

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township (“East Coventry”)
66 Pa. C.S. § 1329**

**Application Filing Checklist – Water/Wastewater
Docket No. A-2025-3053487**

APPENDIX J

Resolution 2023 – 15
East Coventry Board of Supervisors – Approving Sale of East Coventry’s
Wastewater System Assets to PAWC

RESOLUTION 2023 - 15

BOARD OF SUPERVISORS OF EAST COVENTRY TOWNSHIP

CHESTER COUNTY, PENNSYLVANIA

A RESOLUTION AUTHORIZING THE SELECTION OF PENNSYLVANIA AMERICAN WATER AS PREFERRED BIDDER AND NEGOTIATION OF THE ASSET PURCHASE AGREEMENT FOR THE SALE OF THE WASTEWATER SYSTEM

WHEREAS, East Coventry Township (the “Township”) currently owns and operates a sanitary wastewater collection and conveyance system (the “System”) that provides sanitary wastewater service to various customers in the Township (the “Service Area”); and

WHEREAS, the Township previously decided to pursue the potential sale of all of the assets, properties and rights of the Township (whether tangible, real, personal or mixed) which are exclusively held and used by it in connection with the System, through a competitive bidding process (the “Assets Sale”); and

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

WHEREAS, the Township received responses to the RFQ and, after the opportunity for due diligence and negotiation and preparation of a draft Asset Purchase Agreement (the “Purchase Agreement”), received bids from two interested entities; and

WHEREAS, the Township, by enactment of the within Resolution, selects Pennsylvania-American Water (“PAWC”) as the preferred bidder, determining that, in the event the Township decides to sell the System, such selection will be in the best interests of the Township, as determined by the Board of Supervisors based on the advice of the Township Financial Advisor; and

WHEREAS, if the Board determines that the Assets Sale is in the best interests of the Township and to enter into the Purchase Agreement with PAWC, such determination is to be evidenced through the execution by the Township of the Purchase Agreement which Township officials shall finalize and execute pursuant to an Ordinance of the Township; and

NOW THEREFORE, the Board of Supervisors of East Coventry Township HEREBY RESOLVES as follows in order to effectuate the award of the bid for the above stated purposes:

1. The Township approves PAWC as the preferred bidder for the possible acquisition of the System from the Township in accordance with the bid attached hereto as Exhibit A.
2. The Township authorizes its agents and employees to prepare the final Asset Purchase Agreement with PAWC and present this Board with such Purchase Agreement to be considered for approval, such approval, if given, to be by way of an Ordinance authorizing execution of the Purchase Agreement and such other actions as are necessary to effectuate the sale of the System to PAWC.

3. All actions taken by individuals acting on behalf of the Township prior to the date of this Resolution in furtherance of the sale of the System and in furtherance of the Township business in this regard are hereby ratified and confirmed.

4. This Resolution shall be effective immediately.

Resolved by the Board of Supervisors of East Coventry Township this 14th day of August 2023.

EAST COVENTRY TOWNSHIP

By: 
Ray Kolb, Chairman

Attest: 
Eugene C. Briggs, Secretary

ORIGINAL



**RESPONSE TO EAST
COVENTRY
TOWNSHIP SEWER
SYSTEM RFB**



**PENNSYLVANIA
AMERICAN WATER**

WE KEEP LIFE FLOWING®

East Coventry Township Sewer System RFB
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Proposal Form 1 – East Coventry Township Sewer System RFB
Transmittal Letter

ORIGINAL

April 19, 2023

PFM Financial Advisors LLC
c/o Scott Shearer
100 Market Street
Harrisburg, PA 17101

Re: East Coventry Township Sewer System Request for Bids

Dear East Coventry:

Pennsylvania-American Water Company (the "Proposer") hereby submits the attached Proposal in response to East Coventry Sewer System Request for Bids (the "RFB") issued by East Coventry ("Township").

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

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

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

Addendum No.	Date
Amendment	February 17, 2023
Second Amendment	February 24, 2023
Bid Deadline Extension	March 24, 2023

2. *Due Authorization.* The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.
3. *Completeness; Warranty as to Proposal Information.* The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct and complete, and are made with full knowledge that will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to the Township and executing the Agreement.
4. *Identity of Buyer.* The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Agreement pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the "Subsidiary"), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the Agreement from and after such execution.



