shall be utilized at the discretion of the Authority Board in a manner consistent with the Charter of the Authority and other applicable law.

**5. General Authorization**

The Authority Board hereby further authorizes the Authority's Chairman or Vice Chairperson to perform any and all acts as may be necessary or desirable to execute, file and deliver all other agreements, documents and instruments contemplated by the foregoing resolutions, pay or cause to be paid any and all expenses and fees and disburse such other funds of the Authority, and to take any and all further action which he may deem necessary or desirable to effectuate any action authorized by these resolutions and to consummate the transaction contemplated by the Purchase Agreement and otherwise to carry out the purposes and intent of the foregoing resolutions, and that the execution by the Chairman or the Vice Chairperson of any such documents or the performance by such officer of any such act in connection with the foregoing matters shall conclusively establish authority therefor from the Authority and the approval and ratification by the Authority of the documents so executed and the actions so taken.

**6. Severability**

The provisions of this Resolution are intended to be severable, and if any section, sentence, clause, part or provision hereof shall be held illegal, invalid or unconstitutional by any court of competent jurisdiction, such decision of the court shall not affect or impair the remaining sections, sentences, clauses, parts or provisions of this Resolution. It is hereby declared to be the Intent of

the Authority Board that this Resolution would have been adopted even if such illegal, invalid or unconstitutional section, sentence, clause, part or provisions had not been included herein.

7. **Effective Date**

This Resolution shall take effect and be in force immediately upon its approval.

8. **Repealer**

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

**RESOLVED** this 10<sup>th</sup> day of November, 2022.

Seal:

**GREENVILLE SANITARY AUTHORITY**



By: [Signature]  
Jonathan Bailey  
Chairman

By: [Signature]  
Robin Douglas  
Vice Chairperson

By: [Signature]  
Anne Butcher

By: [Signature]  
Chad Bromley

By: [Signature]  
Paul Hamill

**EXHIBIT A**  
**ASSET PURCHASE AGREEMENT**  
(attached)



**DRAFT**

**ASSET PURCHASE AGREEMENT**

**By and Between**

**Greenville Sanitary Authority**

**as Seller**

**and**

**Aqua Pennsylvania Wastewater, Inc.**

**as Buyer**

**Dated as of April \_\_, 2023**

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement"), dated as of April \_\_\_, 2023 (the "Effective Date"), is made and entered into by and between **GREENVILLE SANITARY AUTHORITY**, a municipal authority duly organized and existing under the laws of the Commonwealth of Pennsylvania (the "Seller"), and **AQUA PENNSYLVANIA WASTEWATER, INC.** (the "Buyer"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

### WITNESSETH:

**WHEREAS**, Seller is a municipal authority, organized by the Borough of Greenville (the "Borough") under the provisions of the Pennsylvania Municipality Authorities Act (the "MAA") in 1956.

**WHEREAS**, Seller, acting by and through the Authority Board (defined below), owns and operates a sanitary wastewater collection system (the "System") that provides sanitary wastewater service to various customers in the Borough of Greenville and to portions of West Salem Township and Hempfield Township, all of which are located in Mercer County, Commonwealth of Pennsylvania (the "Service Area"); and

**WHEREAS**, Buyer is a regulated public utility that furnishes wastewater service to the public in the Commonwealth of Pennsylvania; and

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

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

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

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

"**Authority Board**" means the Board of Directors of the Greenville Sanitary Authority.

"**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.

"**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.

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

"**Collective Bargaining Agreement**" means the existing collective bargaining agreement between the Borough and the Union dated October 28, 2019 for the period beginning January 1, 2020 and ending December 31, 2023, as amended by that certain Memorandum of Understanding between the Union and the Borough dated September 13, 2021 and that certain Memorandum of Understanding between the Union and the Borough dated February 14, 2022, as may be amended from time to time.

"**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.

"**Consent Order**" means the Consent Order and Agreement dated December 27, 2021 by and among submitted by the Seller, the Borough and PaDEP.

"**Deposit Escrow Agreement**" has the meaning specified in Section 3.01(a).

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

"**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.

**"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, as listed in Schedule 4.10. Notwithstanding the foregoing, "Equipment and Machinery" shall not include any Excluded Assets.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Excluded Assets**" has the meaning specified in Section 2.02.

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

"**Files and Records**" means all files and records of the Seller primarily relating to the System, whether in hard copy, digital, 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, and computer software, whether stored on-site or off-site.

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

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

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

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

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

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

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

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

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

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

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

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

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

**"Non-Union Personnel"** means Personnel who are not members of the Union.

**"Outstanding Indebtedness"** means the outstanding indebtedness of the Seller set forth on Schedule 7.07.

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

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

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

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

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

**"Permitted Liens"** means (a) 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 and Easements as set forth on Schedule 4.09; (c) other than with respect to Real Property owned by Seller, Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business.

**"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 and includes Union Personnel and Non-Union Personnel.

**"Purchase Price"** has the meaning specified in Section 3.01.

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

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

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

**"Remedial Action"** means any and all actions to (a) investigate, clean up, remediate, remove, treat, contain or in any other way address any Hazardous Materials in the Environment, (b) prevent the Release or threat of Release or minimize the further Release of any Hazardous Materials so it does not migrate or endanger public health or welfare or the indoor or outdoor Environment, and (c) perform pre-remedial studies and investigations and post-remedial monitoring, maintenance and care. The term **"Remedial Action"** includes any action which constitutes (i) a "removal", "remedial action" or "response" as defined by Section 101 of CERCLA, 42 U.S.C. §§ 9601(23), (24), and (25); (ii) a "corrective action" as defined in RCRA, 42 U.S.C. § 6901 et seq.; or (iii) a "response" or "interim response" as defined in the Pennsylvania Hazardous Sites Cleanup Act, 35 P.S. §6020.103.

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

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

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

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

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

**"Seller NPDES Permits"** means the following National Pollutant Discharge Elimination System Permits/Water Quality Management Permits: PA0027367, each issued by PaDEP to Seller with respect to the System, including any revisions or amendments thereto. This definition shall not include any NPDES permit issued and related to the Stormwater System Assets.

**"Seller's Benefit Obligations"** have the meaning specified in Section 4.11.

**"Seller's Plans"** have the meaning specified in Section 4.11.

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

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

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

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

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

**"Threshold Amount"** has the meaning specified in **Error! Reference source not found.**

**"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.

**"Transferred Personnel"** has the meaning specified in Section 7.03.

**"UCC Search"** has the meaning specified in Section 6.04.

**"Union"** means the American Federation of State, County and Municipal Employees, AFL-CIO, District Council 85, Local 2778.

