

**ASSET PURCHASE AGREEMENT**  
**BETWEEN**  
**SADSBURY TOWNSHIP MUNICIPAL AUTHORITY**  
**& SADSBURY TOWNSHIP**  
**AND**  
**PENNSYLVANIA-AMERICAN WATER COMPANY**

**JANUARY 5, 2023**

# APPENDIX A

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE Agreement (“**Agreement**”), dated as of the 5<sup>th</sup> day of January, 2023 by and between the **Sadsbury Township Municipal Authority**, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania, having a mailing address of 7182 White Oak Road, Christiana, PA 17509, Pennsylvania (“**Seller**”), **Pennsylvania-American Water Company**, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with a business address of 852 Wesley Drive, Mechanicsburg, PA 17055 (“**PAWC**”), and Sadsbury Township, Lancaster County, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the “**Township**”), only for purposes of **Sections 6.1(g), 6.7, 8.1(f) and 8.2(e) and 11.2.**

### RECITALS

A. Seller owns, maintains and operates a wastewater collection system (the “**System**”) located in limited portions of Sadsbury Township, Lancaster County, Pennsylvania (the “**Service Area**”);

B. PAWC is a regulated public utility that furnishes water and wastewater services to the public in various counties throughout Pennsylvania, including Lancaster County, as reflected in PAWC’s duly-filed and effective tariff, as may be amended from time to time upon application by the Company or as ordered by the Pennsylvania Public Utility Commission (“**Tariff**”); and

C. Seller desires to sell, and PAWC desires to purchase the System, as well as substantially all assets, properties and rights of Seller owned and used in connection with the System, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the recitals and the covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

### ARTICLE 1

#### THE TRANSACTION

1.1 Sale and Purchase of Assets. Subject to the terms, representations and conditions set forth in this Agreement, PAWC shall purchase from Seller, and Seller shall sell, assign, transfer, grant, convey and deliver to PAWC at Closing (hereinafter defined), the Assets. The term “**Assets**” means all of the assets, properties and rights of Seller (whether tangible, intangible, real, personal or mixed) that are held or used in connection with the System. The Assets shall be sold free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions, and encumbrances of any and all nature (collectively, the “**Encumbrances**”), except for Permitted Encumbrances.

1.2 Assets Further Defined.

The Assets shall, without limitation to the definition stated above, include the following:

- (a) the Assigned Contracts (as defined in **Section 5.1(c)**);
- (b) all interests in real estate (excepting streets), mains, laterals (from main to edge-of-road or curblines where the main is located within a public right-of-way or to the edge of an easement where the main

# APPENDIX A

is located withing private property), manholes, facilities, meters, wastewater system network and related appurtenances, structures, improvements, fixtures, rights-of-way, rights, uses, franchises, licenses and easements owned by Seller and relating to the System, or in which Seller has an interest, and all hereditaments, tenements and appurtenances belonging, appertaining or relating thereto (collectively the “**Real Property**”);

(c) all machinery, equipment, tools, keys and locks, leasehold improvements, goods, and other tangible personal property relating to the System owned by Seller, or in which Seller has an interest;

(d) all rights of Seller under any written or oral contract, easement, license, agreement, lease, plan, instrument, registration, permit, certificate, or other authorization or approval of any nature, or other document, commitment, arrangement, undertaking, practice or authorization, relating to the System;

(e) all rights and choses in action of Seller arising out of occurrences before or after the Closing relating to the Assets, including any rights of Seller under any warranties related to the Assets; and

(f) all information, files, records, data, plans, contracts and recorded knowledge relating to the Assets, including customer and supplier lists and property records, related to the foregoing.

## 1.3 Retained Liabilities and Assumed Liabilities.

(a) Except as explicitly provided in **Section 1.3(b)** below, PAWC shall not assume and shall not be liable for any liabilities or obligations of Seller of any nature whatsoever (including any obligations related to the Assets or operation of the System), whether express or implied, fixed or contingent, known or unknown at the time of Closing. Except as explicitly provided in **Section 1.3(b)** below, all of Seller’s liabilities and obligations, whether incurred in connection with the operation of the System, ownership of the Assets or otherwise, shall remain the sole responsibility of, and shall be retained, paid, performed and discharged solely by Seller. Without limiting the foregoing, Seller shall be and shall remain liable for all obligations and liabilities relating to (i) employees of Seller (including those who worked on the System) and any employee benefits related thereto (including any pension benefits), (ii) all taxes on the business of Seller, (iii) accounts payable of the Seller, and (iv) failure to comply with any Environmental Laws or any Permits for the Assets or operation of the System before the Closing Date.

(b) PAWC shall assume and pay, perform and discharge when due any and all liabilities and obligations of Seller (1) arising under Seller’s 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 Assets on or after the Closing Date, specifically described as the following:

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

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

(iii) all liabilities and obligations for taxes relating to the System, its operation, the Assets and the Assumed Liabilities attributable to the period beginning on the Closing Date; and

(iv) all other liabilities and obligations arising out of or relating to PAWC’s ownership or operation of the System and the Assets on or after the Closing (all of the aforementioned liabilities in this **Section 1.3(b)** are referred to as the “**Assumed Liabilities**”).

# APPENDIX A

1.4 Excluded Assets. Notwithstanding anything to the contrary contained in this Agreement, the Assets shall not include any of the following:

- (a) All contracts, licenses and leases that are not Assigned Contracts;
- (b) the MS4 System;
- (c) Seller's cash on hand on the date of Closing and Capacity Reservation Fees, including but not limited to those fees paid for the properties listed on Schedule 1.4 and Seller's accounts receivables related to the System for services rendered through the close of business on the Closing Date;
- (d) the seals, organizational documents, minute books, tax returns, books of account or other records having to do with the organization of Seller and all employee-related or employee benefit-related files or records;
- (e) all insurance policies of Seller and all rights to applicable claims and proceeds thereunder;
- (f) all rights to any action, suit or claim of any nature available to or being pursued by Seller, whether arising by way of counterclaim or otherwise;
- (g) all assets, properties and rights used by Seller other than those which primarily relate to the operations of the System;
- (h) All rights of Seller under this Agreement and related Bill of Sale and Assignment of Contracts Agreement as it pertains to the transfer and sale herein contemplated; and (i) the specific assets, properties and rights of Seller set forth on Schedule 1.4.

1.5 Accounts Receivable. Accounts receivable for wastewater services related to the System rendered through the close of business on the day before the Closing Date shall be excluded assets as per Section 1.4, and accounts receivable for wastewater services related to the System rendered thereafter shall belong to PAWC.

## ARTICLE 2

### PURCHASE PRICE

2.1 Escrow Amount. At Closing, Fifty Thousand Dollars (\$50,000) of the Purchase Price (defined below) shall be deposited in escrow (the "**Escrow Fund**") with the Escrow Agent pursuant to an escrow agreement in the form of Exhibit A, by and among the Seller, the Township, PAWC and the Escrow Agent (the "**Closing Escrow Agreement**") to provide for any indemnification claims of PAWC due and payable by the Seller pursuant to Section 9.1 and any Missing Easements pursuant to Section 6.2; *provided, however*, that the Escrow Fund shall be released to the Seller or the Township (in accordance with the Closing Escrow Agreement) on the Escrow Release Date, except for any amount reasonably required to cover any indemnification claim made by PAWC prior to such date or any Missing Easements not resolved by Seller prior to the date specified and as required under the Closing Escrow Agreement.

2.2 Purchase Price for the Assets. Subject to the terms and conditions of this Agreement, the purchase price (the "**Purchase Price**") is \$990,000 (Nine Hundred Ninety Thousand Dollars). The Purchase

# APPENDIX A

Price shall be payable directly to Seller on the Closing Date by wire transfer or by corporate check, at the Seller's discretion.

2.3 Purchase Price Adjustments. After funding the Escrow Fund at Closing, PAWC shall pay to the Seller by wire transfer of immediately available funds the balance of the Purchase Price to one or more accounts that Seller designates and provides to PAWC at least three (3) Business Days prior to the Closing Date.

## ARTICLE 3

### THE CLOSING

3.1 Closing Subject to the terms and conditions of this Agreement, the closing of the sale and purchase of the Assets ("**Closing**") shall take place at the offices of PAWC located at 852 Wesley Drive, Mechanicsburg, Pennsylvania, or such other mutually agreed upon location within thirty (30) days following the date on which all of the conditions set forth in Articles 6 and 7 of this Agreement have been met (or waived). The date of the Closing is referred to herein as the "**Closing Date**".

#### 3.2 Deliveries and Proceedings at Closing.

(a) Subject to the terms and conditions of this Agreement, at the Closing, Seller shall deliver or cause to be delivered to PAWC:

- (i) Bills of Sale and instruments of assignment duly executed by Seller as necessary to transfer all of the Assets to PAWC, including an assignment of contracts agreement covering the assignment and assumption of the Assigned Contracts in substantially the form of Exhibit B ("**Assignment of Contracts Agreement**");
- (ii) A copy of each permit, license, easement, land-right and other necessary authority for the operation of the System and the Assets, in each case validly issued in the name of the Seller, and showing in full force and effect;
- (iii) The consents to transfer all Assigned Contracts, leases, intellectual property, Permits and other Assets requiring such consents to be transferred to PAWC;
- (iv) All required material consents, waivers, authorizations or approvals of any Governmental Authority, or of any other Person and each declaration to or filing or registration with any Governmental Authority required in connection with the execution and delivery of this Agreement by Seller or the performance by Seller of its obligations under this Agreement, set forth on Schedule 4.1(f), including without limitation all required EPA and PaDEP approvals (all such authorizations and permits and Governmental Approvals must be final (and not subject to any appeal and any applicable appeal period having expired));
- (iv) Evidence satisfactory to PAWC of the transfer of all utilities with respect to the System from Seller to PAWC in accordance with Section 6.1(b)(iii) below;

# APPENDIX A

- (v) One or more General Warranty Deeds of conveyance of the real estate and easements to PAWC, duly executed and acknowledged by Seller and in recordable form, each sufficient to convey the title and rights of access to the Assets;
  - (vi) Such other deeds, bills of sale, assignments, certificates of title, documents and other instruments of transfer and conveyance as may reasonably be requested by PAWC, each in form and substance reasonably satisfactory to PAWC;
  - (vii) Certified copies of all resolutions (“**Resolutions**”) duly adopted by the Seller authorizing the execution, delivery and performance of this Agreement and all related agreements and the transactions contemplated hereby and thereby;
  - (viii) As applicable, a payoff letter from each lender (whether institutional or otherwise) from which Seller has incurred indebtedness or borrowed money that is outstanding, and a release of all Encumbrances relating to the Assets (along with Form UCC3 Financing Statements effectuating a termination of all outstanding financing statements covering the Assets) executed, filed and/or recorded by the holder of or parties to each such Encumbrance, if any, in each case in substance and form reasonably satisfactory to PAWC and its counsel;
  - (ix) The certificates and other documents required to be delivered by Seller under this Agreement as set forth in **Section 8.1** hereof;
  - (x) A duly executed counterpart to the Closing Escrow Agreement.
  - (xi) All such other agreements, documents and instruments of conveyance required by this Agreement or as shall, in the reasonable opinion of PAWC and its counsel, be necessary to transfer the Assets to PAWC in accordance with this Agreement, and where necessary, in recordable form.
- (b) Subject to the terms and conditions of this Agreement, at the Closing, PAWC shall deliver or cause to be delivered to Seller:
- (i) The Purchase Price;
  - (ii) Certified copies of the resolutions duly adopted by PAWC’s Board of Directors authorizing the execution, delivery and performance of this Agreement;
  - (iii) The certificates and other documents required to be delivered by PAWC under this Agreement as set forth in **Section 8.2** hereof;
  - (iv) A duly executed counterpart to the Closing Escrow Agreement; and
  - (v) All such other agreements, documents and instruments of conveyance required by this Agreement or as shall, in the reasonable opinion of Seller and its counsel, be necessary to transfer the Assets to PAWC in accordance with this Agreement, and where necessary, in recordable form.

## ARTICLE 4

### REPRESENTATIONS AND WARRANTIES OF SELLER

4.1 Seller's Representations. Seller hereby represents and warrants to PAWC as follows:

(a) Organization; Legal Authority. The Seller is a duly organized municipality authority of the Commonwealth of Pennsylvania, validly existing, solvent, and in good standing under the laws of the Commonwealth of Pennsylvania, and Seller has the full power and lawful authority to transfer to PAWC the rights, title and interest in and to the Assets.

(b) Assets Ownership. Seller has clear, good, and marketable right and title to, or a valid leasehold interest in, all of the assets, property and facilities comprising the Assets, free and clear of all Encumbrances. **Schedule 4.1(b)** denotes all Assets that are subject to a leasehold interest (i.e., not owned by Seller). None of the Assets are leased or on loan by Seller to any third party. The Assets constitute all of the assets, property and facilities that, together with the rights granted or conveyed under the transaction documents, are necessary for the operation of the System, the business thereof, and the Assets as conducted as of the date hereof. Upon the Closing, PAWC shall continue to be vested with good title or a valid leasehold interest in the System and all of the Assets.

(c) Financial Statements. The Seller's Financial Statements that have been made available to PAWC by Seller have been prepared by Seller in accordance with Seller's past procedures. The Financial Statements were prepared from the books and records of Seller, are true, correct and complete and present fairly in all material respects the financial condition, operating results and cash flows of Seller as of the dates and during the periods indicated therein (subject in the case of the Unaudited Financial Statements to normal year-end adjustments and the absence of footnotes).

(d) Due Authorization; Valid and Binding; No Encumbrances. Seller has the full power and lawful authority to enter into this Agreement and all related agreements and to consummate and perform the transactions contemplated hereby and thereby. Seller has duly and validly authorized the execution and delivery of this Agreement (which has been duly executed and delivered) and all related documents and agreements to which Seller is a party by all necessary proceedings, and this Agreement and all related documents and agreements constitute the valid and binding obligations of Seller enforceable against it in accordance with its terms. No filings or registrations with, notifications to, or authorizations, consents or approvals of, a Governmental Authority or third party are required to be obtained or made by Seller in connection with the execution, delivery or performance by Seller of this Agreement, all related agreements, or the consummation by Seller of the transactions contemplated herein or therein. Neither the contemplated transactions, nor this Agreement will result in the creation of any Encumbrance against any of the Assets.

(e) Current Operations. Seller has all requisite power and authority and all agreements, contracts, commitments, leases, certificates, licenses, Permits, regulatory authorizations and other instruments required to conduct the operations of the System as it has been and is now being conducted and to own and operate the Assets.

(f) Consents and Approvals. **Schedule 4.1(f)** sets forth a list of each consent, waiver, authorization or approval of any Governmental Authority, or of any other Person, and each declaration to or filing or registration with any Governmental Authority required in connection with the execution and delivery of this Agreement by Seller or the performance by Seller of its obligations under this Agreement.

# APPENDIX A

(g) No Violations. Except as set forth on **Schedule 4.1(g)**, to Seller's Knowledge, this Agreement does not violate any law, ordinance, or regulation, does not conflict with any order or decree, and does not conflict with or result in a breach of any instrument, contract, lease, Permit or certificate to which Seller is a party or is otherwise bound or affected, or by which the Assets may be bound or affected. The execution and delivery of this Agreement and all related documents and agreements, and the consummation of the transactions contemplated hereby and thereby, do not violate, conflict with or result in the breach of any term, condition or provision of Seller's articles of incorporation, bylaws or other governing documents.

(h) Accounts Receivable. All accounts receivable being retained by Seller under **Section 1.5** (whether billed or unbilled) (collectively, the "**Retained Accounts Receivable**"), are valid, genuine and existing and arose (or will have arisen on or prior to Closing) from bona fide sales of products or services actually made in the ordinary course of business on or prior to the Closing Date. All products and services with regard to the Retained Accounts Receivable have been provided by Seller (and no further obligations exist), and no offset, agreement for deduction, free goods, discount or deferred price or quantity adjustment has been made with respect to any Retained Accounts Receivable.

(i) Free Service; Customer List; Prepayments. Seller has not entered into any agreements or other understandings for the provision of free or otherwise subsidized or discounted services to any parties. The data contained in the customer records provided to PAWC under **Section 6.1(j)** is true and accurate in all material respects. Other than Capacity Reservation Fees paid prior to the Closing Date, which will be an Excluded Asset retained by Seller pursuant to Section 1.4, Seller has not received payments made in advance by any third party (including Seller's wastewater customers) for future service (including service after the Closing) with regard to the System or the Assets.

(j) Undisclosed Liabilities. Except as set forth in **Schedule 4.1(j)**, there are no material liabilities or obligations of Seller, either accrued, absolute, liquidated or unliquidated, contingent or otherwise, relating to the Assets that would be required to be set forth on a balance sheet as applicable to municipal authorities and in accordance with Seller's past practices, other than liabilities incurred in the ordinary course. To Seller's Knowledge, there is no basis for any claim against Seller, the System or any of the Assets for any such liability or obligation, and there is no basis for any such liability or obligation to become the liability or obligation of PAWC from and after the Closing.

(k) Condition of Assets. All the tangible property included within the Assets is in good operating condition and repair, is usable in the regular course of business and, to Seller's Knowledge, conforms to all applicable laws, ordinances, codes, Permits, rules and regulations relating to their construction, use and operation, and is free from any defects except such defects as do not materially interfere with the continued use thereof in the conduct of the System's operations.

(l) Contracts. **Schedule 4.1(l)(i)** contains a true, complete, and accurate list of all agreements (including all verbal agreements and intermunicipal agreements), contracts, leases (including any leasehold interests constituting part of the Assets as described in **Section 4.1(b)**), licenses, commitments, arrangements and instruments related to the Assets to which Seller is a party or the Assets are otherwise subject or bound, along with all amendments and addenda related thereto (collectively, the "**Contracts**"). **Schedule 4.1(l)** also identifies with an asterisk any Contract which requires consent to, or prohibits, assignment of the Contract. All Contracts are in full force and effect and are valid and enforceable in accordance with their terms, and the parties thereto are in material compliance with the provisions thereof, and there exists no event or condition which with the giving of notice or lapse of time, or both, would constitute a default thereunder. Seller has received, or will receive prior to the Closing, the written consent of each party to the Assigned Contracts

# APPENDIX A

designated on Schedule 4.1(l) as requiring consent to the assignment, or otherwise complied with Seller's obligations under Section 6.1(b)(ii) hereof. Seller has delivered to PAWC correct and complete copies of those Contracts requested by PAWC, as well as copies of the requisite assignments for each of the Assigned Contracts which effectuates the transfer of the Assigned Contracts to PAWC as of the Closing Date.