Proposal Form 1 – East Coventry Township Sewer System RFB
Transmittal Letter

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5. *Final Agreements.* The Proposer agrees to enter into the Agreement in each case in the form identified as “Binding Proposal, Execution Copy” as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
6. *Purchase Price.* The Proposer agrees to enter into the Agreement in each case in the form identified as “Binding Proposal, Execution Copy” as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
7. *Proposal Effective Period.* This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on June 30, 2023, unless further extended by mutual consent of both the Township and the Proposer (the “Termination Time”). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If the Township does not give written notice to the Proposer that the Township is prepared to enter into the Agreement on or prior to the Termination Time, this offer, and the terms of this Proposal shall terminate at the Termination Time.
8. *Agreement Execution.* If at any time prior to the Termination Time, the Township gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Agreement with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Agreement to the Township.
9. *Debarment.* Neither the Proposer, the Operator, nor any other member of Proposer’s project team is currently suspended or debarred from doing business with any governmental entity.
10. *Contract Disclosures.* Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation or relationship with any broker- dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
11. *No Litigation.* There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the Agreement contemplated hereby, or which, in any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any agreement or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.
12. *Certain Representations.* The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the Agreement pursuant to the terms hereof;

Proposal Form 1 – East Coventry Township Sewer System RFB
Transmittal Letter

ORIGINAL

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

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

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

NAME: E. Christopher Abruzzo, Esquire

TITLE: Senior Director, Business Development

ADDRESS: 852 Wesley Drive, Mechanicsburg, PA 17055

PHONE: +1 (717) 550-1542

FAX: N/A

EMAIL: Chris.Abruzzo@amwater.com

Submitted by:

Name of Proposer: Pennsylvania-American Water Company

Name of Designated Signatory: Justin Ladner

Signature: 

Title: President

Proposal Form 2 – East Coventry Township Sewer System RFB
Non-Collusion Affidavit

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CUMBERLAND

I, Justin Ladner, a resident of the Borough of Carlisle, in the Commonwealth of Pennsylvania, of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the President of Pennsylvania-American Water Company, organized under the laws of the Commonwealth of Pennsylvania, the Proposer making the Proposal in response to the East Coventry Sewer System Request for Bids issued by the Township, as amended, and that I executed said Proposal with full authority to do so;

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

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

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

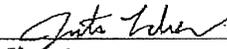
I hereby affirm under the penalties of perjury that the foregoing statements are true.

Pennsylvania-American Water Company

Name of Proposer

Justin Ladner

Name of Designated Signatory



Signature

President

Title



Proposal Form 2 – East Coventry Township Sewer System RFB
Non-Collusion Affidavit

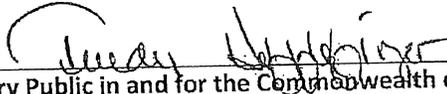
ORIGINAL

(Notary Public)

Commonwealth of Pennsylvania
County of Cumberland

On this day of April 19, 2023, before me appeared Justin Ladner, who is President of Pennsylvania-American Water Company, a Pennsylvania Corporation, personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

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



Notary Public in and for the Commonwealth of Pennsylvania

Commonwealth of Pennsylvania - Notary Seal
Trudy Hefflefinger, Notary Public
Cumberland County
My commission expires March 25, 2025
Commission number 1211574
Member, Pennsylvania Association of Notaries

Seal

Trudy Hefflefinger
Name Printed

852 Wesley Drive, Mechanicsburg, PA 17055
Employed At

1211574
Commission Number

Proposal Form 3 – East Coventry Township Sewer System RFB
Statement of Ownership – Proposer

ORIGINAL

Name of Proposer: Pennsylvania-American Water Company

Business Address: 852 Wesley Drive, Mechanicsburg, PA 17055

Legal Form of Proposer: Pennsylvania corporation

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

Officers:
Justin Ladner (President)
Bruce Aiton (VP, Engineering)
Thomas Chiomento (VP, Business Development and Government Affairs)
James Runzer (VP, Operations)
Andrew Swope (VP, General Counsel & Secretary)
Brian Holbert (Treasurer)
Ashley E. Everette (Assistant Treasurer)
David Bowler (Assistant Comptroller)
Melissa Ciullo (Assistant Comptroller)
Ann Weaver (Assistant Comptroller)
Emily Hicks (Assistant Secretary)
Elizabeth Triscari (Assistant Secretary)