**"Union Personnel"** means Personnel who are members of the Union.

**"Unscheduled Real Property"** has the meaning specified in Section 6.06.

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

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## 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), including any of the foregoing in which Seller is entitled to acquire rights in the future pursuant to Pending Development Plans (other than the rights of Seller pursuant to Section 2.02(d)) or development plans approved pursuant to this Agreement, but in all cases other than the Excluded Assets (the foregoing collectively referred to as the "Acquired Assets"), including:

- (a) all real property and appurtenant interests, Easements, rights of way, property rights and privileges owned, licensed or leased by the Seller including the Real Property, leases or licenses or other arrangements by or between the Seller and third Persons of the Real Property or other Acquired Assets and fixtures;
- (b) all sanitary wastewater related pumping and conveyance facilities, including but not limited to all pipes, pumping stations, hoists, generators, manholes and pipelines and any billing and collections related assets necessary to run the System;
- (c) all contracts, listed on Schedule 4.13, licenses and leases 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;
- (e) all personal property and fixed assets, including all Equipment and Machinery, auxiliary equipment and plant equipment;
- (f) all prepaid expenses and security deposits related to Assigned Contracts;
- (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 other than those NPDES permits that relate to the Stormwater

System Assets, 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) the Stormwater System Assets, including any related NPDES permits;
- (b) all contracts, licenses and leases that are not Assigned Contracts;
- (c) the seals, organizational documents, minute books, Tax Returns, books of account or other records having to do with the organization of Seller and all employee-related or employee benefit-related assets, files or records regarding any Personnel;
- (d) cash and cash equivalents, including (i) accounts receivable attributable to services rendered by Seller as of or prior to the Closing Date and (ii) EDU fees owed to Seller at or prior to the Closing Date for any Pending Development Plan but not yet paid to the Seller;
- (e) all insurance policies of Seller and all rights to applicable claims and proceeds thereunder;
- (f) all rights to any outstanding lien related to non-payment by a System customer existing at or prior to the Closing Date and all actions, suits or claims of any nature available to or being pursued by Seller, whether arising by way of counterclaim or otherwise;
- (g) all assets, properties and rights used by Seller other than those which primarily relate to the operations of the System;
- (h) the assets, properties and rights specifically set forth on Schedule 2.02(h);
- (i) the MS4 System Real Property; and
- (j) 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 and the revenues of the System shall be free and clear of any lien of a trustee for the benefit of the holders of any of the Outstanding Indebtedness except for any Outstanding Indebtedness assumed by the Buyer. Such Acquired Assets shall be conveyed by appropriate special warranty or other deed (subject to Section 6.02(c) below), bills of sale, endorsements, assignments and other instruments of transfer or conveyance described herein, and if not expressly described herein, then by transfer documents satisfactory in form and substance reasonably acceptable to Buyer and Seller and their counsel in their reasonable, good faith discretion. With respect to the Real Property, at Closing title to the same shall be insured by the Title Company, at

the Title Company's filed rates, as a good and marketable title, free and clear of all Liens and exceptions to coverage, except for the Permitted Liens, pursuant to an owner's policy of title insurance on the American Land Title Association's ("ALTA") Owner's Form 2006, subject to the terms of Section 6.02 below (the "Title Policy").

Section 2.04. **Assumption of Liabilities.**

(a) On the terms and conditions set forth in this Agreement and excluding the Excluded Liabilities, Buyer shall assume and agrees to pay, perform and discharge when due any and all liabilities and obligations of 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), and (2) arising out of or relating to the System or the Acquired Assets on or after the Closing, including, without limitation, the following:

(i) all liabilities and obligations under the Consent Order, though the Buyer may negotiate a revised Consent Order with PaDEP;

(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) all liabilities and obligations under the other Assigned Contracts and Authorizations and Permits arising on or after the Closing; and

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

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

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

Section 2.05. **Further Assurances.** At any time and from time to time after the Closing Date, the Seller shall, upon the request of Buyer, and Buyer shall, upon the request of the Seller, at the cost of requesting Party, promptly execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate, (a) the sale, conveyance, transfer, assignment and delivery hereunder of the Acquired Assets to Buyer, (b) the assumption by Buyer of any of the Assumed Liabilities, (c) performance by the Parties of any of their other respective obligations under this Agreement, (d) the vesting in Buyer of all right, title and interest in the Acquired Assets and the System as provided herein, and (e) any other matters reasonably requested by a Party to carry out the provisions, purposes and intent of this Agreement.

Section 2.06. **Certain Transfers; Assignment of Contracts.**

(a) Notwithstanding anything to the contrary in this Agreement, and subject to the provisions of this Section 2.06(a) and Section 2.06(b), to the extent that the sale, transfer, assignment, conveyance and delivery, or attempted sale, transfer, assignment, conveyance and delivery, to Buyer of any Assigned Contract or other Acquired Asset would result in a violation of applicable Law, or would require the consent, authorization, approval or waiver of any Person (other than the Parties hereto), including any Governmental Authority, and such consent, authorization, approval or waiver shall not have been obtained prior to the Closing, this Agreement shall not constitute a sale, transfer, assignment, conveyance and delivery, or an attempted sale, transfer, assignment, conveyance and delivery, thereof (any such Acquired Asset, a "Nonassignable Asset"). Following the Closing, the Seller and Buyer shall use commercially reasonable efforts (at the cost and expense of the Party that is responsible for compliance with such Law or obtaining such consent, authorization, approval or waiver), and shall cooperate with each other, to obtain any such required consent, authorization, approval or waiver, or any release, substitution, novation or amendment required to sell, transfer, assign, convey and deliver any such Nonassignable Asset to Buyer; *provided, however*, that in no event shall Buyer be required to pay any consideration therefor. Once such consent, authorization, approval, waiver, release, substitution or amendment is obtained, the Seller shall sell, transfer, assign, convey and deliver to Buyer the relevant Acquired Asset to which such consent, authorization, approval, waiver, release, substitution or amendment relates for no additional consideration. Any applicable sales, transfer and other similar Taxes in connection with such sale, transfer, assignment, conveyance and delivery shall be paid fifty percent (50%) by Buyer and fifty percent (50%) by Seller.

(b) Until such time as a Nonassignable Asset is transferred to Buyer pursuant to this Article II, Buyer and the Seller shall cooperate in any commercially reasonable and economically feasible arrangements (such as subleasing, sublicensing or subcontracting) to provide to the Parties the economic and, to the extent permitted under applicable Law, operational equivalent of the transfer of such Nonassignable Asset to Buyer at the Closing and the performance by Buyer of its obligations with respect thereto, and so long as the Seller transfers and turns over all economic and beneficial rights with respect to each such Nonassignable Asset, Buyer shall, to the extent permitted under applicable Law and the terms of any applicable contract that constitutes a Nonassignable Asset, as agent or subcontractor for the Seller, pay, perform and discharge the liabilities and obligations of the Seller thereunder from and after the Closing Date, but only to the extent that such liabilities and obligations would constitute Assumed Liabilities if the applicable consent or approval had been obtained on or prior to the Closing Date and such Nonassignable Asset had been assigned to Buyer at Closing. To the extent permitted under applicable Law, the Seller shall, at Buyer's expense, hold in trust for and pay to Buyer promptly upon receipt thereof, such Nonassignable Asset and all income, proceeds and other monies received by the Seller with respect to such Nonassignable Asset in connection with the arrangements under this Article II. This subsection (b) shall not apply to assets that are deemed to be Nonassignable Assets as a result of an order (or absence thereof) by the PAPUC.

(c) If, following the date hereof and prior to the Closing, Buyer identifies any contract to which the Seller is a party which is not set forth on Schedule 4.13 as of the date hereof, and Buyer reasonably determines such contract is necessary or useful to the operation of the System, Buyer shall give notice of such determination to the Seller and the Seller shall, promptly following receipt of such notice, deliver to Buyer an updated Schedule 4.13 reflecting the addition of such

contract, and such contract shall thereafter constitute and be deemed an "Assigned Contract" for all purposes hereunder.