(m) Adequacy of Property Rights; Real Property and Easements.

- (i) Seller possesses all property rights necessary to operate the Assets, and, except as set forth on Schedule 4.1(m)(i), Seller owns and has good and marketable title to the Real Property, free and clear of all options, leases, covenants, conditions, easements, agreements, claims, and other encumbrances of every kind, and there exists no restriction on the use or transfer of such property. As it relates to the Assets, Schedule 4.1(m)(i) contains a complete and accurate list of the Real Property owned by Seller and a complete and accurate list of each lease of Real Property to which Seller is a party (as the lessor, lessee or otherwise). To Seller's Knowledge, Seller's current use and occupancy of the Real Property and its operation of the System thereon does not violate any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such Real Property. All leases, licenses, rights of way, and easements related in any manner to the assets and properties comprising the Assets and all other instruments, documents and agreements pursuant to which Seller has obtained the right to use any Real Property in connection with the Assets are in good standing, valid and effective in accordance with their respective terms, and with respect thereto, there is no existing material default or event that could constitute a material default. The Real Property is properly classified under applicable zoning laws, ordinances, and regulations for the current and continued operation of the System on the Real Property. No proceeding that could adversely affect the zoning classification of the Real Property is pending or to Seller's Knowledge, threatened. At and after the Closing, PAWC shall have the right to maintain and use the Real Property, including the space, facilities and appurtenances outside of building lines, whether on, over or under the ground, and to conduct such activities thereon as maintained, used or conducted by Seller on the date hereof, and such right is not subject to revocation. Seller has made available to PAWC copies of all title reports, surveys, title policies and appraisals relating to the Real Property.
- (ii) Set forth on Schedule 4.1(m)(ii) hereto is a true, correct and complete list of all easements and rights of way relating to the Real Property and the Assets. All of such easements and rights of way are valid and will be transferred to PAWC and remain in full force as of the Closing and thereafter. Seller has not received any notice of violation of any easements, covenants, restrictions or similar instruments and there is no basis for the issuance of any such notice or the taking of any action for such violation. At and after the Closing, PAWC shall have all rights, easements and agreements necessary for the use and maintenance of water, sewer or other utility pipelines, poles, wires, conduits or other like facilities, and appurtenances thereto, over, across and under the Real Property.
- (iii) There are no outstanding options, rights of first refusal or rights of first offer to purchase any of the Real Property or any portion thereof or interest therein, except as otherwise set forth on Schedule 4.1(m)(iii).

# APPENDIX A

- (iv) All improvements located on, and the use presently being made of, the Real Property comply with all applicable zoning and building codes, ordinances and regulations and, to Seller's Knowledge, all applicable fire, environmental, occupational safety and health standards and similar standards established by applicable law, and, to Seller's Knowledge, the same use thereof by PAWC following Closing will not result in any violation of any such code, ordinance, regulation or standard. No improvements encroach on any land that is not included in the Real Property or on any easements affecting such Real Property, or violate any building lines or set-back lines, and there are no encroachments onto the Real Property, or any portion thereof, that would interfere with the use or occupancy of such Real Property or the continued operation of the System as currently conducted.
- (v) There is no unpaid tax, levy or assessment against the Real Property (except for encumbrances relating to assessments not yet due and payable), nor is there pending or, to Seller's Knowledge, threatened any condemnation proceeding against the Real Property or any portion thereof. Schedule 4.1(m)(v) contains a list of all impending taxes, levies and assessments that are due and owing on or after the Closing Date.
- (vi) Except as set forth in Schedule 4.1(m)(vi), there is no condition affecting the Real Property or the improvements located thereon that requires repair or correction to restore the same to reasonable operating condition.

(n) Litigation. Except as disclosed on Schedule 4.1(n), there is no action, suit, claim or litigation, arbitration, proceeding, judgment, injunction, audit or legal, administrative or governmental investigation pending (including any citations, notices, summons or orders), and none are known to Seller to be threatened against, pertaining to or affecting the System or any of the Assets (including any such actions, litigation and other claims against Seller) before any court, arbitrator or Governmental Authority, nor is there any order, writ, injunction or decree of any court, arbitrator or Governmental Authority, in existence against, pertaining to or affecting the Seller (including its commissioners, directors or officers), the System or any of the Assets. Except as noted in Schedule 4.1(n), all matters disclosed in Schedule 4.1(n) are fully covered by Seller's insurance. There are no known laws, ordinances, regulations or official orders now in effect or pending that could reasonably be expected to have a material adverse effect on the System or the ownership, condition or operation of the System or the Assets. There are no actions, suits, claims, proceedings or investigations pending or, to Seller's Knowledge, threatened against the Seller, and the Seller is not subject to any outstanding judgment, order or decree of any court or governmental body, which would in either case, reasonably be expected to prevent or materially interfere with or delay the Seller's ability to perform its obligations under this Agreement.

(o) Tax Matters.

- (i) Seller has timely and properly filed all tax returns that it was required to file. All such tax returns were complete and correct in all material respects and were prepared in compliance with all applicable laws. All taxes owed by Seller have been paid. Seller is not the beneficiary of any extensions of time within which to file any tax return. There are no Encumbrances on any of the Assets that arose in connection with any failure (or alleged failure) to pay any tax.

# APPENDIX A

- (ii) Seller has withheld and paid all taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, supplier, vendor, creditor, or other third party. Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed.
- (iii) There are no audits or examinations of any tax returns pending or, to Seller's Knowledge, threatened that relate to Seller's operation of the System or the Assets. Seller is not a party to any action or proceeding by any Governmental Authority for the assessment or collection of taxes relating to the operation of the System, nor has such event been asserted or, to Seller's Knowledge, threatened. There is no waiver or tolling of any statute of limitations in effect with respect to any tax returns relating to Seller's operation of the System or the Assets.

(p) No Material Adverse Conditions; Insurance. To Seller's Knowledge, there are no facts, circumstances or conditions existing or threatened that would have, or would be reasonably be expected to have, a material adverse effect on the condition, properties, assets, indebtedness, liabilities, commitments, operations or prospects of the System or the Assets. Seller maintains and has maintained appropriate insurance necessary for the full protection of all of the Assets, the System, and all related operations, products and services. All such policies are in full force and effect and Seller will use commercially reasonable efforts to cause such policies to be outstanding and in full force and effect as of Closing and immediately following the execution of this Agreement and the consummation of the contemplated transactions. There are no pending claims or proceedings arising out of, based upon or with respect to any of such policies of insurance and, to Seller's knowledge, no basis for any such claims or proceedings exists. Seller is not in default with respect to any provisions contained in any such insurance policies, and no insurance provider is in default with respect to such insurance policies.

(q) Compliance with Law. Except as disclosed on Schedule 4.1(q), to Seller's Knowledge, Seller is and has been in material compliance with all laws, ordinances, and governmental rules and regulations, whether civil or criminal, of any federal, state, local or foreign Governmental Authority applicable to the operation of the System and the Assets, including Environmental Laws (defined below) and employee labor, pension and benefits laws, to which Seller, the System or the Assets are subject, and has not failed to obtain, or to adhere to the requirements of, any certificate, license, Permit or other Governmental Approval necessary for the operation of the System and the Assets, nor has Seller committed any violation of law or any provision of its governing documents applicable to the System or the Assets. Except as disclosed on Schedule 4.1(q), Seller has not received, and has no reason to believe that it will receive, notice of any violation of law.

(r) Adequacy of Permits. Set forth in Schedule 4.1(r) is a complete and correct list of all permits, licenses, registrations, approvals and other authorizations (collectively, the "Permits") used by Seller in the continuing operation of the System and for the Assets. Such Permits constitute all those necessary for the continuing operation of the System and for the Assets, and are all valid and subsisting and in full force and effect. To Seller's Knowledge, no fact or circumstance exists that is reasonably likely to cause any such Permit to be revoked or materially altered subsequent to the execution of this Agreement and the Closing Date, and neither the execution of this Agreement, nor the Closing do or will constitute or result in a material default under or violation of any such Permit. Seller likewise has obtained and continues to possess all Permits that, to Seller's Knowledge, are required under, by or pursuant to Environmental Laws (defined below), has filed such timely and complete renewal applications as may be required prior to the Closing Date, and also has complied with all reporting and record keeping requirements under Environmental Laws (defined below).

# APPENDIX A

Such Permits shall be issued prior to Closing in a form and with terms and conditions that are reasonably satisfactory to PAWC.

(s) Environmental Matters.

- (i) To Seller's Knowledge, there are no past or present events, conditions, circumstances, activities, practices, incidents, actions or plans pertaining or relating to the Assets or the System that may materially impede or prevent compliance with Environmental Laws, and Seller is, and at all times has been, in full compliance with and has not been, and is not in violation of or liable under any applicable Environmental Law. Seller has no basis to expect, nor has it received any actual or threatened order, notice or other communication from any Governmental Authority or other person of any actual or potential violation or failure to comply with any Environmental Law or of any actual or threatened obligation to undertake or bear the cost of any environmental, health and safety liabilities with respect to Real Property or any other properties or assets (whether real, personal or mixed) in which Seller has or has had an interest or with respect to the Real Property or any other Real Property at or to which hazardous materials were generated, manufactured, refined, transferred, imported, used or processed by Seller or any other person for whose conduct it is or may be held responsible, or from which hazardous materials have been transported, treated, stored, handled, transferred, disposed, recycled or received.
- (ii) There are no pending or to Seller's Knowledge, threatened claims, encumbrances or other restrictions of any nature, resulting from any environmental, health and safety liabilities or arising under or pursuant to any Environmental Law with respect to or affecting the Seller's Real Property. Seller does not have any material environmental, health and safety liabilities with respect to the Seller's Real Property .
- (iii) There are no hazardous materials, except those used in connection with the ordinary course operation of the System in accordance with all Environmental Laws, present on or in the environment at the Real Property, including any hazardous materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent and deposited or located in land, water, sumps or any other part of the Real Property or incorporated into any structure therein or thereon. Seller has not permitted or conducted, or is aware of, any hazardous activity conducted with respect to the Real Property except in material compliance with all applicable Environmental Laws. There has been no release, of any hazardous materials at or from the Real Property by Seller.
- (iv) Except as set forth in Schedule 4.1(s)(iv), none of the following exists at the System or on the Real Property that is part of the Assets: (1) underground storage tanks; (2) asbestos-containing material in any form; (3) materials or equipment containing polychlorinated biphenyl; (4) groundwater monitoring wells; or (5) landfills, surface impoundments, or disposal areas.
- (v) Seller has delivered to PAWC true and complete copies and results of any reports, studies, analyses, tests or monitoring possessed or initiated by Seller or its predecessors

# APPENDIX A

pertaining to hazardous materials or hazardous activities in, on or under the Real Property, or concerning compliance by Seller, its predecessors, or any other person for whose conduct Seller is or may be held to be responsible, with Environmental Laws, said reports, studies, analyses, tests and monitoring to include without limitation, any and all Phase I environmental reports now or hereafter in the possession or control of Seller.

- (vi) Compliance with Decrees. Seller has been and is in compliance with all orders, decrees, judgments and notices issued against the Seller under or in connection with all Environmental Laws.
- (vii) As used in this Agreement, the term “**Environmental Laws**” shall include all federal, state, and local environmental laws and regulations, including the Clean Water Act (“**CWA**”), also known as the Federal Water Pollution Control Act (“**FWPCA**”), 33 U.S.C. § 1251 et seq., the Toxic Substances Control Act (“**TSCA**”), 15 U.S.C. § 2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act (“**FIFRA**”), 7 U.S.C. §§ 136 et. seq., the Safe Drinking Water Act (“**SDWA**”), 42 U.S.C. §§ 300 (f) et seq., the Surface Mining Control and Reclamation Act (“**SMCRA**”), 30 U.S.C. §§ 1201 et seq., the Comprehensive Environmental Response, Compensation and Liability Act (“**CERCLA**”), 42 U.S.C. § 9601 et seq., the Superfund Amendment and Reauthorization Act of 1986 (“**SARA**”), Public Law 99-499, 100 Stat., 1613, the Resource Conservation and Recovery Act (“**RCRA**”), 42 U.S.C. 6901, the Atomic Energy Act (“**AEA**”), Act of August 30, 1954, Ch. 1073, 68 Stat. 919 (codified as amended in scattered sections of 5 U.S.C. and 42 U.S.C.). Any reference to a legislative act or regulation shall be deemed to include all amendments thereto and all regulations, orders, decrees, judgments, opinions directives or notices issued thereunder.

(t) Brokers. Seller has not employed any investment banker, broker or finder or incurred any liability for any investment banking fees, brokerage fees, commissions or finders’ fees or any similar other fees or commissions in connection with the transactions contemplated by this Agreement for which PAWC has or could have any liability.

(u) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY REGARDING ANY REPRESENTATION REGARDING THE FUTURE PROFITABILITY OR FUTURE EARNINGS PERFORMANCE OF THE ASSETS OR THE SYSTEM OR ANY FUTURE RATEMAKING THAT MAY BE ALLOWED BY THE PAPUC FOR ANY OF THE ASSETS. NOTWITHSTANDING THE FOREGOING, ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE VALID UNTIL THE TIME OF CLOSING.

(v) Seller does not own and will not transfer to PAWC any customer laterals; all of which originate from the edge-of-road or curblin where the Seller’s main is located within a public right-of-way or to the edge of an easement where the Seller’s main is located withing private property to and through the customer’s property; all of which is owned by customers of Seller (“Customer Laterals”);

(w) Seller does not own and will not transfer to PAWC any customer related sanitary sewer facilities; all of which consists of piping and/or fixtures internal to each individual customer’s structure

# APPENDIX A

(whether residential, commercial, industrial or other types) as these facilities are too owned by customers of Seller ("Sanitary Sewer Facilities").

## ARTICLE 5

### REPRESENTATIONS AND WARRANTIES OF PAWC

5.1 PAWC's Representations. PAWC hereby represents and warrants to Seller as follows:

(a) Organization. PAWC is a corporation duly organized, validly existing and subsisting under the laws of the Commonwealth of Pennsylvania.

(b) Due Authorization; Valid and Binding. PAWC has the full power and lawful authority to execute this Agreement and, following approval by its Board of Directors, to consummate and perform the transactions contemplated hereby, and PAWC has duly and validly authorized the execution of this Agreement by all necessary proceedings. This Agreement constitutes the valid and binding obligations of PAWC.

(c) Assigned Contracts. PAWC has disclosed on Schedule 5.1(c) those Contracts which PAWC has agreed to assume ("Assigned Contracts"), subject to receiving all necessary consents to assignment in accordance with the terms of Section 8.1(g). PAWC may update Schedule 5.1(c) between the date hereof and up to twenty (20) days before Closing to include any of the Contracts.

(d) Consents and Approvals. Schedule 5.1(d) 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 PAWC or the performance by PAWC of its obligations under this Agreement.

(e) No Violations. Except as set forth on Schedule 5.1(e), to PAWC's Knowledge, does not violate any law, ordinance or regulation, does not conflict with any order or decree, and does not conflict with or result in a breach of any instrument, contract, lease, or certificate to which PAWC is a party or is otherwise bound or affected. The execution and delivery of this Agreement and all related documents and agreements, and the consummation of the transactions contemplated hereby and thereby, do not violate, conflict with or result in the breach of any term, condition or provision of PAWC's articles of incorporation, bylaws or other governing documents.

(f) Financial Wherewithal. PAWC has sufficient funds on hand to pay the amounts due pursuant to this Agreement.

(g) Absence of Litigation. There are no actions, suits, proceedings or investigations pending or, to the knowledge of PAWC, threatened against PAWC, and PAWC is not subject to any outstanding judgment, order or decree of any court or governmental body, which would in either case, reasonably be expected to prevent or materially interfere with or delay PAWC's ability to perform its obligations under this Agreement.

(h) Brokers. PAWC has not employed any investment banker, broker or finder or incurred any liability for any investment banking fees, brokerage fees, commissions or finders' fees or any similar other fees or commissions in connection with the transactions contemplated by this Agreement for which the Seller has or could have any liability.

# APPENDIX A

(i) Independent Decision. Except as expressly set forth in this Agreement, or any of the related agreements, PAWC 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 PAWC, and (b) neither Seller nor any other person shall have or be subject to any liability to PAWC or any other person resulting from the distribution to PAWC, or PAWC's use of, any information regarding the System or Assets that has been furnished or made available to PAWC and its Representatives. PAWC acknowledges that other than as expressly set forth in this Agreement or any related agreement, Seller expressly disclaims any warranty of physical condition, value, income potential, operating expenses, costs of operation, or uses or fitness for a particular purpose of any Assets or the System.

(j) Scheduled Matters. PAWC 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 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.

(k) Independent Investigation. PAWC acknowledges that it has conducted an independent investigation of the financial condition, assets, liabilities, properties and projected capital needs and operations of the System in making its determination as to the propriety of the transaction contemplated by this Agreement and, in entering into this Agreement and related agreements, has relied solely on the results of its investigation and on the representations and warranties of Seller expressly contained in Article 4 of this Agreement.

## ARTICLE 6

### COVENANTS

6.1 Covenants of Seller. From and after the date of this Agreement, Seller covenants and agrees that:

(a) Conduct of Business. Between the date of this Agreement and the Closing Date, Seller shall carry on the operation of the System, the business and the Assets in the ordinary course of business and in compliance with law, not introduce any materially new method of management or operation, use reasonable best efforts to preserve the System, the business and the Assets, conserve the goodwill and relationships of its customers, suppliers, Governmental Authorities and others having business relations with it, maintain in full force and effect all policies of insurance now in effect for the benefit of Seller, maintain supplies at a level that is sufficient to operate the System in accordance with past practice and maintain the Assets in substantially the condition currently existing, normal wear and tear excepted. Without limiting the foregoing, Seller shall not sell, lease, dispose, retire, distribute or encumber any of the Assets, or construct, purchase or acquire any new assets, properties or rights relating to the System or Assets, or enter into a commitment or contract to do any of the foregoing (other than the purchase and use of supplies and maintenance of the System and the Assets in the ordinary course of business), without the prior written consent of PAWC.