Directors:
Bruce Aiton
Barbara Cross
Ashley E. Everette
Brian Holbert
Justin Ladner
Sabrina Saunders Mosby
Robert M. Ross
James Runzer
Ronald W. Simms

Significant Equity Owners of the Proposer:

List the names, business addresses and percentage ownership interests of all Persons (individuals or entities) who own, directly or indirectly, 10% or more of the capital stock, units, partnership or membership interests, or other equity interests or securities of the Proposer (including options, warrants and other rights to acquire such equity interests) (the "Significant Equity Owners"). If none, please state "NONE." If one or more such Significant Equity Owner(s) of Proposer is an entity, then list the names and addresses of all Significant Equity Owners of such entity; if none, please state "None." This disclosure shall



Proposal Form 3 – East Coventry Township Sewer System RFB
Statement of Ownership – Proposer

ORIGINAL

be continued until names and addresses of every Significant Equity Owner exceeding the ten percent ownership criteria of each entity listed has been identified. Additional pages may be attached.

Name	Address	% Interest
American Water Works Company, Inc.	1 Water Street Camden, NJ 08102	99.88%

Proposal Form 4 – East Coventry Township Sewer System RFB
Operator Information

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

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

Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055

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

Justin Ladner, President

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

Previously provided in response to the RFQ

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

Previously provided in response to the RFQ

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

None

Proposal Form 5 – East Coventry Township Sewer System RFB
Contract and Lobbyist Disclosure

ORIGINAL

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

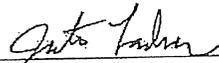
<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>
NONE	NONE

Pennsylvania-American Water Company

Name of Proposer

Justin Ladner

Name of Designated Signatory



Signature

President

Title

Proposal Form 6A – Two Year Rate Freeze Option (as Shown in APA)
East Coventry Township Sewer System RFB
Business Proposal

ORIGINAL

For the purposes of Proposal Form 6A, please provide your Purchase Price assuming that the two year rate freeze, outlined in the APA, were to be imposed by the Township.

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

US\$ [no bid] [in numbers],
[no bid] [in words] United States Dollars.

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

Pennsylvania-American Water Company
Name of Proposer

Justin Ladner
Name of Designated Signatory


Signature

President
Title

[Continued on Following Page]

Proposal Form 6A – Two Year Rate Freeze Option (as Shown in APA)
East Coventry Township Sewer System RFB
Business Proposal

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Please provide Indicative Monthly Bill projections assuming full cost of service (what will be sent to customers in the customer letter). If you believe your company will be permitted to subsidize rates with either current wastewater or water customers, please provide Subsidized Indicative Monthly Bills as well as the amount of subsidy assumed.

Full Cost of Service Indicative Monthly Bills assuming 4,000 gallons/month.

Year 1: _____ Year 2: _____ Year 3: _____ Year 4: _____ Year 5: _____
Year 6: _____ Year 7: _____ Year 8: _____ Year 9: _____ Year 10: _____

Subsidized Indicative Monthly Bills assuming 4,000 gallons/month.

Year 1: _____ Year 2: _____ Year 3: _____ Year 4: _____ Year 5: _____
Year 6: _____ Year 7: _____ Year 8: _____ Year 9: _____ Year 10: _____

Proposal Form 6B – No Rate Freeze Option
East Coventry Township Sewer System RFB
Business Proposal

ORIGINAL

The Township is considering the elimination of the two year rate freeze outlined in the APA. For the purposes of Proposal Form 6B, please provide your Purchase Price assuming that the two year rate freeze, outlined in the APA, was NOT to be imposed by the Township.

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

US\$ 7,000,000.00 [in numbers],
seven million [in words] United States Dollars.