(d) In the event that, during the twelve (12) month period following the Closing, Buyer identifies any contract to which the Seller was a party as of the Closing and which (i) was not set forth on Schedule 4.13 (as may be updated pursuant to (c)) and (ii) Buyer reasonably believes is necessary or useful to the operation of the System, the Seller shall, promptly following Buyer's written request therefor, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate the assignment of such contract to Buyer for no additional consideration, and upon such assignment, such contract shall be deemed an Assigned Contract for all purposes hereunder.

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

### ARTICLE III.

#### PURCHASE PRICE

Section 3.01. **Purchase Price.** The purchase price for the Acquired Assets shall be Eighteen Million Dollars (\$18,000,000) (the "Purchase Price") which shall be paid as follows at Closing:

(a) Within five (5) Business Days following the PaPUC's confirmation that the application for PaPUC Approval has been accepted as complete, Buyer shall deposit into escrow the sum of Five Hundred Thousand Dollars (\$500,000) (the "Deposit") to be held in accordance with the Deposit Escrow Agreement substantially in the form attached hereto as Exhibit D.

(b) Buyer shall provide for payment in full the total amount of Outstanding Indebtedness by payment directly to the creditor(s) to which the Outstanding Indebtedness is owed with all amounts paid under this subsection (a) credited against the Purchase Price;

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

(d) Final Billing: The Parties agree that the Buyer shall be entitled to all customer billings with respect to sanitary wastewater customers services for the period on or after the Closing Effective Time, and 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 the extent that either party collects billings that are attributable to service provided

by the other party, the party holding the other party's billing collections shall pay such amount to the other party.

Section 3.02. **Fair Consideration.** The Parties acknowledge and agree that the consideration provided for in this Article III represents fair consideration and reasonable equivalent value for the sale and transfer of the Acquired Assets and the transactions, covenants and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's-length good faith negotiations between the Parties and their respective Representatives.

Section 3.03. **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 50% by Seller and 50% by Buyer. The terms hereof shall survive Closing.

#### ARTICLE IV.

#### **REPRESENTATIONS AND WARRANTIES OF THE SELLER**

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

Section 4.01. **Organization.** The Seller is municipal authority, duly organized and existing under the MAA.

Section 4.02. **Power and Authority.** The Seller has (i) duly adopted an authorizing resolution 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 own, lease and operate the Acquired Assets and the System and has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

Section 4.03. **Enforceability.** This Agreement has been duly authorized, executed and delivered by the Seller and constitutes a valid and legally binding obligation of the Seller, enforceable against the Seller in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

Section 4.04. **No Conflict or Violation.** The execution and delivery of this Agreement by the Seller, the consummation of the transactions contemplated hereby and the performance by the Seller of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a breach of (with or without the giving of notice or lapse of time, or both) or acceleration

of any material obligations of the Seller under (i) any applicable Law or (ii) any agreement, instrument or document to which the Seller is a party or by which it is bound.

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

Section 4.06. **Undisclosed Liabilities** Except as set forth in Schedule 4.06, there are no material liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Assets, other than liabilities incurred in the ordinary course.

Section 4.07. **Absence of Certain Changes or Events.** Except as set forth on Schedule 4.07, since December 31, 2021, there has not been any transaction or occurrence that has resulted or is reasonably likely to result in a Material Adverse Effect and Seller has operated and maintained the System since December 31, 2021 in the normal course.

Section 4.08. **Tax Matters.** Except as set forth in Schedule 4.08 or as would not have a Material Adverse Effect, the Seller represents that 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.

Section 4.09. **Real Property.** All Real Property the Seller owns and uses in the operation of the System and all Easements are set forth on Schedule 4.09. There are no pending condemnation proceedings relating to any of the Real Property nor has Seller actually received any written threats of any condemnation proceedings, and, to the knowledge of Seller, no such proceedings are threatened. Seller has not received any written notices of any violations of any Law from any Governmental Authority with respect to the Real Property which has not been cured in all material respects.

Section 4.10. **Equipment and Machinery.** All material 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) As used in this Agreement, the following terms have the meanings set forth below:

"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.

(b) Schedule 4.11(b) contains a true and complete list of all Seller's Plans and Seller's Benefit Obligations, 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 ERISA or 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 would likely be expected 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 and there is no unfunded pension liability owed or owing to any Person pursuant to Seller's Plans that is required to be assumed by Buyer;

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

(d) Except as set forth on Schedule 4.11(d), 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 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;

(e) The Seller is and has been in compliance in all material respect 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

(f) Except as set forth in Schedule 4.11(f), the Seller represents that it 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 the Seller for which Buyer shall have any liability.

Section 4.12. **Personnel; Labor Matters.**

(a) Seller represents that Schedule 4.12(a) sets forth all collective bargaining agreements and relationships with Personnel relating to the System to which the Seller, is a party, including the identification of the parties thereto and the expiration dates. Other than the collective bargaining agreements and relationships set forth in Schedule 4.12(a), there are no commitments, Contracts, agreements, arrangements or understandings (whether written or oral, formal or informal) of the Seller with respect to the Union or the Union Personnel, and the collective bargaining agreements described on Schedule 4.12(a) constitute the entire agreement between the Seller and the other parties thereto, with respect to the subject matter thereof.

(b) Except as set forth on Schedule 4.12(b), the 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.

(c) The Seller has not, in the past six (6) 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.

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

Section 4.13. **Environmental Compliance.** Except as set forth in Schedule 4.13, Seller represents:

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

(d) Hazardous Materials are not present at or on the System or Acquired Assets, there has been no Release of Hazardous Materials at, on or from any part of the System or the

Acquired Assets, in each case in a manner that violates any Environmental Requirements or has resulted in, or could reasonably be anticipated to give rise to, Environmental Liabilities.

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

(f) There are no underground storage tanks on or at any of the Acquired Assets. Any underground storage tanks previously located at the Acquired Assets have been removed or otherwise closed, plugged and abandoned in compliance with applicable Environmental Requirements in effect at the time of such closure and with the Pennsylvania Storage Tank and Spill Prevention Act of 1989 (35 Pa. C.S.A. § 6021.101 *et. seq.*).

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

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

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

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

Section 4.15. **System Contracts.**

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

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

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

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

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

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

(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, threatened against the Seller prior to or at the Time of Closing, which will have an adverse effect on the operations of the System. As of the date of this Agreement, there is no action, suit or proceeding, at Law or in equity, or before or by any Governmental Authority, pending nor, to the knowledge of the Seller, threatened against the Seller which could materially affect the validity or enforceability of this Agreement.

Section 4.17. **Broker's and Finder's Fees.** Seller represents that no broker, finder, or Person is entitled to any commission or finder's fee by reason of any agreement or action of Seller in connection with this Agreement or the transactions contemplated by this Agreement. Seller agrees to pay when due the fees and expenses of their financial and technical advisors.

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. Seller provides no assurances whatsoever that any development or expansion of the Service Area associated with any Pending Development Plan will actually be undertaken or completed.

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

Section 4.21. **Customer Laterals and Grinder Pumps.** Seller does not own, nor does Seller have any responsibility for any grinder pumps or connecting facilities located in the area originating from Seller's terminus point of the collection facilities at the edge-of-road or curb-line when the facilities are located within a public right-of-way or the edge of an easement where the collection facilities are located within private property to and throughout the customer's property.