(b) Contracts and Commitments. Except normal and usual commitments for the purchase of materials and supplies consistent with past practice, no contract or commitment shall be entered into by or on behalf of Seller relating to the System or the Assets that would place an Encumbrance thereon or materially affect the operation of the System, the business or the Assets after Closing, except for those commitments

# APPENDIX A

approved or ratified in writing by PAWC. Seller shall use reasonable commercial efforts to obtain, prior to Closing, the written consent of each party to the Assigned Contracts designated on **Schedule 4.1(l)** as requiring consent to the assignment. Notwithstanding any other provision of this Agreement, to the extent that any consent necessary for the assignment from Seller to PAWC of the Assigned Contracts is not obtained, or cannot be obtained, prior to the Closing Date, Seller shall use its commercially reasonable efforts to secure an arrangement reasonably satisfactory to PAWC intended to provide for PAWC following the Closing all of the material benefits of Seller under such Assigned Contracts; provided, that nothing in this **Section 6.1(b)** shall constitute a waiver of the condition set forth in **Section 8.1(g)**; and provided, further, that PAWC shall not be obligated to assume, and shall not be liable under, any Assigned Contract for which Seller has not obtained all necessary consents, or otherwise secured an alternative arrangement satisfactory to PAWC (in its sole discretion) as provided above. Seller shall transfer all of the utilities used or necessary for the System from Seller to PAWC effective as of the Closing Date, and Seller shall be responsible to pay all bills and fees for these utilities for the period prior to and including the Closing Date. PAWC shall provide any necessary information reasonably required by Seller to effectuate this transfer.

(c) **Release of Encumbrances.** Seller shall take all action necessary to cause the release, cancellation and discharge of any and all Encumbrances, except Permitted Encumbrances, so that as of the Closing Date, the Assets will be free and clear of any and all such Encumbrances. Seller also agrees not to create any new Encumbrances on the System or Assets from and after the date of this Agreement without the prior written consent of PAWC.

(d) **Material Events and Circumstance.** Seller shall promptly inform PAWC in writing of any specific event or circumstance of which Seller is aware, or of which Seller receives notice, that has or is reasonably likely to have, individually or in the aggregate, taken together with the other events or circumstances, a material adverse effect on the System or the Assets.

(e) **Supplemental Information.**

- (i) Seller shall provide PAWC, within fifteen (15) days of execution or the date of receipt thereof, a copy of (a) each of the Contracts entered into by Seller after the date hereof and prior to Closing relating to the System or the Assets; (b) a copy of any written notice of assessments for public improvements against any of the Assets received after the date hereof and prior to Closing; (c) any writs of summons or complaints filed against Seller or its representatives for any and all claims relating to the System or the Assets; and (d) a copy of the filing of any condemnation, eminent domain or similar proceeding affecting all or any portion of the System or the Assets received after the date hereof, but prior to the Closing.
- (ii) Seller shall notify PAWC within fifteen (15) days of the receipt of any notice of violation.

(f) **Regulatory Consents.** Seller shall at all times, use its best efforts to and diligently pursue all approvals, authorizations, consents and Permits required to be obtained to consummate the transaction contemplated by this Agreement, including approval of any necessary revision to the Act 537 Plan. Seller shall (i) as promptly as practicable, make or cause to be made such filing and submissions under the laws, rules and regulations applicable to it as may be required for Seller to sell the Assets pursuant to the terms of this Agreement; and (ii) keep PAWC apprised of the status of any filing or submission to any such governmental or regulatory agency.

# APPENDIX A

(g) Municipal Ordinances. To the extent that the System is located within municipalities that have ordinances or laws that require properties to connect to and remain connected to the System, (i) the Township shall maintain such ordinances or laws so long as the Assets, or modifications, renewals, replacements, expansions or extension thereto, exist within the municipal boundaries of the Township and (ii) the Seller shall use reasonable commercial efforts to cause any other municipalities, if applicable, to maintain such ordinances or laws so long as the Assets, or modifications, renewals, replacements thereto, exist within the municipal boundaries of such municipalities.

(h) Access. Seller shall provide PAWC and its representatives reasonable access to and right to inspect, during normal business hours and upon prior written notice, all of the premises, properties, assets, records, Permits, contracts and other documents relating to the Assets and shall permit PAWC to consult with its officers, employees and other representatives for purposes of making such investigation of the Assets as PAWC shall desire to make, provided that no investigation shall unreasonably interfere with the Seller's operation of the System.

(i) Customer List. Within thirty (30) days of execution of this Agreement, Seller shall provide PAWC an accurate and complete listing of all customers of the System. This customer list shall provide the customer names, service addresses, billing addresses, and meter sizes and serial numbers in meter reading route sequence and shall denote those customers from which Seller has received notice to cancel or intend to cancel their account with Seller (or PAWC after Closing). This customer list shall be true and correct as of the date such list is provided to PAWC and shall be updated at Closing and provided to PAWC at Closing so as to be true and correct as of the Closing Date.

(j) Customer Advances. Prior to the Closing Date, Seller shall complete the construction of any mains and facilities for which Seller has received customer advances and return any unexpended customer advances to the appropriate depositor. Provided, however, that for projects acceptable to and approved in writing by PAWC, Seller may pay over to PAWC the unexpended, customer advances, and PAWC shall assume all of the responsibility of Seller as to those unexpired customer advances and shall be bound by the terms and conditions contained in any related agreements. PAWC shall not assume any responsibility for any unexpired customer advances received by Seller, or for any agreements to which Seller becomes a party, except as specifically agreed to in writing.

(k) Updating of Information. Between the date of this Agreement and the Closing Date, Seller will deliver revised or supplementary Schedules to this Agreement, containing accurate information as of the Closing Date, in order to enable PAWC to confirm the accuracy of Seller's representations and warranties and otherwise effectuate the provisions of this Agreement. The receipt by PAWC of any revised or supplementary Schedules to this Agreement shall in no way prejudice PAWC's right to terminate this Agreement based upon the failure of any condition to be satisfied under **Section 8.1** hereof or seek indemnification under **Section 9.1**. Seller will promptly inform PAWC, in writing, of the occurrence or failure of any action or event that would violate Seller's representations and warranties under this Agreement or render them inaccurate as of the date hereof or the Closing Date or that would constitute a breach of any covenant of Seller under this Agreement or a failure of any condition to the obligations of either Seller or PAWC under this Agreement.

(l) Retention of Records. Seller shall preserve any books and records relating to the System and the business that are not delivered to PAWC hereunder for a period of six (6) months after the Closing Date, and Seller shall make available such books and records for review and copying to PAWC and its authorized representatives following the Closing at PAWC's expense upon reasonable notice during normal business hours. During such period, Seller shall permit, to the extent permitted by applicable Law and upon reasonable

# APPENDIX A

request of PAWC, PAWC and any of its agents, representatives, advisors or consultants reasonable access to all properties, books, contracts and records of Seller related to the System.

## 6.2 Title Information.

(a) Within thirty (30) days following the execution of this Agreement, Seller shall deliver to PAWC true, correct and complete copies of all existing title policies, surveys, leases, deeds, instruments and agreements in Seller's possession relating to title to the real estate and easements constituting part of the Assets, as well as any amendments thereto through to Closing. PAWC shall, at its sole cost and expense, conduct an abstract of such title information to determine whether Seller has sufficient real estate rights and continuous rights-of-way to permit PAWC, upon Closing, to operate a continuous wastewater system, including lines, facilities fittings and appurtenances necessary to operate such wastewater system, and that such rights are represented by legal instruments in appropriate form, duly recorded. Upon notification by PAWC that there is a Missing Easement, Seller shall use its commercially reasonable efforts (including, if requested by PAWC, the use of its power of condemnation) to obtain any such Missing Easements so that the same may be sold, assigned, transferred and conveyed to PAWC at the Closing pursuant to the terms and conditions of this Agreement. Prior to Closing, all costs and expenses incurred in connection with obtaining each Missing Easement (including any consideration payable to the landowner in connection with condemnation, in lieu of condemnation or otherwise to obtain Missing Easements) shall be paid by Seller. If Seller has not obtained all Missing Easements by the date that is ninety (90) days from PAWC's notice to Seller of such Missing Easements, then Seller shall, as soon as reasonably practicable after a request from PAWC, commence and file in the Court of Common Pleas, Lancaster County, a condemnation or eminent domain proceeding to obtain any and all such Missing Easements it can prior to Closing. For the purposes of clarity, upon obtaining each Missing Easement (including upon the final resolution of a condemnation proceeding), each Missing Easement that has been acquired or obtained by Seller shall be considered an Easement. After the Closing Date, PAWC shall obtain all remaining Missing Easements as contemplated in the Closing Escrow Agreement.

(b) For all of the Missing Easements listed on attached Schedule 6.2(b) as of the Closing Date, Seller will fund the Escrow Fund in the amount of Two Thousand Dollars (\$2,000) per Missing Easement listed on attached Schedule 6.2(b) as of the Closing Date, which shall be held in accordance with the Closing Escrow Agreement.

6.3 MS4 System. Subject to Law, the Township shall at all times maintain ownership of its MS4 System and Stormwater System Assets.

6.4 Further Assurances. Each party to this Agreement shall cooperate and deliver such instruments and take such action as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby. After the Closing, each party shall take such other actions and execute such other documents, instruments certifications, and further assurances as Seller or PAWC, as the case may be, may reasonably require in order to make effective the transactions contemplated hereby (including to transfer to PAWC or to put PAWC more fully in possession of any of the Assets).

6.5 Cooperation. Subject to the terms and conditions of this Agreement, the parties shall cooperate fully with each other and their respective counsel and accountants in connection with, and take or cause to be taken and do or cause to be done, any actions required to be taken under applicable law to make effective the contemplated transactions as promptly as practicable. Prior to the Closing, the parties shall proceed

# APPENDIX A

expeditiously and in good faith to make such filings and take such other actions as may be reasonably necessary to satisfy the conditions to Closing set forth herein. Any and all filing fees in respect of such filings shall be paid by Seller, with the exception of those fees implemented by the PUC, which shall be paid by PAWC. On or after the Closing Date, the parties shall, on request, cooperate with one another by furnishing any additional information, executing and delivering any additional documents and instruments, including contract assignments not obtained prior to Closing, and doing any and all such other things as may be reasonably required by the parties or their counsel to consummate or otherwise implement the transactions contemplated by this Agreement. Seller hereby agrees to cooperate with PAWC to ensure a proper transition of all customers with respect to billing and customer service activities, including assisting PAWC to place all customer information in a format reasonably requested by PAWC.

6.6 Rates. PAWC shall implement Seller's wastewater rates then in effect at Closing as PAWC's effective wastewater rates, provided such rates shall not be lower than those in effect on the date of this Agreement is executed. These rates are reflected in Schedule 6.6.

6.7 Act 537 Plan.

(a) PAWC acknowledges that the Township previously drafted and committed to an Act 537 Plan under the Pennsylvania Sewage Facilities Act (the original plan established in December 1989, together with all subsequent supplements or amendments, the "Plan"), which has been made available to PAWC and which may be amended pursuant to **Section 8.1(f)** and **8.2(e)** hereunder. PAWC understands that the Plan does not currently contain any obligations and commitments to complete any improvements and upgrades to the System.

(b) PAWC acknowledges the Township has jurisdiction over sewage facilities planning and sewer service through the Plan and its Act 537 planning program, zoning, subdivision and land development ordinances and comprehensive land use planning policies. PAWC and the Township shall cooperate with respect to current and future sewage facilities planning and sewer service consistent with the provisions of this **Section 6.7**.

(c) Subject to PaPUC approval, PAWC shall extend sewer lines and provide sewage collection and treatment services to properties within the Township in a manner consistent with the Plan and PAWC's Tariff. Pursuant to **Section 8.1(f)** and **8.2(e)**, the Township will confer with PAWC concerning any amendment to the Plan that would affect the provision of sewage collection and treatment services within the Service Area and elsewhere in the Township. The Township will not propose or adopt any amendment to the Plan that would reduce the Service Area or divert wastewater flows generated from properties located within the Township from being served by the System without the approval of PAWC.

(d) PAWC will not request, pursue, or implement expansions of the System within the Township's border beyond the current Service Area (that would trigger a Plan amendment) without the prior written approval of the Township and the PaDEP. The Township shall promptly notify and confer with PAWC, and consider PAWC's comments, concerning any proposed Plan amendment (including any sewage facilities planning module) that would involve the provision of sewage collection and treatment services by the System to areas or properties outside of the Service Area. With respect to any such potential Plan amendment, the Township and PAWC shall cooperate in evaluating alternatives for provision of sewage services to such areas consistent with the requirements of 25 Pa Code Ch. 71, including consideration of the technical feasibility, economic feasibility and cost effectiveness, consistency with the objectives and policies of plans and requirements of 25 Pa. Code Ch. 71.21(a)(5), consistency with municipal land use plans and

# APPENDIX A

ordinances, subdivision ordinances and other ordinances and plans for controlling land use and development, technically and administratively able to be implemented, and other factors required under Act 537 or under PAWC's Tariff.

(e) If the Township and PAWC each determine that the provision of sewage collection and treatment services by the System to certain areas or properties outside of the Service Area is technically feasible, economically feasible and cost effective, and meets all of the requirements set forth in Act 537 and 25 Pa. Code Ch. 71, the Township shall amend the Plan to include such identified areas and properties in the Service Area. If the Township amends the Plan pursuant to this subsection and such amendment is approved by PaDEP, (i) PAWC shall request that the modified Service Area be approved by PaPUC; and (ii) subject to PaPUC approval of the inclusion of such modified Service Area, PAWC shall extend sewer lines and provide sewage collection services to properties within such Service Area in a manner consistent with the Plan and PAWC's Tariff.

## ARTICLE 7

### PENNSYLVANIA PUBLIC UTILITY COMMISSION APPROVAL

7.1 Pennsylvania PUC Approval. The obligation of PAWC to consummate the transactions contemplated by this Agreement are conditioned upon PAWC receiving the approvals of the PUC. PAWC covenants and agrees to initiate, and use commercially reasonable efforts to prosecute the necessary proceedings to obtain the approval of the PUC for: (a) this Agreement and the transactions contemplated hereby which require approval by the PUC, including the transfer by sale of the Assets to PAWC and the Assignment of Contracts Agreement; (b) the right of PAWC to provide wastewater service to the public primarily in the Service Area presently being served by Seller's System; (c) the right of PAWC to apply after Closing PAWC's existing rules and regulations for service as set forth in PAWC's Tariff for the Service Area presently being served by Seller's System and the right of PAWC to adopt Seller's rates as PAWC's rates in the area to be served at the time of Closing; and (d) any other approval as may be appropriate to consummate the transactions contemplated by this Agreement. Seller, by this Agreement, covenants and agrees to provide such information, documents and assistance as may be reasonably requested by PAWC in connection with any such proceedings and to otherwise cooperate in the initiation and prosecution of any such proceeding.

## ARTICLE 8

### CONDITIONS TO CLOSING

8.1 Conditions to PAWC's Obligation to Close. The obligation of PAWC to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing, of each of the following conditions (any one or more of which may be waived in writing in whole or in part by PAWC in its sole discretion):

(a) Representations and Warranties. Seller's representations and warranties set forth in this Agreement or in any Schedule, list, certificate or document delivered pursuant to this Agreement shall be true, correct and accurate as of the date made and at and as of the time of the Closing with the same force and effect as though such representations and warranties were made at and as of the Closing Date (without giving effect to any supplement to the Schedules), and PAWC shall have received from a proper representative of Seller a certificate to such effect, in form and substance reasonably satisfactory to PAWC.

# APPENDIX A

(b) Performance of Covenants and Agreements. Seller shall have performed and complied with in all material respects all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, and PAWC shall have received from a proper representative of Seller a certificate to such effect, in form and substance reasonably satisfactory to PAWC.

(c) Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, to the System or the Assets (including a material loss of customers or Contracts), whether covered by insurance or not.

(d) Closing Deliveries. Seller shall have delivered all documents required to be delivered by it pursuant to **Section 3.2(a)**.

(f) Act 537 Plans. Any and all Act 537 Plans that DEP requires to be updated as a result of PAWC's purchase shall be revised and approved prior to Closing unless otherwise agreed to in writing by the parties to this Agreement. Notwithstanding the previous sentence, PAWC shall be responsible for the costs of preparing and submitting any necessary revisions to the Act 537 Plan required to allow acquisition of the System by PAWC. The Township and PAWC shall cooperate regarding the Act 537 Plan submission and PaDEP approval process.

(g) Proceedings. No provision of any law or order shall be in effect, and no proceeding by any Person shall be threatened or pending before any Governmental Authority, or before any arbitrator, that would: (i) prevent consummation of the contemplated transactions; (ii) have a likelihood of causing the contemplated transactions to be rescinded following consummation; (iii) adversely affect the right of PAWC to own any of the Assets or operate the System; or (iv) adversely affect the value or condition of any of the Assets or the System.

(h) PUC Approval. The PUC shall have entered an order (or orders) providing the approvals set forth in **Section 7.1**, and such order(s) shall not be subject to appeal, challenge, supersedeas or injunction.

8.2 Conditions Precedent to Seller's Obligation to Close. The obligation of Seller to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing, of each of the following conditions (any one or more of which may be waived in writing in whole or in part by Seller in its sole discretion):

(a) Representations and Warranties. PAWC's representations and warranties contained in this Agreement or in any Schedule, list, certificate or document delivered pursuant this Agreement shall be true, correct and accurate as of the date made and at and as of the time of the Closing, with the same force and effect as though such representations and warranties were made at and as of the Closing Date (without giving effect to any supplement to the Schedules), and Seller shall have received from an officer of PAWC a certificate to such effect, in form and substance reasonably satisfactory to Seller.