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

Pennsylvania-American Water Company
Name of Proposer

Justin Ladner
Name of Designated Signatory


Signature

President
Title

[Continued on Following Page]

ORIGINAL

Proposal Form 6B – No Rate Freeze Option
East Coventry Township Sewer System RFB
Business Proposal

Full Cost of Service Indicative Monthly Bills assuming 4,000 gallons/month.

Year 1: _____ Year 2: _____ Year 3: _____ Year 4: _____ Year 5: _____
Year 6: _____ Year 7: _____ Year 8: _____ Year 9: _____ Year 10: _____

Subsidized Indicative Monthly Bills assuming 4,000 gallons/month.

Year 1: \$61.67 Year 2: \$74.00 Year 3: \$74.00 Year 4: \$85.08 Year 5: \$85.08
Year 6: \$97.82 Year 7: \$97.82 Year 8: \$112.46 Year 9: \$112.46 Year 10: \$129.30

Description of Indicative Monthly Bills Provided Above

Pennsylvania-American Water Company ("PAWC") would adopt East Coventry Township's wastewater base rates for its customers upon closing of a transaction. Subsequent rate adjustments would be subject to review and authorization by the Pennsylvania Public Utility Commission ("PAPUC"). PAWC is unable to predict the outcome of future rate cases; therefore, the indicative and non-binding residential monthly bills projection assumes no change to PAWC's 2023 "Zone 1" residential wastewater rate of \$129.30, assuming 4,000 gallons of usage per month. With this understanding, PAWC's indicative and non-binding residential monthly bills projection shows illustratively how East Coventry Township's current rate could equalize with PAWC's 2023 "Zone 1" residential wastewater rate over the course of the ten-year period.

PAWC historically has filed rate cases every two to three years, and a two-year rate case cadence is assumed in the projection. For PAWC's first rate case post-closing in Year 2 (assumed to be 2025), PAWC has utilized the rate-adjustment formula required for the "Customer Notice" filing that would accompany PAWC's PAPUC application for approval of the East Coventry Township acquisition. This "Customer Notice" filing formula is anticipated to produce an estimated increase for East Coventry Township customers of approximately \$12 or 20% in the first post-close rate case. Subsequent to this first post-close rate increase, PAWC anticipates that the PAPUC would apply the principle of gradualism to further rate adjustments impacting East Coventry Township customers. Therefore, PAWC assumes that East Coventry Township's rate would continue to equalize with PAWC's 2023 "Zone 1" residential wastewater rate in four approximately 15% increases occurring every other year starting in Year 4 (assumed to be 2027). East Coventry Township's rate is seen to equalize with PAWC's 2023 "Zone 1" residential wastewater rate in Year 10 (assumed to be 2033).

PAWC's indicative and non-binding residential monthly bills projection incorporates the effect of allocating a portion of the cost of service for East Coventry Township customers across PAWC's entire wastewater and water customer base, subject to proposed utilization of 66 Pa. C.S. Section 1311(c), as amended by Act 11 of 2012. As the largest PAPUC-regulated water and wastewater utility operating in the Commonwealth, PAWC believes that it can offer a significant rate stabilization advantage to East Coventry's customers. In the "Joint Petition for Settlement of Rate Investigation" document for PAWC's 2022 rate case (PAPUC Docket Nos. R-2022-3031672 and R-2022-3031673), approximately \$27.0 million (33%) of the revenue requirement of PAWC's recently acquired wastewater systems is being allocated to PAWC's water customers.



Proposal Form 6B – No Rate Freeze Option
East Coventry Township Sewer System RFB
Business Proposal

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A distribution system improvement charge (“DSIC”) surcharge is not included within the ten-year indicative and non-binding residential monthly bills projection. However, PAWC’s rates do include reasonable and necessary capital improvements over time and movement towards PAWC’s statewide rates.

For more than 25 years, PAWC has been assisting low-income customers through its H2O Help to Others Program™. Specific to our wastewater customers, PAWC offers a 30% discount on the total wastewater charges, grants of up to \$500 per year, and payment plans, when needed, to prevent an interruption in service and help customers pay their balance-due over time. Eligibility for discounts is limited to those customers with a gross household income less than or equal to 150% of U.S. Federal Poverty Guidelines. Eligibility for grants is limited to those customers with a gross household income less than or equal to 200% of U.S. Federal Poverty Guidelines.