## ARTICLE V.

### **REPRESENTATIONS AND WARRANTIES OF BUYER**

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 a duly organized corporation, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.

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

Section 5.05. **Broker's and Finder's Fees.** Buyer represents that no broker, finder or other Person is entitled to any commission or finder's fee in connection with this Agreement or the transactions contemplated by this Agreement.

Section 5.06. **Financial Wherewithal.** Buyer represents that upon Closing, and after giving effect to the consummation of the transactions contemplated hereby and the incurrence of any indebtedness in connection therewith, Buyer will have the financial ability and will have sufficient working capital for its needs and anticipated needs to operate the System as a certificated public utility system regulated by the PaPUC/municipal authority, authorized, among things, to provide wastewater utility services to retail residential, commercial and industrial customers in the System.

Section 5.07. **Sufficient Funds.** Buyer represents that Buyer will have sufficient funds available at Closing to consummate the transactions contemplated by this Agreement, to pay the Purchase Price in accordance with Article III and expenses related to the transactions contemplated by this Agreement, and on and after Closing, to generally provide ownership, operation and capital for the operations and capital needs of the System following the Closing, and assuring that the customers of the System will receive safe, adequate and reliable wastewater service equal to or better than such customers would have received without the transactions contemplated by this Agreement and at all times consistent with the provisions of the Pennsylvania Public Utility Code, 66 Pa. C. S. § 101 *et seq.*, and applicable Law.

Section 5.08. **Independent Decision.** Except as expressly set forth in this Agreement, or any of the related agreements, Buyer acknowledges that (a) neither Seller nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of the System or information provided to Buyer, and (b) neither Seller nor any other Person shall have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer, or Buyer use of, any information regarding the System or Acquired Assets that has been furnished or made available to Buyer and its Representatives. Buyer acknowledges that other than as expressly set forth in this Agreement or any related agreement, Seller expressly disclaims any

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

Section 5.09. **Scheduled Matters.** Buyer acknowledges that: (a) the inclusion of any matter on any Schedule shall not necessarily be deemed an admission by Seller that such listed matter is material or that such listed matter has or could have a material adverse effect or constitutes a material liability with respect to the Acquired Assets; (b) matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be reflected in such Schedules; and (c) such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature.

Section 5.10. **Independent Investigation.** Buyer acknowledges that it has conducted an independent investigation of the financial condition, assets, liabilities, properties and projected capital needs and operations of the System in making its determination as to the propriety of the transaction contemplated by this Agreement and, in entering into this Agreement and related agreements, has relied solely on the results of its investigation and on the representations and warranties of the Seller expressly contained in Article IV of this Agreement.

Section 5.11. **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 5.11, there is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the knowledge of the Buyer, threatened against the Buyer prior to or at the Time of Closing, which will have a material adverse effect on (i) the transactions contemplated by this Agreement or (ii) the validity or enforceability of this Agreement.

## ARTICLE VI.

### **TITLE TO REAL ESTATE; UCC STATEMENTS**

Section 6.01. **Evidence of Title.** Subject to Section 6.06, with respect to all Real Property, Buyer shall obtain at its sole cost and expense a commitment for a Title Policy (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"). Promptly following the Effective Date, Buyer shall order the Title Commitment from the Title Company and shall provide Seller evidence of the order. Notwithstanding anything to the contrary in Section 6.02(a), a purported Objection Notice is void with respect to any parcel of Real Property if, within thirty (30) Business Days after the Effective Date, Buyer has not ordered the Title Commitment from the Title Company for such parcel of Real Property and provided Seller with evidence of the order.

Section 6.02. **Objections to Title.**

(a) Notice of Objections. Within thirty (30) Business Days of Buyer's receipt of the 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 copies of all exception documents listed in the Title Commitment, along with Buyer's notice to Seller of any exceptions to title set forth on Schedule B of the Title Commitment to which Buyer objects (the "Objection Notice"). The exceptions listed in the Title Objection Notice are referred to as the "Title Objection Items." None of the following are Title Objection Items: (a) Permitted Liens, (b) items that pertain to Buyer or any requirements, conditions or obligations of Buyer, (c) matters of record that are set forth in the Title Commitment which Buyer has not identified in its Objection Notice and (d) standard Title Company exceptions (such as the "survey" exception). Any Objection Notice which does not include a true, correct and complete copy of the Title Commitment and true, correct, complete copies of any and all exception documents listed in the Title Commitment is void. If Buyer provides Seller with an Objection Notice, Seller shall use its commercially reasonable efforts to have all of the Title Objection Items cured, satisfied or released of record, or bond over, by the Title Company ("Cure" or "Cured") before or as of the Closing. At or before the Closing, Seller shall deliver written evidence to Buyer, in form and substance reasonably satisfactory to Buyer and at Seller's cost and expense, evidencing that Seller has Cured all Title Objection Items.

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

(c) Title Endorsements/Survey. Buyer shall pay for any endorsements required by Buyer or any mortgagee of Buyer to the Title Policy. If any survey is required by Buyer or its mortgagee, either as a condition to any endorsement or otherwise, Buyer shall pay to obtain the survey and all related costs and expenses. If Buyer obtains a survey of any Real Property and wants the deed to contain the legal description based on a survey, if the same is not identical to the legal description contained in Seller's deed of record, Seller is not obligated to include the same in the deed to Buyer unless the survey is certified to Seller and such description is included in the deed on a "quitclaim" basis only and without warranty of title.

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

(e) Insurable Claims. To the extent any Claim for Losses under Article VIII is an Insurable Claim, Buyer shall assert and pursue with reasonable diligence the Insurable Claim against the Title Company (which includes commencing litigation and diligently prosecuting the Insurable Claim to judgment) before pursuing a Claim for Losses under Article VIII. 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 may, following such Non-Favorable Judgment, pursue Seller with a Claim for Losses under Article VIII (any Claim against Seller following an attempted Insurable Claim against the Title Company is a "Residual Title Claim"). Notwithstanding anything to the contrary in Article VIII, Buyer may

assert a Claim for Losses based upon a Residual Title Claim within sixty (60) day of the Non-Favorable Judgment. For purposes of this Section 6.02(d), an “Insurable Claim” means 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 Date that materially restricts or prevents the use of such Real Property in the operation of the System; and (ii) is a claim against the Title Company under the Title Policy. Buyer acknowledges that any Claims that it could otherwise bring as a breach of a covenant of title under the special warranty deed to the Real Property is included within the Claim for Losses under Article VIII and is subject to the terms of this Section 6.02(d) of first pursuing the same as an Insurable Claim..

Section 6.03. **Title Expenses.** Irrespective of whether Closing occurs, Buyer shall pay all costs and expenses for obtaining the Title Commitment, Title Policy and any survey. Seller shall pay for all expenses to release, satisfy or bond over any Liens, and to effect the Cure of any Title Objection Items that Seller undertakes to Cure, including the cost of any title endorsement to insure Buyer against any adverse effect of such Title Objection Items.

Section 6.04. **UCC Search; Releases.** Not later than sixty (60) Business 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 Mercer County, Pennsylvania (the “UCC Search”). On or before the Closing, Seller shall obtain at its sole cost and expense releases of any and all security interests in any of the Acquired Assets which are not Permitted Liens. Seller shall provide the form of the releases of any security interests to Buyer on or before the Closing Date.