(b) Performance of Agreements. PAWC shall have performed and complied, in all material respects, with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, and Seller shall have received from an officer of PAWC a certificate to such effect, in form and substance reasonably satisfactory to Seller.

# APPENDIX A

(c) Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, to the System or the Assets (including a material loss of customers or contracts), whether covered by insurance or not.

(d) Closing Deliveries. PAWC shall have delivered the Purchase Price and all documents required to be delivered by it pursuant to **Section 3.2(b)**.

(e) Act 537 Plans. Any and all Act 537 Plans that DEP requires to be updated as a result of PAWC's purchase shall be revised and approved prior to Closing unless otherwise agreed to in writing by the parties to this Agreement.

(f) Consents and Approvals. Receipt of all required material, consents, waivers, authorizations, or approvals of any Governmental Authority, or of any other Person and any other approvals necessary to consummate the transactions contemplated by this Agreement set forth on **Schedule 5.1(d)**, including without limitation all required EPA and PaDEP approvals (all such authorizations and permits and Governmental Approvals must be final (and not subject to any appeal and any applicable appeal period having expired)).

(g) Other Regulatory Consents. PAWC shall have obtained the written, final and unappealable approvals, authorizations and consents of any Governmental Authority or Person required in connection with the execution and delivery of this Agreement by PAWC or the performance by PAWC of its obligations under this Agreement.

(h) Proceedings. No provision of any law or order shall be in effect, and no proceeding by any Person shall be threatened or pending before any Governmental Authority, or before any arbitrator, that would: (i) prevent consummation of the contemplated transactions; (ii) have a likelihood of causing the contemplated transactions to be rescinded following consummation; (iii) adversely affect the right of PAWC to own any of the Assets or operate the System; or (iv) adversely affect the value or condition of any of the Assets or the System.

(i) PUC Approval. The PUC shall have entered an order (or orders) providing the approvals set forth in Article 7, and such order(s) shall not be subject to appeal, challenge, supersedeas or injunction.

## ARTICLE 9

### INDEMNIFICATION

9.1 Indemnification By Seller. Subject to **Section 9.5** hereof, Seller shall fully pay, protect, defend, indemnify and release PAWC and its affiliates and their respective officers, directors and agents and representatives (“**PAWC Indemnified Parties**”) from any and all Damages arising out of, resulting from, relating to or caused by: (i) a material misrepresentation, a material inaccuracy in or material breach of (or any claim by any third party alleging or constituting a material misrepresentation, material inaccuracy in, or material breach of) any representation or warranty of, or any material failure to perform or material nonfulfillment of any provision or covenant contained in this Agreement or any other transaction document, by Seller; (ii) any and all liabilities of Seller of any nature (including the retained liabilities in **Section 1.3(a)**), whether due or to become due, whether accrued, absolute, contingent or otherwise, whether accruing prior to or after the Closing Date, or arising out of any transaction entered into, any state of facts existing or any event occurring on or

# APPENDIX A

prior to such date, and any Encumbrance affecting the Assets or the System; (iii) assessments, charges and other similar claims due or owing, directly or indirectly, by Seller or otherwise as a result of or on account of the Assets or the System at any time on or prior to the Closing Date; (iv) the ownership and/or operation of any of the Assets or the System on or prior to the Closing Date; (v) any proceeding now existing or hereafter arising and relating to the Assets or the System and arising from events or matters occurring on or prior to the Closing Date, regardless of when realized; (vi) all assets, properties and rights of Seller excluded from the Assets; (vii) any and all liabilities relating to the employees, agents and independent contractors of Seller who performed services for Seller or related to the System or the Assets, regardless of whether such liabilities arose from events occurring prior to or after the Closing; (viii) the failure to comply with the provisions of any so-called bulk transfer or bulk sale law of any jurisdiction in connection with the sale of the System and the Assets to PAWC, and (ix) transaction costs and expenses incurred by or on behalf of Seller in connection with this Agreement or the contemplated transactions.

As used in this Agreement, the term “**Damages**” means all losses, damages, assessments, judgments, awards, fines, penalties, taxes, interest, costs and expenses (including actual, reasonable out-of-pocket third party costs, fees and expenses of legal counsel and reasonable out-of-pocket third party costs, fees and expenses of investigation).

9.2 Indemnification By PAWC. PAWC agrees to indemnify, defend and release Seller and its affiliates and their respective officers, directors and agents and representatives (“**Seller Indemnified Parties**”) at all times after the date of this Agreement, from, against and in respect of any and all Damages resulting from (i) a material misrepresentation, a material inaccuracy in or material breach of (or any claim by any third party alleging or constituting a material misrepresentation, a material inaccuracy in, or material breach of) any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in this Agreement or any other transaction document, by PAWC, (ii) any Assumed Liabilities, and (iii) any and all liabilities of PAWC of any nature related to PAWC’s operation of the System and the Assets and occurring on or after the Closing Date.

9.3 Notice of Claim. If either party seeks indemnification on behalf of an indemnified person, such party seeking indemnification (the “**Indemnified Party**”) shall give reasonably prompt written notice to the indemnifying party (the “**Indemnifying Party**”) specifying the facts constituting the basis for such claim and the amount, to the extent known, of the claim asserted; provided, however, that the right of a person or entity to be indemnified hereunder shall not be adversely affected by a failure to give such notice unless, and then only to the extent that, an Indemnifying Party is actually irrevocably and materially prejudiced thereby. Subject to the terms hereof, the Indemnifying Party shall pay the amount of any valid claim not more than ten (10) days after the Indemnified Party provides notice to the Indemnifying Party of such amount.

9.4 Survival. All representations, warranties made by the parties in this Agreement or in any agreement, document, statement or certificate furnished hereunder or in connection with the execution and performance of this Agreement shall survive the Closing until the Escrow Release Date or until the latest date permitted by applicable law. All covenants and agreements made by the parties in this Agreement or in any agreement, document, statement or certificate furnished hereunder or in connection with the execution and performance of this Agreement shall survive the Closing indefinitely or for the shorter period explicitly stated therein. Notwithstanding any investigation or audit conducted before or after the Closing Date, or the decision of any party to complete the Closing, each party shall be entitled to rely upon the representations, warranties, covenants and agreements set forth herein and therein. Notwithstanding anything contained herein or elsewhere to the contrary, all “material” and “material adverse effect” or similar materiality type qualifications contained in the representations and warranties set forth in this Agreement shall be ignored and

not given any effect for purposes of the indemnification provisions hereof, including for purposes of determining the amount of any Damages.

## 9.5 Limitations on Indemnification Obligations

a. Subject to the other limitations contained in this **Section 9.5**, neither PAWC nor PAWC Indemnified Parties is entitled to indemnification pursuant to **Section 9.1** (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Damages incurred by PAWC and PAWC Indemnified Parties under this Agreement exceeds 1% of the Purchase Price (the “**Threshold Amount**”), in which case Seller shall then be liable for Damages in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this **Section 9.5(a)** shall not apply to any claims for indemnification based on fraud, intentional misrepresentation or willful misconduct.

b. Subject to the other limitations contained in this **Section 9.5** neither Seller nor the Seller Indemnified Parties is entitled to indemnification pursuant to **Section 9.2** (other than for an intentional breach of any agreement or covenant contained in this Agreement) unless the aggregate amount of Damages incurred by Seller and Seller Indemnified Parties under this Agreement exceeds the Threshold Amount, in which case PAWC shall then be liable for Damages in excess of the Threshold Amount; *provided, however*, that the foregoing limitations contained in this **Section 9.5(b)** shall not apply to any claims for indemnification based on fraud, intentional misrepresentation or willful misconduct.

c. Except in the case of fraud, intentional misrepresentation or willful misconduct (for which all applicable legal and equitable remedies will be available to PAWC), the PAWC Indemnified Parties are only entitled to assert claims under **Section 9.1** up to the aggregate amount of 5% of the Purchase Price (the “**Liability Cap**”), which shall represent the sole and exclusive remedy of PAWC and the other PAWC Indemnified Parties for any such claims under **Section 9.1** (other than in the case of fraud, intentional misrepresentation or willful misconduct which shall not be subject to the Liability Cap, but shall be capped at the Purchase Price). In the case of Damages to which a PAWC Indemnified Party is entitled (i) pursuant to **Section 9.1** or (ii) in the event of fraud, intentional misrepresentation or willful misconduct, PAWC shall first seek recourse for such Damages from the Escrow Funds.

d. Payments by an Indemnifying Party pursuant to **Section 9.1** or **Section 9.2** in respect of any Damages shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds actually received 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 Damages prior to seeking indemnification under this Agreement.

e. Payments by an Indemnifying Party pursuant to **Section 9.1** or **Section 9.2** in respect of any Damages shall be reduced by an amount equal to any tax benefit realized or reasonably expected to be realized as a result of such Damages by the Indemnified Party.

f. Each Indemnified Party shall take, and cause its affiliates to take, all reasonable steps to mitigate any Damages 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 Damages.

# APPENDIX A

g. Subject to the provisions of **Section 11.14** and any other provisions for equitable relief and/or specific performance, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth of this Agreement or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article 9. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth in this Agreement or otherwise relating to the subject matter of this Agreement it may have against the other party hereto and their affiliates and each of their respective representatives arising under or based upon any law, except pursuant to the indemnification provisions set forth in this Article 9. Nothing in this **Section 9.5(g)** limits any person's right to seek and obtain any equitable relief and/or specific performance to which any person is entitled pursuant to this Agreement.

9.6 Knowledge of Breach. Seller shall not be liable under this Article 9 for any Damages based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement if PAWC had actual knowledge of such inaccuracy or breach prior to the Closing.

## ARTICLE 10

### TERMINATION

10.1 Termination. This Agreement may be terminated at any time prior to the Closing only (a) by mutual written consent of Seller and PAWC; (b) by Seller or PAWC upon written notice to the other, if the Closing shall not have occurred on or prior to June 30, 2024; provided, however, that the right to terminate this Agreement under this **Section 10.1** shall not be available to any party whose breach under this Agreement has caused or resulted in the failure of the Closing to occur on or before such date; (c) by PAWC, if PAWC is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a breach of a representation, warranty, covenant or agreement contained in this Agreement on the part of Seller and Seller has not cured such breach within five (5) business days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured); (d) by Seller, if Seller is not in material breach of any of its representations, warranties, covenants and agreements under this Agreement and there has been a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of PAWC and PAWC has not cured such breach within five (5) business days after receipt of notice of such breach (provided, however, that, no cure period shall be required for a breach which by its nature cannot be cured); (e) by Seller or PAWC upon written notice to the other, if any court of competent jurisdiction or other competent governmental entity shall have issued a statute, rule, regulation, order, decree or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the contemplated transactions, and such statute, rule, regulation, order, decree or injunction or other action shall have become final and non-appealable; or (f) by Seller or PAWC, if all necessary regulatory approvals contemplated hereby or otherwise necessary to close the contemplated transactions have not been obtained within two hundred seventy (270) days of the date hereof.

10.2 Effect of Termination. The right of each party to terminate this Agreement under **Section 10.1** is in addition to any other rights such party may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to **Section 10.1**, all further obligations of the parties under this Agreement will terminate, except that the obligations set forth in this **Section 10.1** ("**Effect of Termination**") and **Article 11** ("**Miscellaneous**") will survive; provided, however, that if this Agreement is terminated by a party because of the breach of the Agreement by another

# APPENDIX A

party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

## ARTICLE 11

### MISCELLANEOUS

11.1 Contents of Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto. Any and all previous agreements and understandings between or among any or all of the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.

#### 11.2 Successors and Assigns.

(a) Except as otherwise set forth herein and subject to **Sections 11.2(b)** and **(c)**, 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. Subject to **Section 11.2(b)**, this Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto.

(b) With respect to any assignment or delegation permitted pursuant to **Section 11.2(a)** or in connection with any proposed sale, lease, liquidation or transfer of all or substantially all of the System or the Assets by PAWC, PAWC shall cause such assignee or successor to acknowledge and agree in writing for the benefit of PAWC and the Seller, to fully perform and be liable for all of PAWC's obligations hereunder, which obligations shall continue to be subject to the Seller's rights and remedies hereunder. In the event of any assignment or delegation by PAWC of its rights and obligations under this Agreement to any Person, PAWC shall be fully liable to the Seller to the extent provided under this Agreement, and such assignment or delegation by PAWC to such Person shall in no event relieve PAWC of its obligations pursuant to this **Section 11.2(b)**.

(c) The Parties hereto acknowledge and agree that the limitation on assignment or delegation contained in **Section 11.2(a)** in no way limits the rights or obligations of the Township, as the municipality creating the Seller, under the Municipality Authorities Act. In the event of the termination of the Seller in accordance with the Municipality Authorities Act and other applicable Law following the Closing:

(i) the Township shall (x) obtain all property of the Seller and succeed to all of the Seller's rights under this Agreement, and (y) assume and be liable for all of the Seller's obligations under this Agreement (including with respect to the System), as if the Township was originally a direct party hereto;

(ii) the Township, or such other Governmental Authority as may be designated by the Township (the Township or such other Governmental Authority, being the "Seller Successor"), is hereby appointed to act as agent for and on behalf of the Seller in connection with, and to facilitate, any and all transactions arising from, in connection with and incident to this Agreement;

(iii) a decision, act, consent or instruction of the Seller Successor shall constitute a decision of the Seller and shall be final, binding and conclusive upon each of the Township and PAWC and

# APPENDIX A

the Escrow Agent may rely upon any decision, act, consent or instruction of the Seller Successor as being the decision, act, consent or instruction of the Seller and the Township;

(iv) PAWC and the Escrow Agent are hereby irrevocably relieved from any liability to any Person for any acts done by them in accordance with such decision, act, consent or instruction of the Seller Successor; and

(v) the Seller or the Seller Successor, as the case may be, shall constitute the sole point of contact for purposes of any notices to be given, consents to be obtained or other communications, by PAWC or PAWC's Affiliates pursuant to or in connection with this Agreement or any matters arising out of or relating hereto, and in no event shall PAWC be required or obligated in any way to give notice to, obtain the consent of or otherwise communicate with any Person other than the Seller or the Seller Successor.

11.3 Waiver. Any term or provision of this Agreement may be waived at any time by the party or parties entitled to the benefit thereof by a written instrument executed by such party or parties.

11.4 Transfer Taxes. Any transfer taxes imposed on the conveyance or transfer of any Real Property pursuant to this Agreement shall be split equally by PAWC and Seller (i.e., each pay 50% of such taxes).

11.5 Notices. Any notice, request, demand, waiver, consent, approval or other communication that is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally, by facsimile (if followed by overnight courier on the same date) or sent by nationally recognized overnight courier, as follows:

If to PAWC:

Pennsylvania-American Water Company  
852 Wesley Drive  
Mechanicsburg, PA 17055  
Attention: Andrew L. Swope, General Counsel

With a required copy to:

Pennsylvania-American Water Company  
852 Wesley Drive  
Mechanicsburg, PA 17055  
Attention: E. Christopher Abruzzo, Senior Director Business Development

If to Seller:

Township of Sadsbury  
Municipal Building  
7182 White Oak Road  
Christiana, PA 17509 Attn: Township Manager

# APPENDIX A

With a required copy to:

Obermayer Rebmann Maxwell & Hippel LLP  
Centre Square West  
1500 Market Street  
Suite 3400  
Philadelphia, PA 19102-2101  
Attention: Thomas S. Wyatt, Esq.

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered.

11.6 Law to Govern. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to any conflicts of law's provisions.

11.7 No Benefit to Others. The representations, warranties, covenants and agreements contained in this Agreement are for the sole benefit of the parties hereto, and their legal representatives, successors and assigns, and they shall not be construed as conferring any rights on any other persons.

11.8 Interpretation. All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement, and shall not affect in any way the meaning or interpretation of this Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires. Unless otherwise indicated, the words "including", "includes", "included" and "include", when used, are deemed to be followed by the words "without limitation."

11.9 Schedules. All Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

11.10 Severability. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction or under any circumstance shall not invalidate or render unenforceable such provision in any other jurisdiction or under any other circumstance, unless, in either event, the involved or unenforceable provision causes this Agreement to fail of its essential purpose.

11.11 Counterparts. This Agreement may be executed by facsimile, electronically or by exchange of documents in PDF format, and in several counterparts, each of which shall be deemed an original instrument and all of which together shall constitute a single agreement. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

11.12 Risk of Loss. Seller assumes risk of loss in connection with the Assets prior to Closing, including risk of loss from fire and other casualty. In the event of any loss or damage to any of the Assets, PAWC at its option, prior to or at Closing shall have the right to (i) request that the damaged asset be replaced

# APPENDIX A

or restored to substantially the same condition of the asset as of the date of this Agreement; (ii) request an adjustment to the Purchase Price as can be agreed upon by the parties, or (iii) request the insurance proceeds of the Seller and/or other moneys to enable PAWC to make a proper restoration of the damaged asset.

11.13 Specific Performance and Injunctive Relief; Remedies. The parties hereto recognize that if either of them fails to perform, observe or discharge any of their respective obligations under this Agreement, a remedy at law may not provide adequate relief to the other party. Therefore, in addition to any other remedy provided for in this Agreement or under applicable law, a party hereto may demand specific performance of this Agreement, and such party shall be entitled to temporary and permanent injunctive relief, in a court of competent jurisdiction at any time if the other party fails to comply with any of the provisions of this Agreement applicable to such party. To the extent permitted by applicable law, the parties hereby irrevocably waive any defense based on the adequacy of a remedy at law that might be asserted as a bar to such party's remedy of specific performance or injunctive relief. Except as otherwise provided herein, all rights and remedies of the parties under this Agreement are cumulative and without prejudice to any other rights or remedies under law. Nothing contained herein shall be construed as limiting the parties' rights to redress for fraud.

11.14 Definitions. In addition to the capitalized terms defined elsewhere in this Agreement, the following terms, as used in this Agreement (unless otherwise specified in this Agreement), have the meanings set forth in this Section 11.15:

“**Escrow Agent**” shall have the meaning set forth in the Closing Escrow Agreement.

