

Attachment 3

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT is made this 16th day of December 2014, by and between DEER HAVEN, LLC and POCONO LAKEFRONT, LLC, and is based upon the following considerations:

WHEREAS, Deer Haven, LLC, (hereinafter "Seller") is the owner of certain assets comprising a sewage collection and treatment system, including a wastewater treatment plant, sewer collection lines, pump stations and discharge pipe, all of which are located in Palmyra Township, Pike County, PA, collectively referred to as the "Sewer System"; and

WHEREAS, Seller is also the owner of certain assets comprising a water distribution system, including three (3) wells and various water lines, all of which are located in Palmyra Twp., Pike Co., PA, collectively referred to as the "Water System"; and

WHEREAS, Seller holds a Certificate of Public Convenience for the Sewer System and a Certificate of Public Convenience for the Water System, both Certificates having been issued to Seller by the Pennsylvania Public Utility Commission (the "PUC"); and

WHEREAS, Pocono Lakefront, LLC (hereinafter "Purchaser") is the owner of approximately 100 acres of land, located in Palmyra Township, Pike County, PA and identified by Pike County Tax Parcel No. 071.04-01-03, which Purchaser acquired in November 2010 from Seller and Seller's affiliated company, Haven Development Company, LLC, (hereinafter "HDC"); and

WHEREAS, at the time that Purchaser acquired the Property from Seller and HDC, Seller and Purchaser entered into a "Grant of Capacity and Option to Purchase Agreement", dated November 8, 2010, which is recorded in Pike County Record Book 2350 at page 1862, hereinafter referred to as the "Capacity and Option Agreement" and

WHEREAS, the Capacity and Option Agreement granted Purchaser the option to acquire the Deer Haven Sewer Company, referred to as the Sewer System herein, as well as the Deer Haven Water Company, referred to as the Water System herein; and

WHEREAS, Purchaser has submitted a Land Development Plan to the Board of Supervisors of Palmyra Township, Pike County, PA (the "Township"), for a townhouse project, known as Pocono Lakefront Townhouses, to be developed on the Property (hereinafter the "Project") with sewage disposal for the Project to be handled by the Sewer System and water service to be provided by the Water System; and

WHEREAS, Purchaser has just obtained Preliminary Approval of its Land-Development Plan from the Township on November 18, 2014 and is expecting approval of its Sewage Planning Module, including the new wastewater treatment plant, from both the PA DEP and the Delaware River Basin Commission ("DRBC") in December 2014; and

WHEREAS, Purchaser wishes to exercise its option to acquire the Sewer System and Water System from Seller and Seller agrees to transfer these Systems to Purchaser, subject to the terms and conditions set forth herein.

NOW THEREFORE, the parties hereto, each intending to be legally bound, do covenant and agree as follows:

1. The recitals set forth above are hereby incorporated by reference into the terms of this Agreement.
2. For consideration of One (\$1.00) Dollar, plus other valuable consideration more fully described in this Agreement, Seller agrees to sell and transfer its assets in both the Sewer System and Water System to Purchaser. This sale shall be subject to approval by the PUC of Certificates of Public Convenience, (hereinafter "Certificate" or "Certificates") being issued to the new company or companies to be formed by Purchaser, for both the Sewer System and Water System, and shall also be subject to the terms and conditions of this Agreement.
3. Purchaser, or the company or companies established or designated by it, shall apply to the PUC for Certificates for both Systems once it has received Preliminary Approval of its Land Development Plan from the Township. The costs of applying to the PUC and of obtaining the Certificate(s) shall be at the sole expense of Purchaser. Seller agrees to cooperate with the Purchaser in applying to the PUC and obtaining the Certificate(s) and will promptly execute all necessary documents and, if required, appear at any proceedings.
4. Purchaser shall have the right, but not the obligation, to assign its right to acquire the Water System to Pocono Water Works Company, Inc. ("PWWC") and also designate the PWWC to act as the applicant for the PUC Certificate for the Water System, provided PWWC is willing to do so and is also willing to make improvements to the existing wells and water distribution system, which are consistent with the Purchaser's plans for the development of the Property. This will necessitate Purchaser entering into a separate agreement with PWWC, prior to the PUC application, which is satisfactory to the Purchaser, in its sole discretion.
5. Once Purchaser has confirmed that it is agreeable to the Conditions for Preliminary Approval of its Land Development Plan set by the Township, and until such time as the Certificates are issued by the PUC to the company or companies established (or designated) by Purchaser, the Purchaser shall be responsible for the costs involved in operating the Sewer System, from the date of the Township approval forward. It is understood that PWWC is operating the Water System and shall continue to do so and that it shall continue to be responsible for the costs of operating the Water System during this period.
6. Once this Agreement is executed, Purchaser shall also obtain insurance on the Wastewater Treatment Plant ("WWTP") that is a part of the Sewer System; naming the Purchaser as the Insured and Palmyra Township, Pike County, PA (the "Township") as an Additional Insured; it being understood that if the WWTP is damaged or destroyed, any claim

paid shall go tot the Purchaser and/or the Township and no proceeds of any insurance claim shall be paid to the Seller from such policy.

7. As additional consideration to Seller for this Agreement, Purchaser, on behalf of the new company to be formed that will hold the Certificate for the Sewer System (the "Company"), hereby agrees that once the new Sewer System has been constructed as part of the Project, if Company chooses to sell or transfer the Sewer System to a third party, or the controlling ownership in the Company, Purchaser/Company will give Shmuel Shahar a first option to acquire the Sewer System, for the same terms and conditions that the Sewer System is to be offered to a third party, hereinafter referred to as the "Original Offer". Shahar shall have 30 days, after being given written notice of the Original Offer, to accept the terms of the Original Offer and enter into an agreement with the Company and to close within an additional 60 days. If Shahar elects not to accept the Original Offer, then Purchaser/Company shall be free to enter into a contract with a third party for the same financial terms and conditions set forth in the Original Offer. In the event that Purchaser/Company should reduce the financial terms offered to a third party for the sale or transfer of the Sewer System by more than five (5%) percent of the Original Offer, hereinafter referred to as the "Amended Offer", then Purchaser/Company shall notify Shahar of the Amended Offer and Shahar shall have 30 days, after being given written notice of the Amended Offer, to match such terms and enter into an agreement with Purchaser/Company to acquire the Sewer System. If Shahar elects not to match the Amended Offer, then Purchaser/Company shall be free to enter into a contract with the third party for the same financial terms and conditions set forth in the Amended Offer. This Right of First Option being granted to Shahar is personal to him and shall not be assignable. The Right of First Option granted to Shahar shall be subject to approval by the PUC of the transfer of the Certificate of Public Convenience.

8. Purchaser shall have option to terminate this Agreement if the PUC has not granted approval of the Certificates of Public Convenience for both the Sewer System and the Water System within one (1) year of the date of this Agreement.

9. This Agreement may be executed in counterparts, including in facsimile and electronic formats (including portable document format (.pdf)), each of which is an original and all of which constitute one and the same instrument.

The remainder of this page is intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and date first above written.

SELLER:
DEER HAVEN, LLC

by: 

Shmuel Shabar, Manager

PURCHASER:
POCONO LAKEFRONT, LLC,

by: 

Jacob Goren, Manager