Section 6.05. **Easements.**

(a) Within sixty (60) Business Days after the Effective Date, Seller shall, at its sole cost and expense, cause an abstractor selected by Seller and reasonably acceptable to Buyer and the Title Company (the “Abstractor”) to perform a search of the public land records of Mercer County, based on Seller’s records and plans of the System (and such other sources of information as are reasonably related thereto), by means of searching the grantee index in the names of Seller and such other searches as the Abstractor may reasonably make, to (i) identify and provide Buyer with title information on all recorded Easements, and (ii) together with Seller, identify all Missing Easements. During this process, as the Abstractor provides written search results to Seller (including updated versions of the Abstractor search result chart), Seller will promptly provide the same to Buyer for its review, and Seller shall, or shall cause the Abstractor to, provide Buyer with periodic updates (which shall occur no less frequently than bi-weekly) on the status of the activities set forth in the previous sentence. Within thirty (30) Business Days after the Effective Date, Seller shall engage an engineer to develop a map of all collection pipes, services, pump stations, manholes of the System and identify each parcel within the Service Area that Seller’s sanitary wastewater conveyance facilities encroaches upon private property (“Easement Map”). The Easement Map will be used in connection with the Abstractor’s report to identify the Missing Easements Seller is obligated to obtain under Section 6.05. Promptly after the Effective Date, Seller shall engage an engineer to develop a map of all collection pipes, services, pump stations, manholes of the System and identify each parcel within the Service Area that Seller’s sanitary

wastewater conveyance facilities encroaches upon private property for use in connection with the Abstractor's report to identify the Missing Easements.

(b) Notice of Objections. Within forty five (45) days of Buyer's receipt from the Seller (or the Abstractor or an engineer) of the information described in subsection 6.05(a), Buyer shall deliver to Seller written notice identifying the encumbrances on the Easements that, in Buyer's reasonable opinion, could materially and adversely restrict or prevent the use of the Easements in the operation of the System, (an "Easement Objection Notice"). Buyer shall not be permitted to include in its Easement Objection Notice any encumbrances that: (a) are Permitted Liens, (b) pertain to the Buyer or any requirements, conditions or obligations of the Buyer, or (c) are matters of record and set forth in the Abstractor's search results which Buyer has not identified in its Easement Objection Notice (such exceptions objected to in the Objection Notice, the "Easement Objection Items." If Buyer provides the Seller with an Easement Objection Notice, the Seller shall use commercially reasonable efforts to have the Easement Objection Items 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 shall: (i) grant Buyer a license per Section 6.05(d); and (ii) indemnify Buyer for such inability per the terms of Article VIII hereof.

(c) If during the process of Abstractor's review and investigation of the Mercer County land records, Seller determines, based on the Abstractor's investigation, that there is a Missing Easement, Seller shall take any and all actions (including the use of its power of condemnation) to obtain any 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 payment to a landowner in connection with condemnation, in lieu of condemnation or otherwise) shall be paid by Seller and no additional consideration is payable by Buyer for any Missing Easement. If Seller has not obtained all Missing Easements by the date that is sixty (60) Business Days after the date that Abstractor has completed its review of the County land records and delivered the last results to Seller (the "Abstract Completion Date"), then, no later than thirty (30) Business Days after the Abstract Completion Date (but in any event no later than thirty (30) days before the Closing), Seller shall commence and file in the Court of Common Pleas, Mercer County, a condemnation or eminent domain proceeding to obtain any and all such Missing Easements. For the purposes of clarity, upon obtaining each Missing Easement (including upon the final resolution of a condemnation proceeding), each Missing Easement that has been acquired or obtained by Seller will be considered an Easement.

(d) License at Closing. Seller shall provide Buyer with a license agreement granting Buyer a license in all of Seller's rights to access Easement in order to allow Buyer to operate and maintain the System until such time as Buyer is provided title to such Easement as provided for in this Agreement.

(e) Escrow at Closing for Missing Easements. For all of the Missing Easements listed on attached Schedule 6.05(e) as of the Closing Date, Seller will have additional time following the Closing Date to secure and assign and transfer the Missing Easements to Buyer. Seller shall diligently pursue and deliver the Missing Easements on or before the third (3<sup>rd</sup>) anniversary of the

Closing Date, subject to any extension as permitted by Escrow Agreement, in the form attached as Exhibit C, that will require, among other things, the funding of an escrow account in the amount of Two Thousand Dollars (\$2,000) per Missing Easements listed on attached Schedule 6.05(e) as of the Closing Date to secure the Seller's obligations under this Agreement and the Escrow Agreement.

Section 6.06. **Unscheduled Property.** The Parties acknowledge that Seller may own interests in or have the legal right to use or occupy the Real Property and Easements that is necessary or essential to the operation of the System and that is not set forth on Schedule 4.09 (the "Unscheduled Real Property"). If the Parties discover before or after the Closing Date, one or more parcels of Unscheduled Real Property, the discovering Party shall notify the non-discovering Party of the discovery. In addition to its obligations in Section 2.03, Seller shall convey, assign or otherwise transfer any rights to each parcel of Unscheduled Real Property, without additional consideration payable by Buyer, in such a manner as to provide Buyer with reasonable assurances that Buyer may 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.

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.**

(a) Subject to the obligations of Seller under Article XXIII of the Collective Bargaining Agreement and applicable Law, Buyer shall, or shall cause an Affiliate of Buyer to, offer employment effective on the Closing Date, to the Personnel set forth in Schedule 7.03(a), subject to Buyer's existing standard hiring policies and procedures applicable to new employees, except with respect to benefits as otherwise provided in Section 7.03(c). The Personnel who accept such employment and commence employment on the Closing Date, shall be referred to in this Agreement as the "Transferred Personnel."

(b) Subject to the obligations of Seller under Article XXIII of the Collective Bargaining Agreement and applicable Law, Transferred Personnel who are Non-Union Personnel shall be employees-at-will of Buyer. Buyer shall provide each of the Transferred Personnel who are Non-Union Personnel compensation and benefits which are substantially comparable to the compensation and benefits then provided to similarly situated employees of Buyer.

(c) Subject to the obligations of Seller under Article XXIII of the Collective Bargaining Agreement and applicable Law, with respect to any employee benefit plan maintained by Buyer or an Affiliate of Buyer for the benefit of any Transferred Personnel, effective as of the Closing, Buyer shall, or shall cause its Affiliate to, recognize all service of the Transferred Personnel with Seller, as if such service were with Buyer for eligibility and vesting.

(d) Subject to the obligations of Seller under Article XXIII of the Collective Bargaining Agreement and applicable Law, effective as of the Closing, the Transferred Personnel who are Non-Union 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 the Non-Union Personnel prior to the Closing Date. Subject to the obligations of Seller under the Collective Bargaining Agreement and applicable Law, Seller shall remain liable to make any contributions to Seller's Plans related to, and/or to fund any retirement benefits accrued by, the Transferred Personnel prior to Closing.

(e) This Section 7.03 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. 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.