“**Escrow Release Date**” means the date that is twelve (12) months following the Closing Date.

“**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 Municipality 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 Seller.

“**Knowledge**” or “**knowledge**” when used to qualify or limit a party's representations or warranties means the knowledge of such party's representatives who are engaged in a material way in performing the functions of such party with respect to which the representation made, after conducting reasonable investigation and inquiry with respect to the subject matter of the representation.

“**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.

“**Missing Easements**” means, as of any particular date, each easement that is for or used in connection with the operation of the System or to provide continuous and unimpeded rights of way for the

# APPENDIX A

Assets (including access thereto) that either (a) has not been obtained by Seller and is for or used in connection with the operation of the System or (b) if such easement has been obtained by Seller, such easement is unrecorded or such Easement is not sufficient to operate the System as currently conducted.

“**MS4 System**” means the current and future assets and facilities built, owned, operated or maintained by Seller and used for purposes of capturing, conveying and discharging stormwater separate from the System, including Stormwater System Assets.

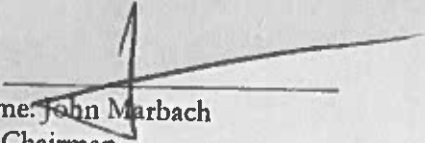
“**Permitted Encumbrances**” means (a) Liens for taxes not yet due and payable or being contested in good faith by appropriate procedures; (b) easements, rights of way, zoning ordinances and other similar encumbrances affecting the Real Property as disclosed on Schedule 4.1(m)(ii); and (c) any encumbrances identified in the title commitment, not objected to by PAWC. “**Stormwater System Assets**” means all assets owned or leased by Seller used exclusively by Seller in the operation and 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) impoundment dams, catch basins, inlets, pipes and all other stormwater lateral facilities that connect surface water drains to storm conveyances which discharge to surface waters; (iii) interest in real estate directly associated with (i) and (ii) and (iv) any related permits.

**[SIGNATURES TO FOLLOW]**

**APPENDIX A**

**IN WITNESS WHEREOF**, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first written.

**SADSBURY TOWNSHIP MUNICIPAL AUTHORITY**

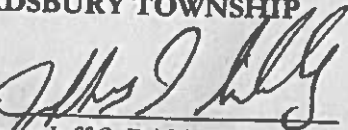
By:   
Name: John Marbach  
Its: Chairman

**PENNSYLVANIA-AMERICAN WATER COMPANY**

By: \_\_\_\_\_  
Name:  
Its:

**FOR PURPOSES OF SECTIONS 6.1(g), 6.7, 8.1(f) and 8.2(e) and 11.2 ONLY:**

**SADSBURY TOWNSHIP**

By:   
Name: Jeff S. Priddy  
Its: Chairman

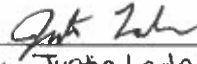
# APPENDIX A

**IN WITNESS WHEREOF**, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first written.

## **SADSBURY TOWNSHIP MUNICIPAL AUTHORITY**

By: \_\_\_\_\_  
Name: John Marbach  
Its: Chairman

## **PENNSYLVANIA-AMERICAN WATER COMPANY**

By:  \_\_\_\_\_  
Name: Justin Ladner  
Its: President

**FOR PURPOSES OF SECTIONS 6.1(g), 6.7,  
8.1(f) and 8.2(e) and 11.2 ONLY:**

## **SADSBURY TOWNSHIP**

By: \_\_\_\_\_  
Name: Jeff S. Priddy  
Its: Chairman

## List of Exhibits

Exhibit A – Closing Escrow Agreement

Exhibit B – Assignment of Contracts Agreement

## List of Schedules

Schedule 1.4 – List of Excluded Assets

Schedule 4.1(b) – Assets Subject to Leasehold Interest

Schedule 4.1(f) – Consents and Approvals

Schedule 4.1(g) - No Violations

Schedule 4.1(j) – Undisclosed Liabilities

Schedule 4.1(l)(i) – List of Contracts

Schedule 4.1(m)(i) – Rights in Real Property and Leases

Schedule 4.1(m)(ii) – Easements and Rights of Way

Schedule 4.1(m)(iii) – Options and Rights of First Refusal

Schedule 4.1(m)(v) – Taxes and Assessments

Schedule 4.1(m)(vi) – Necessary Repairs to Real Property

Schedule 4.1(n) – Litigation

Schedule 4.1(q) – Violations of Law

Schedule 4.1(r) – Permits

Schedule 4.1(s)(iv) – Environmental Conditions

Schedule 5.1(c) – Assigned Contracts

Schedule 5.1(d) – Buyer Consents and Approvals

Schedule 5.1(e) – No Buyer Violations

Schedule 6.2(d) – Missing Easements

Schedule 6.6 – Seller’s Rates & Fees

## Exhibit A

### Form of Assignment of Contracts Agreement

#### **ASSIGNMENT OF CONTRACTS AGREEMENT**

THIS ASSIGNMENT OF CONTRACTS AGREEMENT made and entered into the \_\_\_\_ day of \_\_\_\_\_, 2022, by and among **SADSBURY TOWNSHIP MUNICIPAL AUTHORITY**, a municipal authority organized under the laws of the Commonwealth of Pennsylvania (“**Seller**”), and **PENNSYLVANIA-AMERICAN WATER COMPANY**, a Pennsylvania corporation (hereinafter referred to as “**PAWC**”).

WHEREAS PAWC and Seller are parties to that Asset Purchase Agreement dated as of \_\_\_\_\_, 2022, whereby PAWC agreed to purchase from Seller its wastewater collection systems located within a limited portion of Sadsbury Township and Salisbury Township along Mine Road, each of Buck Hill, Lancaster County, which Seller owns, maintains and operates (the “**Acquisition Agreement**”).

WHEREAS, pursuant to the Acquisition Agreement, Seller agreed to sell, assign and transfer to PAWC the contractual rights of Seller related to the contracts, agreements and arrangements identified on **Exhibit A** attached hereto and made a part hereof (the “**Assigned Contracts**”).

WHEREAS, pursuant to the Acquisition Agreement, Seller is to assign and transfer to PAWC all of Seller’s rights, title and interest in and to the Assigned Contracts, and PAWC is to assume Seller’s duties and obligations arising after the date hereof under the Assigned Contracts.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Seller hereby assigns and transfers to PAWC all of its rights, title and interest in and to the Assigned Contracts, free and clear of all liens and encumbrances of every kind.
2. PAWC hereby assumes all liabilities expressly contained in the Assigned Contracts that are to become due after the date hereof (excluding liabilities for non-performance, breach, default or other circumstances that occurred on or prior to the date hereof).
3. Seller assigns no liabilities of any kind or nature whatsoever to PAWC, and PAWC assumes no such liabilities, hereunder, except for those contained in the express terms of the Assigned Contracts (excluding liabilities for non-performance, breach, default or other circumstances that occurred on or prior to the date hereof).
4. This Assignment and Assumption Agreement shall be binding upon the parties and their respective heirs, successors and assigns.
5. Each of the Parties hereby covenants and agrees that it will, upon the request of the other Party, perform, execute and deliver (and cause to be performed, executed and delivered), such and all other instruments, documents, acts, transfers, assignments and assurances as the other Party

# APPENDIX A

may reasonably require in order to assure, confirm and accomplish the purposes and benefits of this Assignment of Contracts Agreement.

6. This instrument shall be construed and governed in accordance with the internal laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law.

7. This instrument may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Assignment of Contracts Agreement has been executed as of the date and year first above written.

**WITNESS:**

**WITNESS:**

**SADSBURY TOWNSHIP MUNICIPAL  
AUTHORITY**

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**WITNESS:**

**PENNSYLVANIA-AMERICAN WATER  
COMPANY**

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## Schedule 1.4

### List of Excluded Assets

1. Capacity Reservation Fees, including those paid for the following properties:<sup>1</sup>
  - a. 16 EDUs purchased by EWC Holdings for parcel number 55017995-0-0000 (along Route 41)
  - b. 5 EDUs purchased by Higher Sites (E&E Construction) for parcel number 550-45107-0-0000 (15 Route 41)
  - c. 2 EDUs purchased by RT Holdings (Worth Motor Company) Parcel No. 550-41031-0-0000 (157 Pine Creek Drive)
2. Two (2) Lap Top Computers:
  - a. Lenova, Serial No. PF2T495K
  - b. Dell Inspiron, Serial No. 6VZGJZ2
3. Pump Winch Crane: Thern, Model No. M4311B
4. Portable Generator: Honda, Model No. EB 10000

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<sup>1</sup> Sadsbury MUA is providing additional information as to these properties.

Schedule 4.1(b)

Assets Subject to Leasehold Interest

None.

## Schedule 4.1(f)

### Consents and Approvals

1. Pennsylvania Public Utility Commission (the “PaPUC”) Approval of Transaction
2. PaPUC Approval of Consent to Assignment and Amendment to Sewage Treatment Agreements and Related Amendments
3. Pennsylvania Department of Environmental Protection (“PaDEP”) Approval of Sanitary Sewer Collection and Conveyance System Act 537 Plan recognizing transfer of wastewater collection system from Seller to Buyer
4. PaDEP transfer of all WQM Permits<sup>2</sup>

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<sup>2</sup> WQM information to be provided. See Schedule 4.1(r).

Schedule 4.1(g)

No Violations

None.

**Schedule 4.1(j)**

**Undisclosed Liabilities**

None.

## Schedule 4.1(l)(i)

### List of Contracts

1. That certain Service Agreement between the Borough of Christiana, the Christiana Borough Authority, the Township of Sadsbury, and the Sadsbury Township Sewer Authority dated November 11, 1997.
2. That certain Addendum to 1997 Service Agreement between the Borough of Christiana, the Christiana Borough Authority, the Township of Sadsbury, and the Sadsbury Township Sewer Authority dated May 23, 2001.
3. That certain Service Agreement between the Township of Salisbury and the Sadsbury Township Sewer Authority dated June 14, 2001.
4. That certain First Amendment to Service Agreement between the Township of Salisbury and the Sadsbury Township Sewer Authority dated July 19, 2022.
5. That certain Rate Agreement between Sadsbury Township Municipal Authority and DRM, L.P., a Pennsylvania limited Partnership, t/d/b/a Dutchway Farm Market and Restaurant dated May 22, 2009.
6. Sewer Easement Agreements listed on Schedule 4.1(m)(ii).

Schedule 4.1(m)(i)

**Rights in Real Property and Leases**

See attached pump station information.

# APPENDIX A

OBJECTID	ACCOUNT	DISTRICT	DEED_AREA	SUBPLAN	LANDUSECD	SALE_PRICE
6313984	550556900000	550	1.1		220	450000
6389338	550977710000	550	9.90	J-224-121	559	1

## APPENDIX A

TOTLASSESS	TAX_EXEMPT	ACT_319	SALE_DATE	DEED_BK_PG	ADDRESS
368500	N		20190222	6443968	428 NEWPORT AVE
2070800	N		20010206	69430449	80 ROUTE 41

<b>GlobalID</b>	<b>Shape_Area</b>	<b>Shape_Length</b>
{823EB3F6-5151-406B-9134-B7A732048D71}	49463.92041	1216.496308
{276BBE96-E1DE-4520-9C6E-D40BB33A36AF}	432090.8303	2800.541655

## Schedule 4.1(m)(ii)

### Easements and Rights of Way

1. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Barry M. and Esther Ortlip dated February 24, 1999, recorded on February 26, 1999 at Record Book 6113, Page 7 in the office of the Recorder of Deeds in and for Lancaster County.
2. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Frances S. Johnstone dated October 12, 1999, recorded on November 5, 1999 at Record Book 6441, Page 107 in the office of the Recorder of Deeds in and for Lancaster County.
3. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Richard P. and Yoko Boochar dated May 11, 2000, recorded on May 11, 2000 at Record Book 6630, Page 218 in the office of the Recorder of Deeds in and for Lancaster County.
4. That certain Sewer Line and Temporary Construction Easements by and between Henry J. and E. Theresa Snyder and Your Towne Builders, Inc. dated June 15, 2000, recorded on June 23, 2000 at Record Book 6676, Page 531-535 in the office of the Recorder of Deeds in and for Lancaster County.
5. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Gertrude D. Swarr dated October 4, 2000, recorded on December 15, 2000 at Record Book 6885, Page 777, in the office of the Recorder of Deeds in and for Lancaster County.
6. That certain Sewer Easement Agreement by and between Your Towne Builders Inc., and the Sadsbury Township Sewer Authority dated January 12, 2001, recorded on March 30, 2001 at Record Book 7023, Page 79 and recorded on June 29, 2001 at Record Book 7200, Page 304 in the office of the Recorder of Deeds in and for Lancaster County.
7. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Lester A. Blank, Mary Lou Blank, Richard G. Blank, Gladys M. Blank, and Betty C. Martin dated June 22, 2000, recorded on April 6, 2001, at Record Book 7039, Page 633 in the office of the Recorder of Deeds in and for Lancaster County.
8. That certain Assignment of Easement by and between Your Towne Builders Inc., and the Sadsbury Township Sewer Authority dated January 31, 2001 assigning that certain agreement between Your Towne Building Inc. and Lester A. Blank, Mary Lou Blank, Richard G. Blank, Gladys M. Blank, and Betty C. Martin dated June 22, 2000, recorded on August 8, 2003 as Document Number 5228227 in the office of the Recorder of Deeds in and for Lancaster County.

# APPENDIX A

9. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Donald W. and Martha Schuler dated November 30, 2000, recorded on May 18, 2001 at Record Book 7115, Page 243 in the office of the Recorder of Deeds in and for Lancaster County.
10. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Paul R., Jr. and Alice J. Sherman dated December 4, 2000, recorded on May 18, 2001 at Record Book 7115, Page 249 in the office of the Recorder of Deeds in and for Lancaster County.
11. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Alexander M. and Vera A. Graham dated November 30, 2000, recorded on May 18, 2001 at Record Book 7115, Page 255 in the office of the Recorder of Deeds in and for Lancaster County.
12. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Advanced Trim Specialties, Inc dated April 11, 2000, recorded on May 18, 2001 at Record Book 7115, Page 261 in the office of the Recorder of Deeds in and for Lancaster County.
13. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Woodland Hills South Partnership, dated February 19, 2001, recorded on May 18, 2001 at Record Book 7115, Page 269 in the office of the Recorder of Deeds in and for Lancaster County.
14. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Barry L. and Janis K. Baylor dated December 11, 2000 recorded on May 18, 2001 at Record Book 7115, Page 276 in the office of the Recorder of Deeds in and for Lancaster County.
15. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Gideon G. and Anna Ruth Dienner dated December 19, 2000, recorded on May 18, 2001 at Record Book 7115, Page 282 and recorded on May 25, 2001 at Record Book 7118, Page 498 in the office of the Recorder of Deeds in and for Lancaster County.
16. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and George Ankney dated February 9, 2001, recorded on May 18, 2001 at Record Book 7115, Page 288 in the office of the Recorder of Deeds in and for Lancaster County.
17. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Paul H. Eby dated November 29, 2000, recorded on May 18, 2001 at Record Book 7115, Page 294 in the office of the Recorder of Deeds in and for Lancaster County.
18. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Vera A. Graham dated November 30, 2000, recorded on May

# APPENDIX A

- 18 , 2001 at Record Book 7115, Page 300 in the office of the Recorder of Deeds in and for Lancaster County.
19. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Kurtis L. Watterson and Julia A. Watterson Smoker dated July 2, 2001, recorded on July 18, 2001 at Record Book 7233, Page 588 in the office of the Recorder of Deeds in and for Lancaster County.
  20. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Andrew B., Jr. and Linda K. Kinkaid dated December 13, 2000, recorded on May 21, 2001 at Record Book 7188, Page 513 in the office of the Recorder of Deeds in and for Lancaster County.
  21. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Robert R. and Barbara Singleton dated April 5, 2001, recorded on May 21, 2001 at Record Book 7118, Page 519 in the office of the Recorder of Deeds in and for Lancaster County.
  22. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Dominick and Nina Guerrero dated January 22, 2001, recorded on May 21, 2001 at Record Book 7118, Page 526 in the office of the Recorder of Deeds in and for Lancaster County.
  23. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Betty Jane Nashwinter dated December 11, 2000, recorded on May 21, 2001 at Record Book 7118, Page 534 in the office of the Recorder of Deeds in and for Lancaster County.
  24. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and A. Charles Artinian dated February 28, 2001, recorded on May 21, 2001 at Record Book 7118, Page 540 in the office of the Recorder of Deeds in and for Lancaster County.
  25. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Richard S. and Ann L. Gilpin dated December 18, 2000, recorded on May 21, 2001 at Record Book 7118, Page 546 in the office of the Recorder of Deeds in and for Lancaster County.
  26. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and ARA Consulting, LTD. dated October 20, 2000, recorded on May 25, 2001 at Record Book 7127, Page 369 in the office of the Recorder of Deeds in and for Lancaster County.
  27. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Dean M. and Teri Ann Stoltzfus dated February 26, 2001, recorded on May 21, 2001 at Record Book 7118, Page 552 in the office of the Recorder of Deeds in and for Lancaster County.