(f) Notwithstanding anything in this Agreement to the contrary, it is expressly understood that Buyer will not acquire any asset, or assume any liability or obligation in connection with the transactions contemplated by this Agreement relating to the Collective Bargaining Agreement, any of the Seller's Benefit Plans, or the Seller's Benefit Obligations. Seller shall be solely responsible for any liability, funding obligation, claim or expense arising from the Collective Bargaining Agreement, Seller's Plans, Seller's Benefit Obligations, both prior to, and after, the Closing Date, except as provided in Section 7.03(c).

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

#### Section 7.04. **Rates.**

(a) **Rates.** Buyer shall implement rates that are no higher than Seller's sanitary wastewater rates then in effect at Closing, as reflected on Schedule 7.04(a) and inclusive of any PaPUC permitted or required surcharges or pass-through costs (the "Base Rate") as Buyer's effective sanitary wastewater rates, provided that the rates reflected on Schedule 7.04(a) (at Closing) shall not be lower than those in effect on the date this Agreement is executed. Buyer intends to bill customers on a monthly basis instead of annual billing, which Buyer will prorate accordingly.

(b) **PaPUC Approval.** The rate provisions of Section 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.**

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

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

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

(d) To the extent requested by the Buyer, Seller agrees to participate in any proceedings before the PaPUC as an intervenor and active party. Seller shall have the right to be represented by the counsel of their choice in any such proceedings.

Section 7.07. **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 Seller's 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 7.08. **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 7.09. **Operation and Maintenance of the MS4 System.** Subject to applicable Law, the Seller, shall at all times maintain ownership of its MS4 System and Stormwater System Assets. The Seller will maintain any NPDES permits related to the Stormwater System Assets.

Section 7.10. **Pre-Closing Inspection.** Buyer shall have the right at any time within the last thirty (30) days prior to Closing, upon five (5) Business Days' written notice to Seller, to perform a physical inspection of the Acquired Assets to confirm that the condition of the Acquired Assets is at least as good as the condition that existed as of the Effective Date, normal wear and tear excepted.

## ARTICLE VIII.

### INDEMNIFICATION

Section 8.01. **Survival.** All representations and warranties contained in this Agreement survive until twelve (12) months following the Closing Date, except that (a) the representations and warranties of Seller set forth in Section 4.01 (Organization), Section 4.02 (Power and Authority), Section 4.03 (Enforceability) and Section 4.15 (Brokers' and Finders' Fees) (collectively, the "Seller Fundamental Representations") survive the Closing indefinitely or until the latest date permitted by 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") survive the Closing indefinitely or until the latest date permitted by Law. The covenants and agreements of the Parties contained in this Agreement survive the Closing indefinitely or for the shorter period explicitly specified therein, except that for those covenants and agreements that survive for a shorter period, breaches thereof survive indefinitely or until the latest date permitted by 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 survives 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 has been given to the Party against whom such indemnity may be sought before such time, and (y) nothing contained in this Section 8.01 limits in any way any rights a Party may have to bring claims grounded in fraud, intentional misrepresentation or willful misconduct, which rights survive the Closing indefinitely.

Section 8.02. **Indemnification by Seller.** To the maximum extent permitted by Law and subject to the terms and conditions of this Article VIII, Seller shall indemnify, defend and hold harmless, Buyer and its successors and Affiliates and their respective employees, officers, directors, trustees and agents (the "Buyer Indemnified Persons"), from and against any and all claims for Losses arising from or relating to: (a) any misrepresentation as to, or any inaccuracy in, any of the representations and warranties of Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Seller before 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 nonfulfillment of any of the covenants or agreements of Seller contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished by Seller before the Closing pursuant to this Agreement; or (c) any Excluded Liability or Excluded Asset.

Section 8.03. **Indemnification by Buyer.** To the maximum extent permitted by Law and subject to the terms and conditions of this Article VIII, Buyer shall defend, indemnify and hold harmless Seller and its successors and Affiliates and each of their respective employees, officers, directors and agents (the "Seller Indemnified Persons") from and against any and all claims for Losses arising from or relating to: (a) any material misrepresentation as to, or any material inaccuracy in, any of the representations and warranties of Buyer contained in this Agreement or in any exhibit, schedule, certificate or other instrument or document furnished or to be furnished

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

#### Section 8.04. **Indemnification Procedure.**

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any action, suit, claim or other legal proceeding made or brought by any Person who is not a Party or an Affiliate of a Party or a Representative of foregoing Party (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 promptly notify the Indemnifying Party thereof. The failure to give such prompt notice does 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 may participate in, or by giving 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 must 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, and 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. If the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.04(b), it may 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 may, at its

own cost and expense, 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 specified in this Agreement, the Indemnified Party may, subject to Section 8.04(b), pay, compromise, and defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Seller and Buyer shall reasonably and in good faith cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party or 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 specified 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 promptly notify 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") must be asserted by the Indemnified Party giving the Indemnifying Party prompt notice thereof. The failure to give such prompt notice does 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 must describe the Direct Claim in reasonable detail and 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 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 may be resolved by litigation in an appropriate court of jurisdiction determined pursuant to this Agreement.

**Section 8.05. Limitations on Indemnification Obligations.**

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

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

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

(d) Subject to the provisions of Sections 3.01, 7.06, 15.11 and any other provisions for equitable relief and/or specific performance, the Parties' sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, the Parties shall pursue pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.05(g) limits any Party's right to seek and obtain any equitable relief and/or specific performance pursuant to this Agreement.

**Section 8.06. Knowledge of Breach.**

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

Section 9.02. **Cooperation.** Seller shall reasonably cooperate with Buyer and its employees, attorneys, accountants and other agents and, generally, act in reasonably good faith to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated by this Agreement.

Section 9.03. **Supplements and Updates.** After the Effective Date, 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 (and the Schedules referenced therein) so that such representations and warranties and Schedules 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.

Section 9.04. **Governmental Approvals.** Promptly after the execution of this Agreement, or as required by Law, except as otherwise expressly provided herein, the Seller shall file all applications and reports that are required to be filed by Seller with any Governmental Authority as provided on Schedule 4.05 to the Buyer. 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 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 Seller may still mutually agree to proceed to consummate the transaction.

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

## ARTICLE X.

### **PRE-CLOSING COVENANTS OF BUYER**

Buyer covenants and agrees to comply with the following provisions:

Section 10.01. **Actions Before the Closing Date.** Buyer shall not take any action which shall cause it to be in breach of any representation, warranty, covenant or agreement contained in this Agreement or cause it to be unable to perform in any material respect its obligations hereunder, and Buyer shall use commercially reasonable best efforts (subject to any conditions set forth in this Agreement) to perform and satisfy all conditions to Closing to be performed or satisfied by Buyer under this Agreement, including action necessary to obtain all consents and approvals of third parties required to be obtained by Buyer to effect the transactions contemplated by this Agreement.

Section 10.02. **Governmental Approvals.** Promptly after the execution of this Agreement, or as required by Law, except as otherwise expressly provided herein, Buyer shall file all applications and reports which are required to be filed by Buyer with any Governmental Authority as provided on Schedule 5.04. Buyer shall also promptly provide all information that any Governmental Authority may reasonably require in connection with any such application or report. Buyer shall use all commercially reasonable efforts to obtain all required consents and approvals of any kind from any person in connection with the transactions contemplated hereby.

Section 10.03. **Cooperation.** Buyer shall reasonably cooperate with the Seller and their employees, attorneys, accountants and other agents and, generally, do such other acts and things in good faith as may be reasonable to timely effectuate the purposes of this Agreement and the consummation of the transactions contemplated in accordance with the provisions of this Agreement.

Section 10.04. **Supplements and Updates.** Buyer shall promptly deliver to the Seller any supplemental information updating the information set forth in the representations and warranties set forth in Article V of this Agreement so that such representations and warranties as supplemented by such information will be true and correct as of the Closing Date (or such other date as provided in such representations and warranties) as if then made. At least three (3) Business Days prior to the Closing Date, Buyer shall advise the Seller of any facts which would constitute a breach of a representation or warranty as of the date made or a default in a covenant contained herein.

## ARTICLE XI.

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

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

Section 11.02. **Representations and Warranties of Buyer.** The representations and warranties made by Buyer in Article V shall be true and correct 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 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 or files a petition for reconsideration of 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 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 11.01(a) and all consents, waivers, authorizations and approvals of any Governmental Authority required pursuant to Section 5.04; and

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

Section 12.02. **Representations and Warranties of Seller.** The representations and warranties made by the Seller in Article IV of this Agreement 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.

**ARTICLE XIII.**

**CLOSING**

Section 13.01. **Closing Date.** The Closing will take place at a place in Pennsylvania that is mutually agreed upon by the Parties, at 10:00 a.m. Eastern Standard Time on the earliest agreed

upon date or within twenty (20) Business Days after the date upon which all the conditions precedent to Closing described in this Agreement have been fulfilled or waived and Buyer and Seller receive the last of the required consents, waivers, approvals, Authorizations and Permits 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 will be effective at 12:01 a.m., Eastern time zone, on the day following the Closing Date (the "Closing Effective Time").

Section 13.02. **Deliveries by Seller.** At the Closing, the Seller shall have delivered or cause to be delivered to Buyer executed copies of the following agreements, documents and other items:

- (a) A Bill of Sale transferring all of the Acquired Assets comprising personal property, in the form attached hereto as Exhibit A;
- (b) Possession of the Acquired Assets, including without limitation, the Real Property, the Easements and an interest in the Missing Easements (including a license from Seller to Buyer);
- (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) A duly executed counterpart to the Escrow Agreement;
- (e) The consents to transfer all of the Assigned Contracts and Authorizations and Permits (including environmental Authorizations and Permits), to the extent required hereunder;
- (f) One or more special warranty or other deeds in recordable form reasonably acceptable to Buyer transferring fee simple title of Real Property;
- (g) 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;
- (h) Certificate of the Seller pursuant to Section 12.02 of this Agreement;
- (i) Certificate of the Seller pursuant to Section 12.07 of this Agreement;
- (j) 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
- (k) 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) A duly executed counterpart to the Escrow Agreement;
- (d) Certificate of Buyer pursuant to Section 11.02 of this Agreement;
- (e) Certificate of Buyer pursuant to Section 11.05 of this Agreement;
- (f) Evidence of PaPUC approval as provided in Section 12.03; and
- (g) 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 Closing Date; 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).

(e) 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.

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:

Greenville Sanitary Authority  
125 Main Street  
Greenville, PA 16125  
Attention: Chair of the Board

with a copy to:

James E. Douglas, Esq.

Douglas, Joseph & Olson  
409 N. Hermitage Road  
Hermitage, PA 16148  
jedouglas@douglasjoseph.com

in the case of the Buyer:

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Attention: Marc A. Lucca, President  
malucca@aquaamerica.com

with a copy to:

Aqua Pennsylvania Wastewater, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
Attention: Frances Orth, Esq., Vice President, Senior Managing Counsel  
fpoth@aquaamerica.com

or such other persons or addresses as a Party may from time to time designate by notice to the other Party. A notice, other communication or approval shall be deemed to have been sent and received (i) on the day it is delivered, or if such day is not a Business Day or if the notice is received after ordinary office hours (time 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. The Buyer and Seller agree that in the course of seeking PaPUC Approval of the transaction, the Buyer and Seller may agree to renegotiate the Purchase Price if the Buyer and Seller agree that a renegotiated Purchase Price would facilitate the approval of the transaction. Any renegotiated Purchase Price will be agreed to in writing between Buyer and Seller, and submitted to the PaPUC for approval.

Section 15.08. **Parties in Interest; Third Party Beneficiary.** Except as hereinafter provided, this Agreement is not intended to and shall not be construed to create upon any Person other than the Parties any rights or remedies hereunder.

Section 15.09. **Successors and Assigns.** Neither Party hereto shall assign or delegate this Agreement or any rights or obligations hereunder without the prior written consent of the other Parties hereto, and any attempted assignment or delegation without prior written consent shall be void and of no force or effect.

Section 15.10. **Governing Law; Jurisdiction.** This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Pennsylvania (without giving effect to the principles of conflicts of laws thereof). The Parties hereto irrevocably agree and consent to the jurisdiction of the United States District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Montgomery County, Pennsylvania, for the adjudication of any matters arising under or in connection with this Agreement. Any action initiated in court shall be filed and litigated (including all discovery proceedings) exclusively in the United States District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Montgomery County, Pennsylvania, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such Party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE

FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 15.11. **Specific Performance.** The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

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.

GREENVILLE SANITARY AUTHORITY

AQUA PENNSYLVANIA WASTEWATER,  
INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Printed: Marc A. Lucca

Its: \_\_\_\_\_

Its: President

ATTEST:

ATTEST:

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Appraisals**

15. For each UVE in this case, please provide the following, if not already provided:
- a. A list of valuations of utility property performed by the UVE;
  - b. A list of appraisals of utility property performed by the UVE
  - c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
  - d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.

Response:

- a. Please see Mr. Walker's Curriculum Vitae attached as Appendix A to Mr. Walker's Direct Testimony, included as Exhibit BB to the Application (Aqua Statement No. 6). Starred items represent dockets where Mr. Walker presented testimony related to the appraisal of utility property.
- b. Please see Mr. Walker's response to a. above.
- c. Please see Mr. Walker's response to a. above.
- d. In the past two years, Mr. Walker submitted testimony in the below dockets. Links to the dockets where Mr. Walker testified are below:
  - i. Lower Makefield Township – A-2021-3024267  
<https://www.puc.pa.gov/docket/A-2021-3024267>
  - ii. East Whiteland Township – A-2021-3026132  
<https://www.puc.pa.gov/docket/A-2021-3026132>
  - iii. Willistown Township – A-2021-3027268  
<https://www.puc.pa.gov/docket/A-2021-3027268>
  - iv. Shenandoah Borough – A-2022-3034143  
<https://www.puc.pa.gov/docket/A-2022-3034143>

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

- v. City of Beaver Falls – A-2022-3033138  
<https://www.puc.pa.gov/docket/A-2022-3033138>
- vi. Butler Area Sewer Authority – A-2022-3037047  
<https://www.puc.pa.gov/docket/A-2022-3037047>
- vii. Borough of Brentwood – A-2021-3024058  
<https://www.puc.pa.gov/docket/A-2021-3024058>

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Appraisals**

15. For each UVE in this case, please provide the following, if not already provided:
- a. A list of valuations of utility property performed by the UVE;
  - b. A list of appraisals of utility property performed by the UVE
  - c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
  - d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.