# APPENDIX A

28. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Annie F. Fisher dated November 30, 2000, recorded on May 21, 2001 at Record Book 7118, Page 561 in the office of the Recorder of Deeds in and for Lancaster County.
29. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Virginia J. Bond dated December 18, 2000, recorded on May 25, 2001 at Record Book 7127, Page 381 in the office of the Recorder of Deeds in and for Lancaster County.
30. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Kenneth W. and Dorothy D. Mendenhall dated December 13, 2000, recorded on May 21, 2001 at Record Book 7118, Page 504 in the office of the Recorder of Deeds in and for Lancaster County.
31. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Marvin D. and Martha Bartel dated December 18, 2000, recorded on May 25, 2001 at Record Book 7127, Page 388 in the office of the Recorder of Deeds in and for Lancaster County.
32. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and William L. and Diane K. Umble dated December 12, 2000, recorded on May 25, 2001 at Record Book 7127, Page 395 in the office of the Recorder of Deeds in and for Lancaster County.
33. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Robert L. and Arlene T. Mendenhall dated April 9, 2001, recorded on May 25, 2011 at Record Book 7127, Page 401 in the office of the Recorder of Deeds in and for Lancaster County.
34. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Dennis W. and Irene G. Shead dated April 25, 2001, recorded on May 25, 2001 at Record Book 7127, Page 408 in the office of the Recorder of Deeds in and for Lancaster County.
35. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Geraldine K. Hess dated March 13, 2001, recorded on June 5, 2001 at Record Book 7149, Page 445 in the office of the Recorder of Deeds in and for Lancaster County.
36. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Daniel H. and Judith W. McKay dated January 29, 2001, recorded on May 25, 2001 at Record Book 7127, Page 415 in the office of the Recorder of Deeds in and for Lancaster County.
37. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and David J. and Anne L. Crawford dated November 23, 1998,

# APPENDIX A

- recorded on November 24, 1998 at Record Book 5991, Page 144 in the office of the Recorder of Deeds in and for Lancaster County.
38. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and John and Joan B. Esworthy dated October 28, 1998, recorded on November 17, 1998 at Record Book 5979, Page 166 in the office of the Recorder of Deeds in and for Lancaster County.
  39. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and James H. and Charlotte M. Evans dated October 28, 1998, recorded on November 17, 1998 at Record Book 5979, Page 159 in the office of the Recorder of Deeds in and for Lancaster County.
  40. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Edward and Julie K. Ferguson dated October 19, 1998, recorded on November 17, 1998 at Record Book 5979, Page 173 in the office of the Recorder of Deeds in and for Lancaster County.
  41. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Fred and Barbara A. Graham dated October 28, 1998, recorded on November 17, 1998 at Record Book 5979, Page 129 in the office of the Recorder of Deeds in and for Lancaster County.
  42. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Harrison Enterprises, II – Christiana, L.L.C. dated October 26, 1998, recorded on November 17, 1998 at Record Book 5979, Page 152 in the office of the Recorder of Deeds in and for Lancaster County.
  43. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Salisbury Retirement Center, Inc. dated October 26, 1998, recorded on November 17, 1998 at Record Book 5979, Page 136 in the office of the Recorder of Deeds in and for Lancaster County.
  44. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Patrick J. and Deborah A. Koenig dated November 23, 1998, recorded on November 24, 1998 at Record Book 5991, Page 137 in the office of the Recorder of Deeds in and for Lancaster County.
  45. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Michale F. and Maureen G. McLaughlin dated October 28, 1998, recorded on November 17, 1998 at Record Book 5979, Page 180 in the office of the Recorder of Deeds in and for Lancaster County.
  46. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Earl Miller dated October 28, 1998, recorded on November 17, 1998 at Record Book 5979, Page 144 in the office of the Recorder of Deeds in and for Lancaster County.

# APPENDIX A

47. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Henry J. and E. Theresa Snyder dated October 28, 1998, recorded on November 17, 1998 at Record Book 5979, Page 187 in the office of the Recorder of Deeds in and for Lancaster County.
48. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Earl R. and Anna P. Stoltzfus dated October 28, 1998, recorded on November 17, 1998 at Record Book 5979, Page 194 in the office of the Recorder of Deeds in and for Lancaster County.
49. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Dwight L. and Mary M. Stoltzfus dated October 28, 1998, recorded on November 17, 1998 at Record Book 5979, Page 201 in the office of the Recorder of Deeds in and for Lancaster County.
50. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and William L. and Linda J. White dated February 24, 1999, recorded on February 26, 1999 at Record Book 6113, Page 19 in the office of the Recorder of Deeds in and for Lancaster County.
51. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Roy L. and Sheila A. Wilson dated November 23, 1998, recorded on November 24, 1998 at Record Book 5999, Page 151 in the office of the Recorder of Deeds in and for Lancaster County.
52. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and L. Norman and Mary Jane Wise dated October 28, 1998, recorded on November 17, 1998 at Record Book 5979, Page 208 in the office of the Recorder of Deeds in and for Lancaster County.
53. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Richard P. and Yoko Boohar dated February 24, 1999, recorded on February 26, 1999 at Record Book 6113, Page 1 in the office of the Recorder of Deeds in and for Lancaster County.
54. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Joseph N. Henderson, II dated February 24, 1999, recorded on February 26, 1999 at Record Book 6113, Page 13 in the office of the Recorder of Deeds in and for Lancaster County.
55. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Barry M. and Esther Ortlip dated February 24, 1999, recorded on February 26, 1999 at Record Book 6113, Page 7.
56. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Corn Crib, Inc. dated April 26, 2000, recorded on May 2, 2000 at Record Book 6619, Page 385 in the office of the Recorder of Deeds in and for Lancaster County.

## APPENDIX A

57. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and A. Charles Artinian dated April 26, 2000, recorded on May 2, 2000 at Record Book 6619, Page 369 and Record Book 6619, Page 378 in the office of the Recorder of Deeds in and for Lancaster County.
58. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Walter & Jackson, Inc. dated June 6, 2000, recorded on June 9, 2000 at Record Book 6663, Page 213 in the office of the Recorder of Deeds in and for Lancaster County. (000033190)
59. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Walter & Jackson, Inc. dated June 6, 2000, recorded on June 9, 2000 at Record Book 6663, Page 205 in the office of the Recorder of Deeds in and for Lancaster County. (000033189)
60. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Earl N. Henry dated April 6, 2000, recorded on July 27, 2000 at Record Book 6716, Page 343 in the office of the Recorder of Deeds in and for Lancaster County.
61. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Philip M. and Susan E. Freed dated October 20, 1999, recorded on November 5, 1999 at Record Book 6441, Page 100 in the office of the Recorder of Deeds in and for Lancaster County.
62. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Leora G. Rodgers dated September 29, 1999, recorded on October 20, 1999 at Record Book 6419, Page 117 in the office of the Recorder of Deeds in and for Lancaster County.
63. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Gerald F. Dunlap, Jr. and Patricia M. Dunlap dated September 29, 1999, recorded on October 20, 1999 at Record Book 6419, Page 81 in the office of the Recorder of Deeds in and for Lancaster County.
64. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Billy K. and E. Kaye Johnson dated September 29, 1999, recorded on October 20, 1999 at Record Book 6419, Page 89 in the office of the Recorder of Deeds in and for Lancaster County.
65. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Ramona V. Leonard dated September 29, 1999, recorded on October 20, 1999 at Record Book 6419, Page 96 in the office of the Recorder of Deeds in and for Lancaster County.
66. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Vivian F. Mendenhall dated September 29, 1999, recorded on

# APPENDIX A

October 20, 1999 at Record Book 6419, Page 103 in the office of the Recorder of Deeds in and for Lancaster County.

67. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Bank of Lancaster County, N.A. dated September 23, 1999, recorded on October 10, 1999 at Record Book 6419, Page 74 in the office of the Recorder of Deeds in and for Lancaster County.
68. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Margaret K. Rice dated August 27, 1999, recorded on October 20, 1999 at Record Book 6419, Page 110 in the office of the Recorder of Deeds in and for Lancaster County. (999078868)
69. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Christiana Development Corp., recorded on July 26, 2001 at Record Book 7250, Page 430 in the office of the Recorder of Deeds in and for Lancaster County.
70. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Doris Kauffman, recorded on October 6, 2000 at Record Book 6806, Page 186 in the office of the Recorder of Deeds in and for Lancaster County.
71. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Jason Jarvis, recorded on September 5, 2000 at Record Book 6765, Page 374 in the office of the Recorder of Deeds in and for Lancaster County.
72. That certain Sewer Easement Agreement by and between the Sadsbury Township Sewer Authority and Jonathan M. Zook, recorded on November 21, 1997 at Record Book 5534, Page 19 in the office of the Recorder of Deeds in and for Lancaster County.

Schedule 4.1(m)(iii)

Options and Rights of First Refusal

None.

Schedule 4.1(m)(v)

Taxes and Assessments

None.

Schedule 4.1(m)(vi)

Necessary Repairs to Real Property

None.

Schedule 4.1(n)

Litigation

None.

Schedule 4.1(q)

Violations of Law

None.

## Schedule 4.1(r)

### Permits

1. DEP Permits<sup>3</sup>
2. WQM Permits<sup>4</sup>

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<sup>3</sup> To be provided.

<sup>4</sup> To be provided.

Schedule 4.1(s)(iv)

Environmental Conditions

None.

## Schedule 5.1(c)

### Assigned Contracts

All Contracts listed on Schedule 4.1(l).<sup>5</sup>

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<sup>5</sup> Buyer to confirm.

## Schedule 5.1(d)<sup>6</sup>

### Buyer Consents and Approvals

1. Pennsylvania Public Utility Commission (the “PaPUC”) Approval of Transaction
2. PaPUC Approval of Consent to Assignment and Amendment to Sewage Treatment Agreements and Related Amendments
3. Pennsylvania Department of Environmental Protection (“PaDEP”) Approval of Sanitary Sewer Collection and Conveyance System Act 537 Plan recognizing transfer of wastewater collection system from Seller to Buyer
4. PaDEP transfer of all WQM Permits<sup>7</sup>

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<sup>6</sup> Buyer to confirm.

<sup>7</sup> WQM permits to be provided. See Schedule 4.1(r).

Schedule 5.1(e)

No Buyer Violations

[BUYER TO COMPLETE]

## Schedule 6.2(b)

### Missing Easements

See attached.

[Zynn, Keen and Smith properties]

# APPENDIX A

MOSES S BEILER  
SYLVIA F BEILER  
PARCEL ID: 550-9621600000  
DEED: 6663604

CHRISTINE MAY GIVLER  
ERIC XAVIER GIVLER  
SUSAN MAY STICKEL  
PARCEL ID: 550-8076400000  
DEED: 6170935

MARC DIGREGORIO  
MARCIA DIGREGORIO  
PARCEL ID: 550-5061300000  
DEED: 5233143

JEFFREY B RAGSDALE  
TAMMY J RAGSDALE  
PARCEL ID: 550-6295900000  
DEED: 5281685

8" SAN SEWER MAIN  
SAN SEWER MANHOLE

ALICE A HOSTETTER  
RICHARD E HOSTETTER  
PARCEL ID: 550-8666800000  
DEED: 5035443

20.00'

10' SANITARY  
SEWER EASEMENT

PATRICIA LG CONNOR  
PARCEL ID:  
550-8719400000  
DEED: 6046014

20.00'

SAN SEWER MANHOLE  
JESSICA BRISTOW  
MATTHEW J BRISTOW  
PARCEL ID:  
550-6663200000  
DEED: 72000310

SAN SEWER  
MANHOLE

MARILYN J BLANK  
NELSON R BLANK  
PARCEL ID: 550-7868500000  
DEED: 6437659

8" SAN  
SEWER MAIN  
SAN SEWER  
MANHOLE  
SAN SEWER  
MANHOLE

SUSANNA EBERSOL  
VERNON B EBERSOL

JANEEN WALKER  
KELLY WALKER  
PARCEL ID:  
550-5057800000  
DEED: 5731199

ELIZABETH A METZ  
ERICK V METZ  
PARCEL ID:  
550-4871900000  
DEED: 5057502

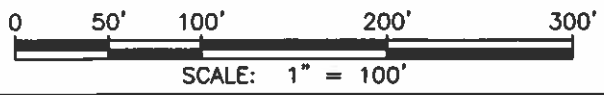
JOHN SINAPI  
PARCEL ID:  
550-3684900000  
DEED: 5078832

DAVID IRA STOLTZFUS  
LINDA MAE STOLTZFUS  
PARCEL ID: 550-3219900000  
DEED: S-85-659

RIDGE LANE

SIMMONTOWN ROAD

N. CHRISTIANA AVENUE



Dwg. Name: 1115614-S01.DWG Plotted: 6/7/2022 2:32 PM

**SADSBURY TOWNSHIP  
SANITARY SEWER EASEMENT EXHIBIT  
FOR THE PROPERTY OF  
ALICE A. HOSTETTER &  
RICHARD E. HOSTETTER**

ARRO #11156.14



108 West Airport Road  
Lititz, Pennsylvania 17543  
Tel 717.569.7021

SCALE: 1"=100'	DATE 6/7/2022	DWG. NO. <b>Exhibit A</b>
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# APPENDIX A

MOSES S BEILER  
 SYLVIA F BEILER  
 PARCEL ID: 550-9621600000  
 DEED: 6663604

CHRISTINE MAY GIVLER  
 ERIC XAVIER GIVLER  
 SUSAN MAY STICKEL  
 PARCEL ID: 550-8076400000  
 DEED: 6170935

JEFFREY B RAGSDALE  
 TAMMY J RAGSDALE  
 PARCEL ID: 550-6295900000  
 DEED: 5281685

MARC DIGREGORIO  
 MARCIA DIGREGORIO  
 PARCEL ID: 550-5061300000  
 DEED: 5233143

RIDGE LANE

20' SANITARY  
 SEWER  
 EASEMENT

8" SAN SEWER MAIN  
 SAN SEWER MANHOLE

ALICE A HOSTETTER  
 RICHARD E HOSTETTER  
 PARCEL ID: 550-8666800000  
 DEED: 5035443

JANEEN WALKER  
 KELLY WALKER  
 PARCEL ID:  
 550-5057800000  
 DEED: 5731199

BRIAN K HOSTETTER  
 KIMBERLY F HOSTETTER  
 PARCEL ID:  
 550-6660500000  
 DEED: 5837718

10' SANITARY  
 SEWER EASEMENT

PATRICIA LG CONNOR  
 PARCEL ID:  
 550-8719400000  
 DEED: 6046014

ELIZABETH A METZ  
 ERICK V METZ  
 PARCEL ID:  
 550-4871900000  
 DEED: 5057502

JESSICA BRISTOW  
 MATTHEW J BRISTOW  
 PARCEL ID:  
 550-6663200000  
 DEED: 72000310

SAN SEWER MANHOLE

SAN SEWER  
 MANHOLE

MARILYN J BLANK  
 NELSON R BLANK  
 PARCEL ID: 550-7868500000  
 DEED: 6437659

SAN SEWER  
 MANHOLE

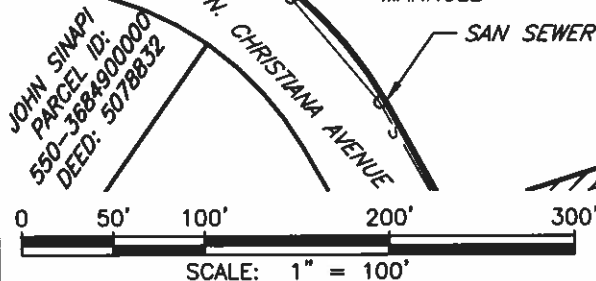
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8" SAN  
 SEWER MAIN  
 SAN SEWER  
 MANHOLE  
 SAN SEWER  
 MANHOLE

SUSANNA EBERSOL  
 VERNON B EBERSOL

SIMMONTOWN ROAD

DAVID IRA STOLTZFUS  
 LINDA MAE STOLTZFUS  
 PARCEL ID: 550-3219900000  
 DEED: S-85-659



Dwg. Name: 1115614-S01.DWG Plotted: 6/7/2022 2:32 PM

JOHN SINAPI  
 PARCEL ID:  
 550-3684900000  
 DEED: 5078832

SADSBURY TOWNSHIP  
 SANITARY SEWER EASEMENT EXHIBIT  
 FOR THE PROPERTY OF  
 BRIAN K. HOSTETTER &  
 KIMBERLY F. HOSTETTER

ARRO #11156.14



108 West Airport Road  
 Lititz, Pennsylvania 17543  
 Tel 717.569.7021

SCALE:

1"=100'

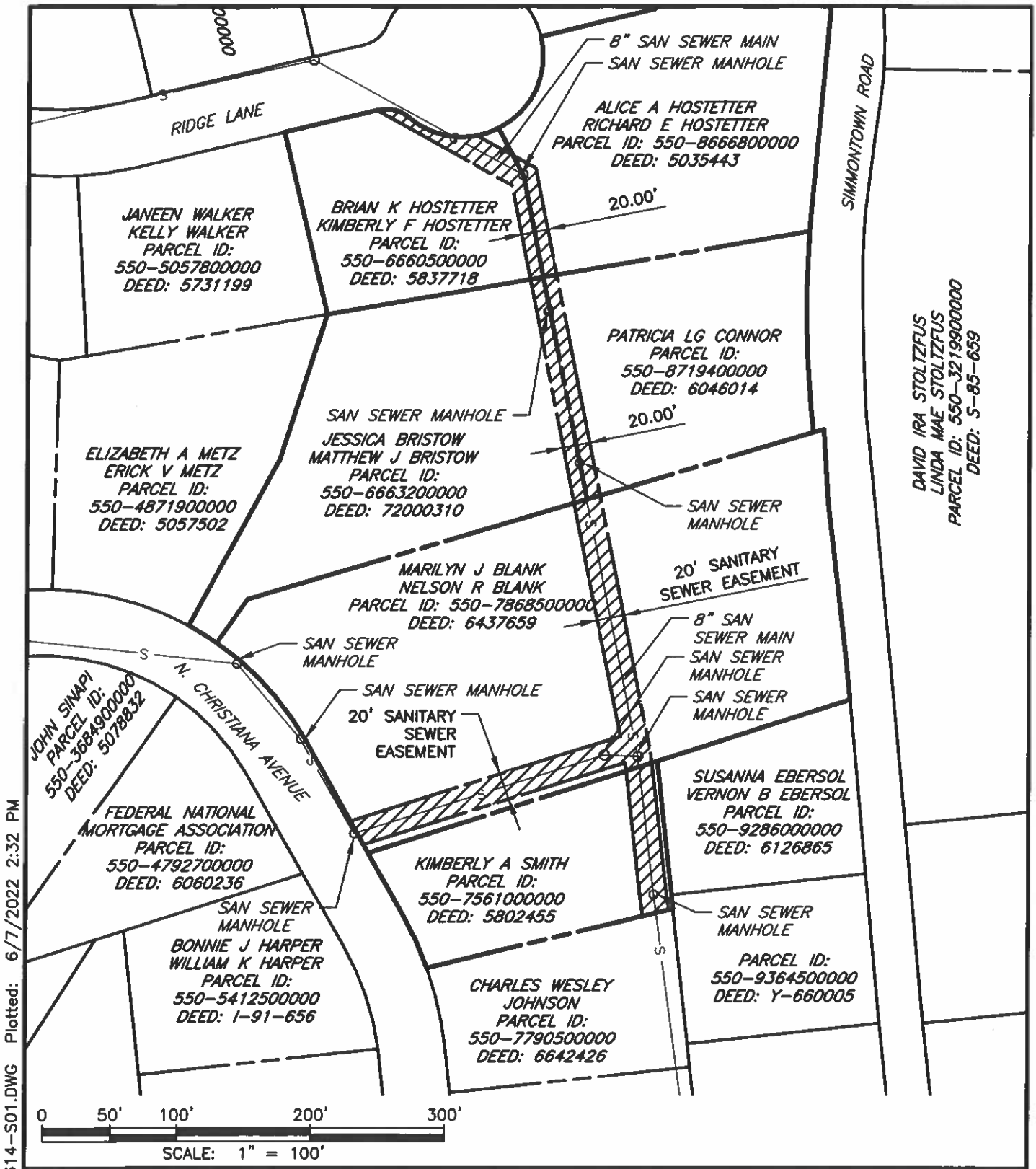
DATE

6/7/2022

DWG. NO.

Exhibit A

# APPENDIX A



Dwg. Name: 1115614-S01.DWG Plotted: 6/7/2022 2:32 PM

**SADSBURY TOWNSHIP  
SANITARY SEWER EASEMENT EXHIBIT  
FOR THE PROPERTY OF  
MARILYN J. BLANK &  
NELSON R. BLANK**

ARRO #11156.14



108 West Airport Road  
Lititz, Pennsylvania 17543  
Tel 717.569.7021

SCALE: 1"=100'	DATE 6/7/2022	DWG. NO. <b>Exhibit A</b>
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# APPENDIX A

MOSES S BEILER  
 SYLVIA F BEILER  
 PARCEL ID: 550-9621600000  
 DEED: 6663604

CHRISTINE MAY GIVLER  
 ERIC XAVIER GIVLER  
 SUSAN MAY STICKEL  
 PARCEL ID: 550-8076400000  
 DEED: 6170935

JEFFREY B RAGSDALE  
 TAMMY J RAGSDALE  
 PARCEL ID: 550-6295900000  
 DEED: 5281685

MARC DIGREGORIO  
 MARCIA DIGREGORIO  
 PARCEL ID: 550-5061300000  
 DEED: 5233143

ALICE A HOSTETTER  
 RICHARD E HOSTETTER  
 PARCEL ID: 550-8666800000  
 DEED: 5035443

JANEEN WALKER  
 KELLY WALKER  
 PARCEL ID: 550-5057800000  
 DEED: 5731199

BRIAN K HOSTETTER  
 KIMBERLY F HOSTETTER  
 PARCEL ID: 550-6660500000  
 DEED: 5837718

PATRICIA LG CONNOR  
 PARCEL ID: 550-8719400000  
 DEED: 6046014

ELIZABETH A METZ  
 ERICK V METZ  
 PARCEL ID: 550-4871900000  
 DEED: 5057502

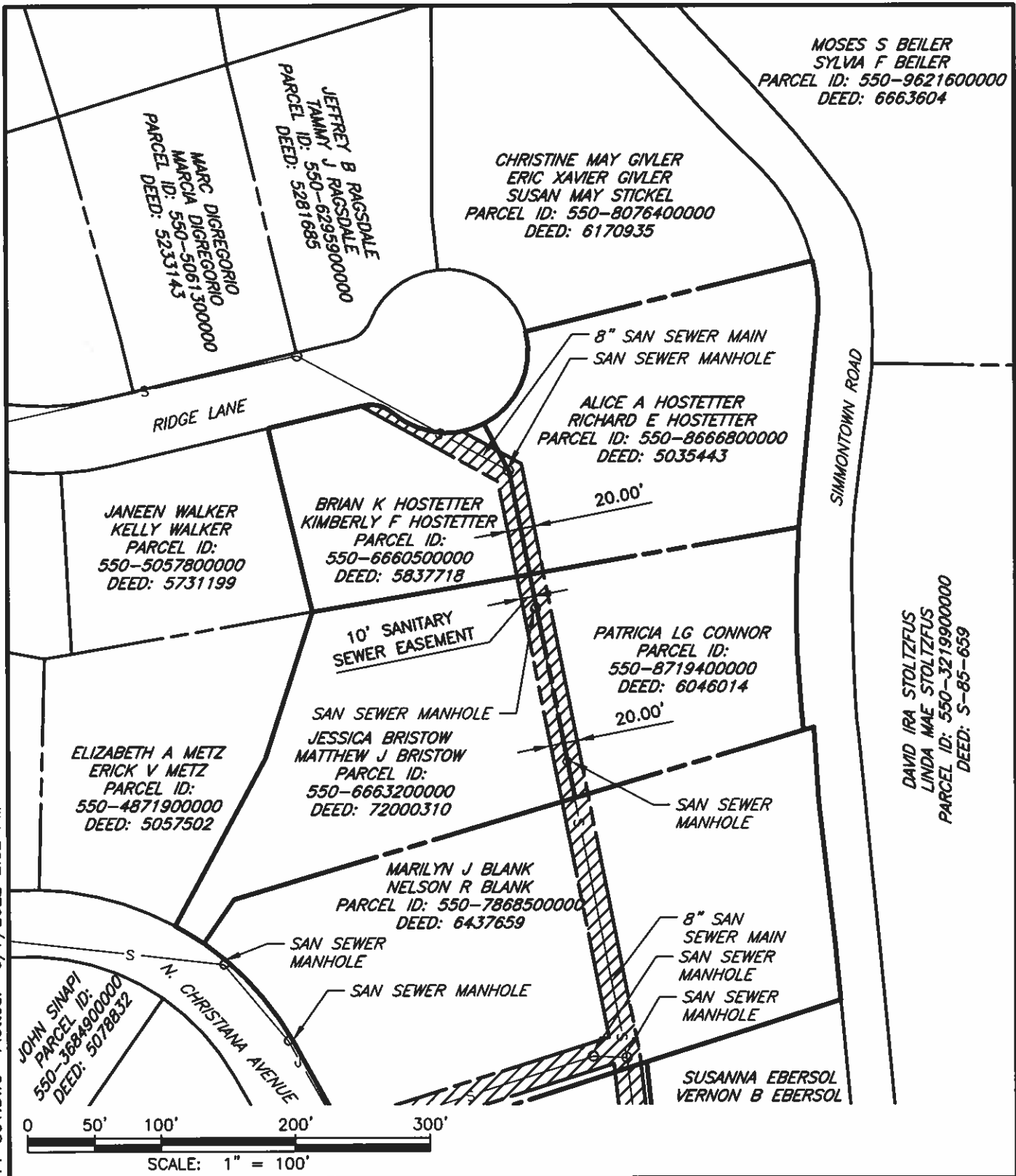
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 MATTHEW J BRISTOW  
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MARILYN J BLANK  
 NELSON R BLANK  
 PARCEL ID: 550-7868500000  
 DEED: 6437659

JOHN SINAPI  
 PARCEL ID: 550-3684900000  
 DEED: 5078832

DAVID IRA STOLTZFUS  
 LINDA MAE STOLTZFUS  
 PARCEL ID: 550-3219900000  
 DEED: 5-85-659

Dwg. Name: 1115614-S01.DWG Plotted: 6/7/2022 2:32 PM



**SADSBURY TOWNSHIP  
 SANITARY SEWER EASEMENT EXHIBIT  
 FOR THE PROPERTY OF  
 JESSICA BRISTOW  
 MATTHEW J BRISTOW**

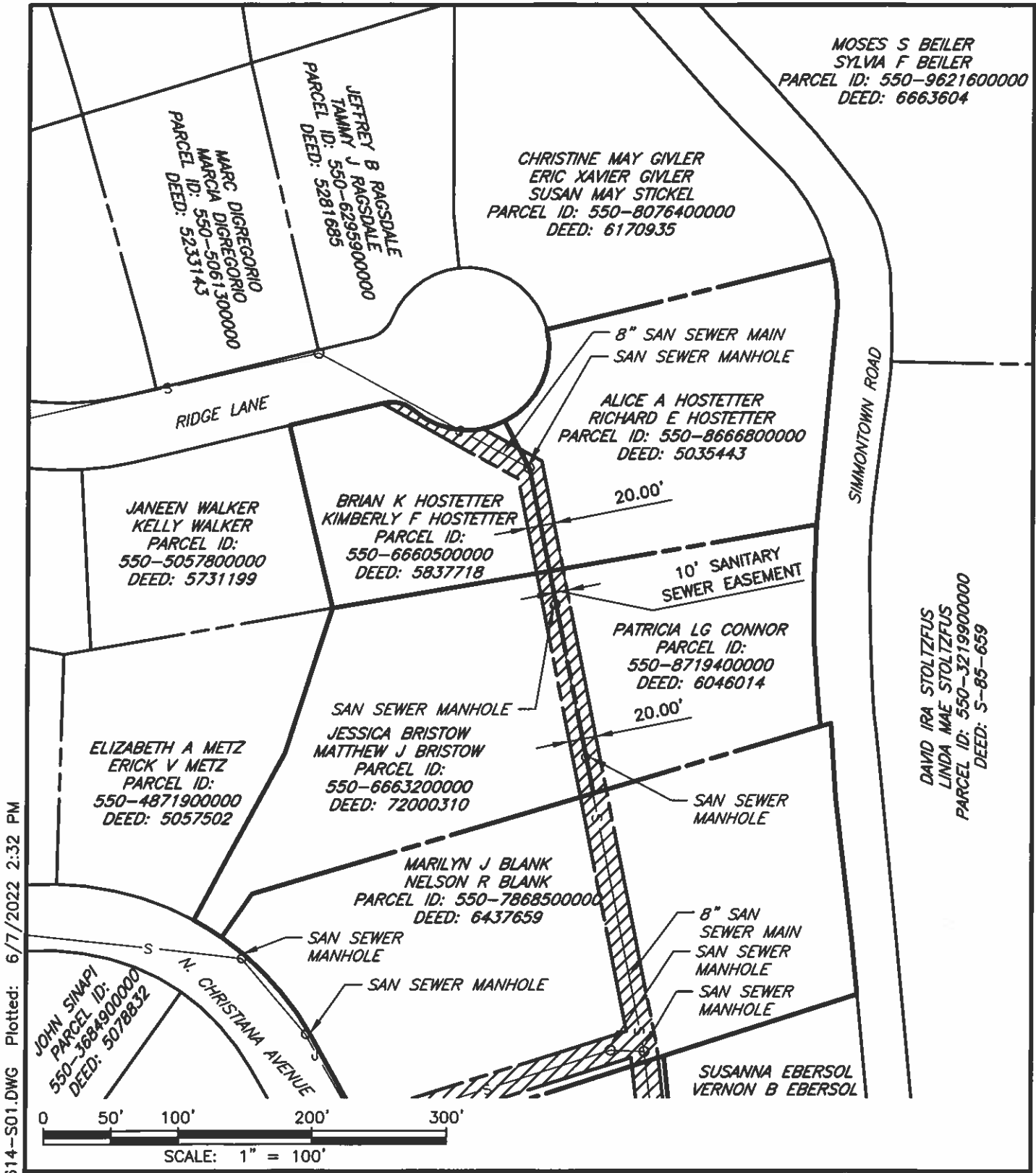
ARRO #11156.14



108 West Airport Road  
 Lititz, Pennsylvania 17543  
 Tel 717.569.7021

SCALE:	DATE	DWG. NO.
1"=100'	6/7/2022	Exhibit A

# APPENDIX A



Dwg. Name: 1115614-S01.DWG Plotted: 6/7/2022 2:32 PM

**SADSBURY TOWNSHIP  
SANITARY SEWER EASEMENT EXHIBIT  
FOR THE PROPERTY OF  
PATRICIA LG CONNOR**

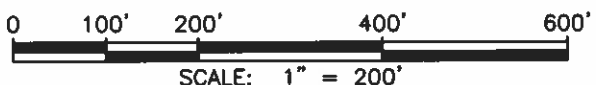
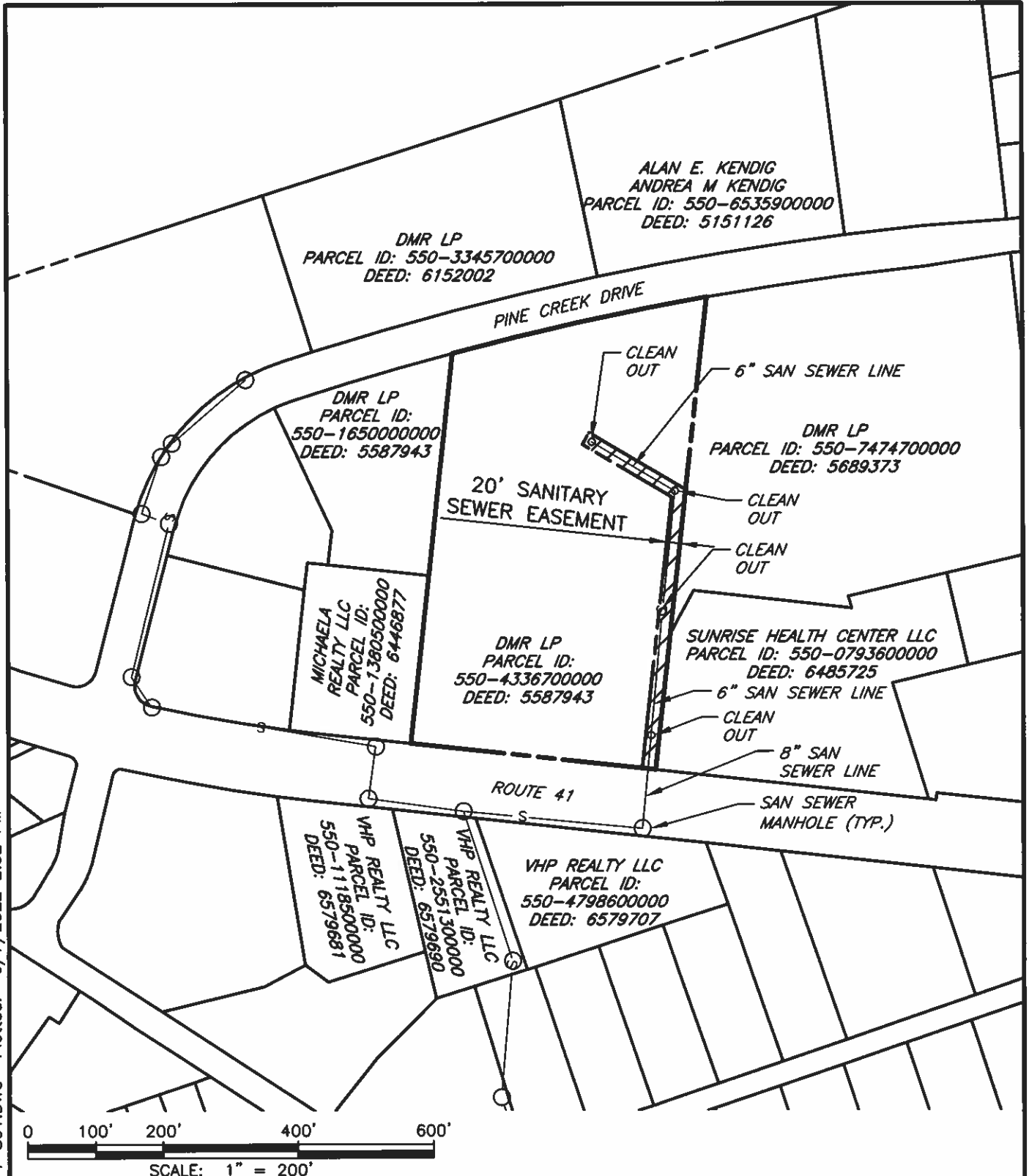


108 West Airport Road  
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Tel 717.569.7021

ARRO #11156.14

SCALE: 1"=100'	DATE 6/7/2022	DWG. NO. <b>Exhibit A</b>
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# APPENDIX A