Response:

- a. Please see Mr. D'Ascendis' Curriculum Vitae attached as Attachment A to Exhibit V, Direct Testimony of Dylan W. D'Ascendis.
- b. Please see Mr. Dylan D'Ascendis' response to a., above.
- c. Please see Mr. Dylan D'Ascendis' response to a., above.
- d. In the past two years, Mr. D'Ascendis submitted testimony in the below dockets. Links to the dockets where Mr. D'Ascendis testified are below:
  - i. Towamencin Township – Docket No. A-2023-3040661;  
<https://www.puc.pa.gov/docket/A-2023-3040661>
  - ii. Shenandoah Borough Water System – Docket No. A-2022-3034143;  
<https://www.puc.pa.gov/docket/A-2022-3034143>
  - iii. Aqua Pennsylvania Wastewater, Inc. – Docket No. A-2022-3033138;  
<https://www.puc.pa.gov/docket/A-2021-3033138>
  - iv. City of York – Docket No. A-2021-3024681;  
<https://www.puc.pa.gov/docket/A-2021-3024681>

**AQUA PENNSYLVANIA WASTEWATER, INC.  
GREENVILLE SANITARY AUTHORITY  
Section 1329 Application Standard Data Requests**

**Appraisals**

16. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.

Response: Please see the Direct Testimony of Harold Walker III, included as Exhibit BB to the Application (Aqua Statement No. 6) at p. 19-22, Exhibit Q to the Application (Gannett Appraisal), and **CONFIDENTIAL** Gannett electronic workpapers.

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**Appraisals**

16. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.

Response: Please see the Direct Testimony of Dylan W. D'Ascendis, included as Application Exhibit V (Greenville Statement No. 2) at p. 21-22. Information on the discount rate can also be found in Application Exhibit R (ScottMadden Appraisal), Section VI.D., p. 9-10 and in Appendix G to the appraisal.

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**Appraisals**

17. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.

Response: Gannett Fleming used the original cost new (“OCN”) to calculate the trended original cost (“TOC”) measures, or the reproduction cost of the depreciable assets by multiplying the OCN by specific cost indices. We converted reproduction cost new to replacement cost new (“RCN”) after factoring in obsolescence. We used the TOC method because the mandated use of the Engineering Assessment’s original cost essentially dictates the use of TOC over the reproduction cost or the replacement cost methods. Please see the Direct Testimony of Harold Walker III, included as Exhibit BB to the Application (Aqua Statement No. 6) at p. 17-18 for an explanation of why this method was chosen.

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**Appraisals**

17. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.

Response: ScottMadden used an original cost new (“OCN”) method to calculate the trended original cost (“TOC”) of the assets. The TOC was arrived at by using the Handy-Whitman Index and the Producers Pricing Index which results in a current reproduction value. Please see the Direct Testimony of Dylan W. D'Ascendis, included as Application Exhibit V (Greenville Statement No. 2) at p. 14-16, for an explanation of why this method was chosen.

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**Appraisals**

18. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.

Response: Please see pages 11 to 72 of Exhibit 23 (workpapers) from Exhibit Q to the Application (Gannett Appraisal) for the source for the purchase price and number of customers for each comparable acquisition used in the Gannett Appraisal.

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**Appraisals**

18. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.

Response: Please see Application Appendix R (ScottMadden Appraisal), Appendix F.

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**Appraisals**

19. Have Buyer's and Seller's UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:
- a. Identify the nature and date(s) of correspondence;
  - b. Identify the type(s) of correspondence (i.e. written, verbal, etc); and,
  - c. Provide copies of any written correspondence exchanged between the UVEs

Response: No. The Buyer's and Seller's UVEs did not correspond with regard to their respective fair market value appraisals of the assets at issue in this case.

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**Appraisals**

19. Have Buyer's and Seller's UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:
- a. Identify the nature and date(s) of correspondence;
  - b. Identify the type(s) of correspondence (i.e. written, verbal, etc); and,
  - c. Provide copies of any written correspondence exchanged between the UVEs

Response: There was no correspondence between the UVEs.

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**Miscellaneous**

20. Are there any outstanding compliance issues that the Seller's system has pending with the PA Department of Environmental Protection. If yes, provide the following information:
- a. Identify the compliance issue(s);
  - b. Provide an estimated date of compliance;
  - c. Explain Buyer's anticipated or actual plan for remediation;
  - d. Provide Buyer's estimated costs for remediation; and,
  - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

**Response:**

a.- d. The GSA has experienced compliance issues for effluent total residual chlorine ("TRC") limits of its NDPES permit. The Company plans on installing a dechlorination system to address the noncompliance issues with effluent TRC. Aqua plans on installing the dichlorination system within the first year of ownership. The estimated cost of the dichlorination system is approximately \$350,000. Additionally, please see the Direct Testimonies of Zach Martin Application Exhibit W (Aqua Statement No. 1) and Mark J. Bubel, Sr., Application Exhibit X (Aqua Statement No. 2), Appendix A, for further discussion of operational issues and Aqua's planned capital investments.

e. Please see responses from the UVEs.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
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**Miscellaneous**

20. Are there any outstanding compliance issues that the Seller's system has pending with the PA Department of Environmental Protection. If yes, provide the following information:

e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: e. Gannett Fleming's appraisal did not factor in specific projected remediation cost. However, the income approach does factor in (deduct) estimated capital expenditures when calculating future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineers Assessment's inventory.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
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**Miscellaneous**

20. Are there any outstanding compliance issues that the Seller's system has pending with the PA Department of Environmental Protection. If yes, provide the following information:

e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: e. ScottMadden's appraisal did not factor in specific projected remediation cost. However, the income approach does factor in (deduct) estimated capital expenditures when calculating future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineering Assessment's inventory.

Please see the Direct Testimony of Dylan W. D'Ascendis, included in the Application as Exhibit V (Greenville Statement No. 2) at p. 20-21 for an explanation of the capital improvements included in Mr. D'Ascendis valuation appraisal (see also Application Appendix R (ScottMadden Appraisal), Appendix E).

**AQUA PENNSYLVANIA WASTEWATER, INC.  
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**Miscellaneous**

21. Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency. If yes, provide the following information:

- a. Identify the compliance issue(s);
- b. Provide an estimated date of compliance;
- c. Explain Buyer's anticipated or actual plan for remediation;
- d. Provide Buyer's estimated costs for remediation; and
- e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: a-d. Please see the responses to SDR-20. The DEP holds primacy regulatory authority in Pennsylvania.

- e. Please see responses from the UVEs.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
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**Miscellaneous**

21. Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency. If yes, provide the following information:

- e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: e. Gannett Fleming's appraisal did not factor in specific projected remediation cost. However, the income approach does factor in (deduct) estimated capital expenditures when calculating future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineers Assessment's inventory.

**AQUA PENNSYLVANIA WASTEWATER, INC.  
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**Miscellaneous**

21. Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency. If yes, provide the following information:

e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: e. ScottMadden's appraisal did not factor in specific projected remediation cost. However, the income approach does factor in (deduct) estimated capital expenditures when calculating future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineering Assessment's inventory.

Please see the Direct Testimony of Dylan W. D'Ascendis, included as Application Exhibit V (Greenville Statement No. 2) at p. 20-21 for an explanation of the capital improvements included in Mr. D'Ascendis valuation appraisal (see also Application Appendix R (ScottMadden Appraisal), Appendix E).