Dwg. Name: 115614-S01.DWG Plotted: 6/7/2022 2:32 PM

**SADSBURY TOWNSHIP  
SANITARY SEWER EASEMENT EXHIBIT  
FOR THE PROPERTY OF  
DMR LP**

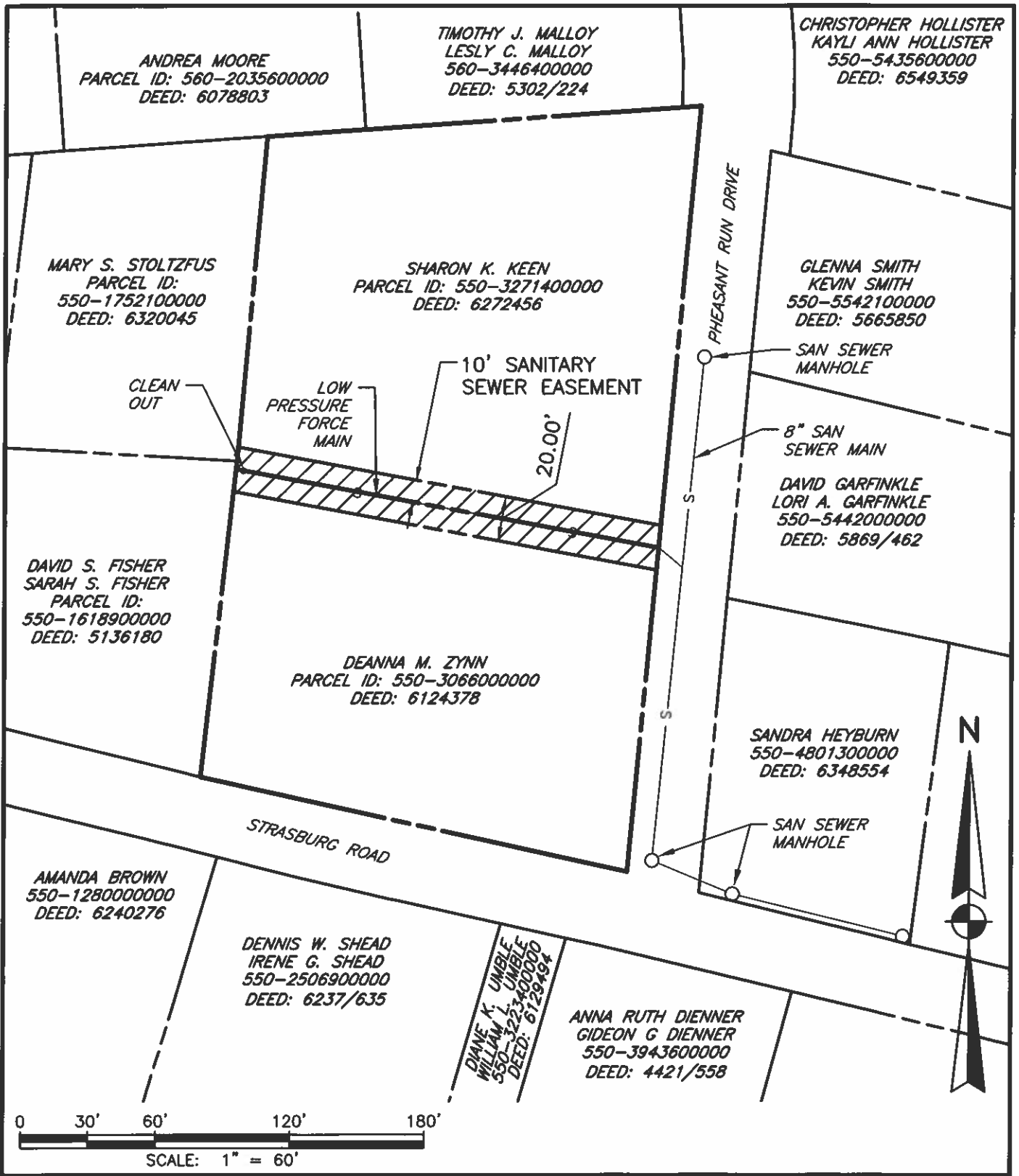
ARRO #1156.14



108 West Airport Road  
Lititz, Pennsylvania 17543  
Tel 717.569.7021

SCALE: 1"=200'	DATE 6/7/2022	DWG. NO. <b>Exhibit A</b>
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# APPENDIX A



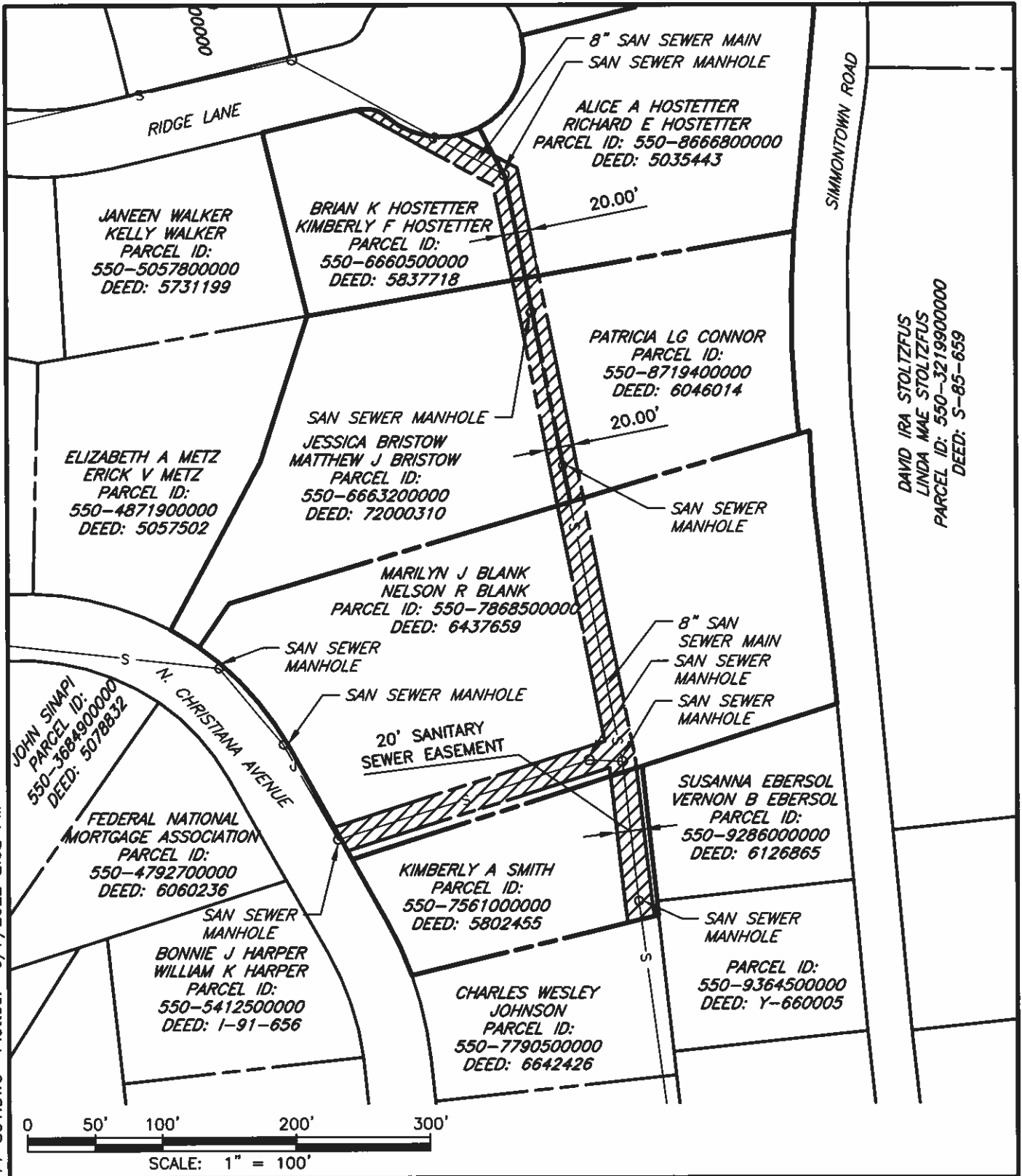
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**SADSBURY TOWNSHIP  
SANITARY SEWER EASEMENT EXHIBIT  
FOR THE PROPERTY OF  
SHARON K. KEEN**

ARRO #11156.14

		108 West Airport Road Lititz, Pennsylvania 17543 Tel 717.569.7021	
		SCALE: 1"=60'	DATE 6/7/2022

# APPENDIX A



Dwg. Name: 1115614-S01.DWG Plotted: 6/7/2022 2:32 PM

**SADSBURY TOWNSHIP  
SANITARY SEWER EASEMENT EXHIBIT  
FOR THE PROPERTY OF  
KIMBERLY A. SMITH**

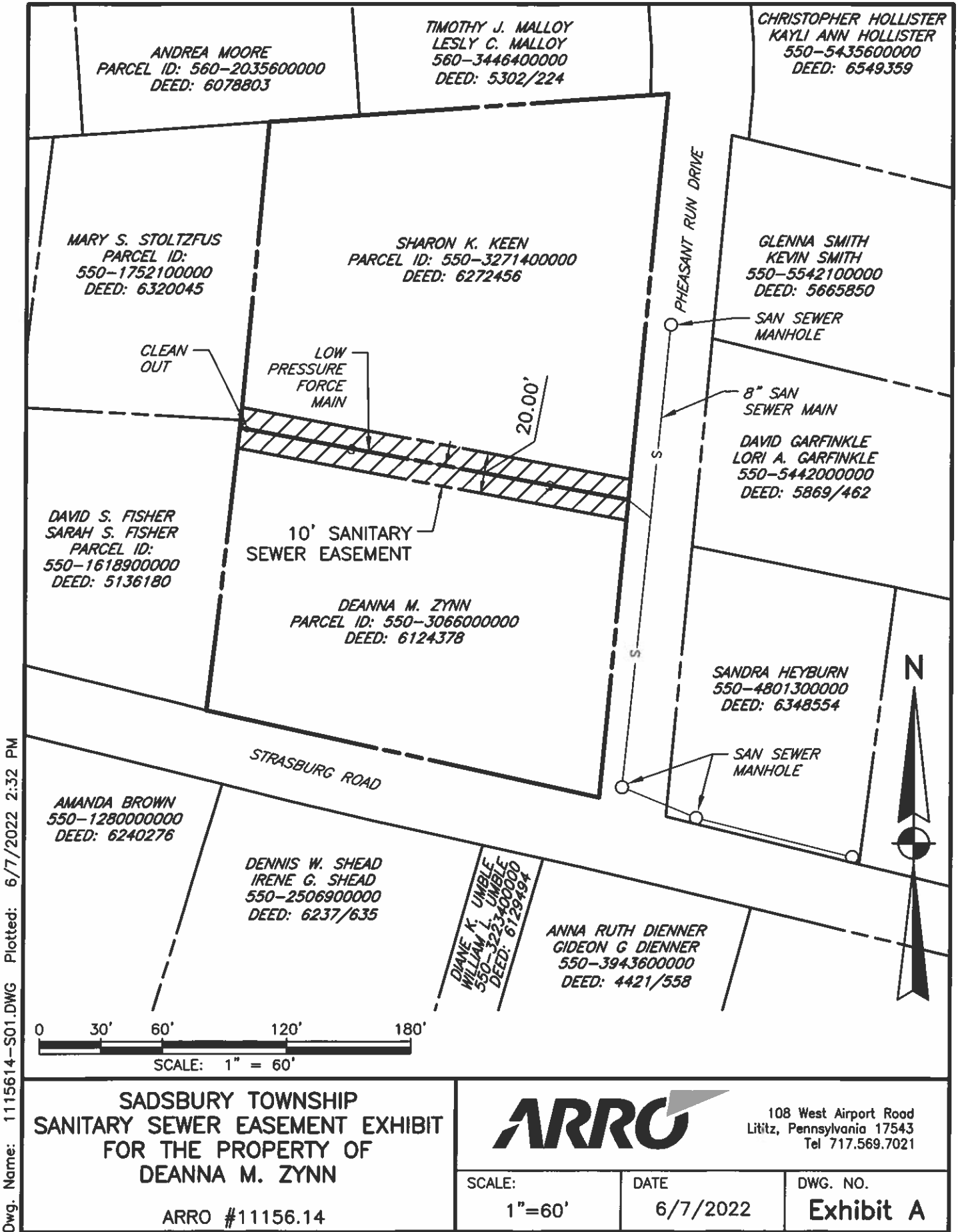


108 West Airport Road  
Lititz, Pennsylvania 17543  
Tel 717.569.7021

ARRO #11156.14

SCALE: 1"=100'	DATE 6/7/2022	DWG. NO. <b>Exhibit A</b>
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# APPENDIX A



Dwg. Name: 1115614-S01.DWG Plotted: 6/7/2022 2:32 PM

**SADSBURY TOWNSHIP  
SANITARY SEWER EASEMENT EXHIBIT  
FOR THE PROPERTY OF  
DEANNA M. ZYNN**

ARRO #11156.14

		108 West Airport Road Lititz, Pennsylvania 17543 Tel 717.569.7021	
		SCALE: 1"=60'	DATE 6/7/2022

## Schedule 6.6

### Seller's Rates & Fees

**Section 202. Flat Rates for Dwelling Units, Commercial Establishments, Industrial Establishments and Institutional Establishments:**

A. Sewer rates and charges for Sanitary Sewage discharged into the Sewage System from any Improved Property constituting one or more Dwelling Units, one or more Commercial Establishments, one or more Industrial Establishments or any other Nonresidential Units shall be on a flat rate basis for the following classifications at the following rates per quarter: (The EDU values listed below represent the MINIMUM EDU values for the classification, unless otherwise indicated below.)

<u>Classification</u>	<u>Equivalent Dwelling Unit(s)</u>	<u>Rates Per Quarter Annum</u>
(1) Each Dwelling Unit	1	\$385.00
(2) Rooming Houses, including Bed and Breakfasts;		
(a) Per rental room unit, plus 1 for the main residence	0.4	\$154.00
(b) Minimum	2	\$770.00
(3) Commercial Establishments		
(a) Each motel or hotel		
i. per unit or room (whenever a restaurant or barroom is conducted in connection with a motel or hotel, a separate sewer rate and charge shall be imposed for such facilities in accordance with the Classification set forth under 3(b) below)	0.4	\$154.00
ii. minimum	1	\$385.00

# APPENDIX A

<u>Classification</u>	<u>Equivalent Dwelling Unit(s)</u>	<u>Rates Per Quarter Annum</u>
(b) Each restaurant, bar room or other Commercial Establishment which dispenses food or non-alcoholic beverages for consumption on the premises:		
i. per employee	0.1	\$38.50
ii. per customer seat	0.1	\$38.50
iii. minimum	2	\$770.00
(c) Each grocery store:		
i. per employee	0.1	\$38.50
ii. minimum	1	\$385.00
(d) Each drug store or pharmacy:		
i. per employee	0.1	\$38.50
ii. minimum	1	\$385.00
(e) Each retail store:		
i. per employee	0.1	\$38.50
ii. minimum	1	\$385.00
(f) Each service station without washing facilities		
i. 1-2 bays	1	\$385.00
ii. each bay after 2	0.5	\$192.50
(g) Each beauty/hair styling salon:		
i. per operator's chair	0.5	\$192.50
ii. minimum	1	\$385.00
(h) Each barber shop:		
i. per operator's chair	0.3	\$115.50
ii. minimum	1	\$385.00
(i) Each financial institution:		
i. per employee	0.1	\$38.50
ii. minimum	1	\$385.00
(j) Each funeral home	1.5	\$577.50

# APPENDIX A

	<u>Classification</u>	<u>Equivalent Dwelling Unit(s)</u>	<u>Rates Per Quarter Annum</u>
(k)	Each professional office:		
	i. per employee	0.1	\$38.50
	ii. minimum	1	\$385.00
(l)	Recreational Campgrounds:		
	i. per space	0.2	\$77.00
	ii. minimum	1	\$385.00
	iii. any additional facilities such as store, café shall be calculated in accordance with (a) to (m)	1	\$385.00
(m)	Each Commercial Establishment not separately classified:		
	i. per employee performing at premises	0.1	\$38.50
	ii. per customer seat	0.1	\$38.50
	iii. minimum	1	\$385.00
(n)	Buildings containing two or more separate Commercial Establishments		
	i. Calculation of EDUs using (a) through (m) above		
	ii. Minimum	2	\$770.00
(o)	Buildings containing and combination of dwelling units and Commercial Establishments		
	i. Calculation of EDUs using (a) through (m) above plus		
	ii. Each dwelling unit	1	\$385.00
	iii. Minimum	2	\$770.00
(4)	Institutional Establishments:		
(a)	Each municipal building	1	\$385.00
(b)	Each church	1	\$385.00
(c)	Each firehouse	1	\$385.00
(d)	Each post office	1	\$385.00

# APPENDIX A

<u>Classification</u>	<u>Equivalent Dwelling Unit(s)</u>	<u>Rates Per Quarter Annum</u>
(5) Each Industrial Establishment with no Nonresidential Waste:		
(a) per employee	0.1	\$38.50
(b) minimum	1	\$385.00
B. For purposes of flat rate billing in accordance with the foregoing classifications, the Authority shall bill each fraction of a unit as a whole unit, regardless of whether the fractional part is more or less than half of a unit. By way of example, a six-room boarding house would, according to the classifications, have 2.4 EDUs (6 x 0.4). Its quarterly bill would be based upon 3, not 2.4, EDUs so that its user fee per quarter would be \$1,155.00.		
C. For the purposes of flat rate billing in accordance with the foregoing classifications, each person present on the Improved Property shall be considered an employee of the Commercial Establishment regardless of whether the Owner of the Improved Property or operator of the Commercial Establishment classifies such person as an owner, principal, full time employee, seasonal employee or part time employee. The number of employees shall be based on the greatest number of such persons who are present at the Commercial Establishment on any day in a calendar year.		
D. The Owner of each Improved Property shall inform the Authority of any changes in the number of Nonresidential Units or dwelling units in a building within 30 days of such change. If the Authority determines such change has occurred and the Owner of the Improved Property did not inform the Authority of such change, the Authority shall recalculate sewer rates imposed for the prior four quarters to impose additional rates for the additional EDUs which were not billed as a result of the failure of the Owner of the Improved Property to notify the Authority of the change.		
E. <b>Changes in Flat Rate Classifications.</b> If the use or classification of any Improved Property shall change during any quarter-annum period, the sewer rate and charge shall be adjusted by this Authority, by proration on a monthly basis to the nearest calendar month, with a credit or charge, as shall be appropriate under the circumstances, being made on the statement for the next succeeding quarter-annum period.		
F. In the event the Owner of a Nonresidential Unit(s) disagrees with the classification and/or number of EDUs assigned to the Improved Property by the Authority based upon the classification, then Owner may file an appeal with the Board of the Authority within thirty (30) days of receiving notification of the classification and EDU determination made by Board. The Board shall hold a hearing within 90 days of receipt of the appeal at which time Owner shall bear the burden of proving that either the classification assigned to the Improved Property or the number of EDUs allocated to the Improved Property is in error. Owner shall produce credible evidence of actual water usage consisting of water consumption figures compiled over a 30-day period during the Improved Property's peak		

# APPENDIX A

flow month. The Board shall then determine the number of EDUs assignable to the Improved Property based upon the average daily flow over that 30-day period. All such water usage figures shall be corroborated by a disinterested third party who is qualified to read water meters and is given access to the meter for purposes of verifying the readings. Furthermore, Owner shall produce a certificate of accuracy at the hearing, evidencing the fact that the water meter was in proper working condition and was accurately calibrated at the time the readings were made.

- G. **Additional Flat Rate Classifications and Modifications of Flat Rate Classifications:** This Authority reserves the right, from time to time, to establish additional flat rate classifications and to establish quarter-annum rates therefor; and this Authority further reserves the right, from time to time, to alter, modify, revise and/or amend flat rate classifications and the quarter-annum rates applicable thereto.