



**SUBMISSION TO
BOROUGH OF
SOMERVILLE
WASTEWATER SYSTEM
REQUEST FOR BIDS**



**NEW JERSEY
AMERICAN WATER**

WE KEEP LIFE FLOWING®

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New Jersey American Water is the largest water and wastewater service provider in the state, and we take extraordinary pride in providing solutions for communities to address their water and wastewater challenges. Customers are at the center of everything we do - from delivering safe, reliable, and affordable water and wastewater service to providing excellent customer service. Thank you for the opportunity to present our \$16.5 million commitment to the Borough's wastewater system and expand our partnership to include wastewater service in the Borough.

New Jersey American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water and wastewater utility in the state, providing high-quality, reliable water and/or wastewater service to approximately 2.8 million people in 190 communities. American Water calls New Jersey “home” with our Corporate Headquarters located in Camden, and we are committed to serving our customers and making the communities we serve stronger and more resilient.

New Jersey American Water is an industry leader in achieving environmental compliance, providing solutions for water and wastewater challenges, and investing in necessary capital improvements to strengthen communities' infrastructure. We have the experienced management and operations team necessary to provide safe, reliable, and resilient water and wastewater service to Borough customers, and we are uniquely positioned to own and operate the Borough's wastewater system given our local presence as **the water service provider in your community for almost a century, with roots dating back to the 1930s.**

The many benefits the Borough would see from New Jersey American Water's \$16.5 million commitment include:

- **Cash payment of \$7 million upon closing** that the Borough can use to defease all debt associated with the wastewater utility, as well as a portion of the Borough's outstanding debt.
- **Capital investment commitment of \$9.5 million in the first 10 years** in the wastewater collection system to help stabilize and improve the Borough's aging wastewater system.
- **Short-term and long-term rate stability** with adoption and hold of the Borough's existing wastewater rates for two years, then a three percent annual increase in the following three years, followed by a four percent annual increase in years six and seven. As a regulated utility, we work closely with the New Jersey Board of Public Utilities (NJBPU) to set reasonable rates.
- **Operational responsibility relief** allowing the Borough to focus on other priorities.

Water and wastewater service is ALL we do. You can be confident that in transferring operational and capital investment responsibilities for your wastewater system to New Jersey American Water, you will expand your partnership with the state's leading and largest provider of clean, reliable service that meets or surpasses state and federal standards with the technical experience and financial resources to operate in the 21st century. Each and every day, New Jersey American Water employees **KEEP LIFE FLOWING** by providing water and wastewater service to our customers. It is a privilege to serve our customers and we hope the Borough will extend to us that same privilege we have as your water service provider to wastewater service. Thank you for your consideration.



BID FORM 1

LETTER OF QUALIFICATION

June 22, 2022

Dear Borough Administrator:

The undersigned has reviewed our Bid submitted in response to the Request for Bids (RFB) issued by the Borough of Somerville ("the Borough"), in connection with the sale of the Borough's Sewer System.

I affirm that the contents of our Bid (which Bid is incorporated herein by reference) is accurate, factual and complete to the best of our knowledge and belief and that the Bid is submitted in good faith upon express understanding that any false statement may result in the disqualification of New Jersey-American Water Company, Inc.

A handwritten signature in blue ink, appearing to read "T. Shroba".

Thomas Shroba
Vice President, Operations

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Dated: 6/17/2022

BID FORM 4

LETTER OF INTENT

June 22, 2022

Dear Borough Administrator:

The undersigned, as Bidder, has submitted the attached Bid in response to a Request for Bids (RFB), issued by the Borough of Somerville ("the Borough"), for the Sale of the Borough's Sewer System.

New Jersey-American Water Company, Inc. HEREBY STATES:

1. The Bid contains accurate, factual and complete information.
2. New Jersey-American Water Company, Inc. agrees to participate in good faith in the contract process as described in the RFB and to adhere to the Borough's contract schedule.
3. New Jersey-American Water Company, Inc. acknowledges that all costs incurred by it in connection with the preparation and submission of the Bid prepared and submitted in response to the RFB, or any negotiation which results from this RFB shall be borne exclusively by the Bidder.
4. New Jersey-American Water Company, Inc. hereby declares that the only persons participating in this Bid as Principals are named herein and that no person other than those herein mentioned has any participation in this Bid or in any contract to be entered into with respect thereto. Additional persons may subsequently be included as participating Principals, but only if acceptable to the Borough.
5. New Jersey-American Water Company, Inc. declares that this Bid is made without connection with any other person, firm or parties who has submitted a Bid, except as expressly set forth below and that it has been prepared and has been submitted in good faith and without collusion or fraud.
6. New Jersey-American Water Company, Inc. acknowledges and agrees that the Borough may modify, amend, suspend and/or terminate the contract process (in its sole judgment).

In any case, the Borough shall not have any liability to the Bidder for any costs incurred by the Bidder with respect to the contract activities described in this RFB.



Thomas Shroba
Vice President, Operations

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Dated: 6/17/2022

BIDFORM2

BID BOND

KNOW ALL MEN BY THESE PRESENT, that we New Jersey-American Water Company, Inc., as Principal (hereinafter the "Bidder") and Travelers Casualty and Surety Company of America, a Corporation, duly organized under the laws of the State of Connecticut, as Surety, are held and firmly bound unto the Borough of Somerville (the "Borough"), as Obligee, in the sum of Twenty Thousand Dollars (\$20,000) lawful money of the United States of America to be paid to the Borough, its successors or assigns, for which payment, well and truly to be made, we bind ourselves, our successors and assigns, jointly and severally, firmly by these present; and

WHEREAS, the above-named Bidder has submitted or is about to submit to the Borough a Bid to enter into an Agreement of Sale to purchase the Borough's Sewer System as described in the Request for Bids, dated March 8, 2021 (the "RFB"), issued by the Borough and covered by the Bid submitted by the Bidder in response thereto, which Bid is made a part hereof.

NOW, THEREFORE, the Surety hereby understands that if the above-referenced Bid is accepted by the Borough, then the Bidder will in good faith enter into negotiation of a final Agreement of Sale in writing and give bond with surety acceptable to the Borough for the purchase of the Borough's Sewer System within the time specified in the RFB, or any extension thereof agreed to in writing by the Borough. Surety hereby agrees that if the Bidder shall fail to do so, Surety will pay to the Borough, as liquidated damages, the full amount of this Bond within 30 calendar days after receipt by Bidder and Surety of written notice of such failure from the Borough, which notice shall be given with reasonable promptness, identifying this Bond and including a statement of the amount due. Upon execution of the Agreement of Sale, this Bond shall thereafter become null and void, otherwise to remain in full force and effect unless terminated as hereinafter provided.

It is agreed that this Bond shall become effective on the date the Bid is submitted and will continue in full force and effect for one hundred eighty (180) days from such date of submittal (unless extended) or until terminated as hereinafter provided.

If the Bid is not accepted within such 180-day time period, or any extension thereof agreed to in writing by the Borough and the Bidder, then after written notice by the Borough of such non-acceptance, this Bond may be terminated by the Surety or Bidder upon written notice to each other and to the Borough by registered mail at least 10 days prior to the termination date specified in such notice. Upon the giving of such notice, the Surety shall be discharged from all liability under this Bond for any act or omission of the Bidder occurring after the date of the notice of non-acceptance.

Any suit or action under this Bond shall be commenced only in a court of competent jurisdiction located in the State of New Jersey.

All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the RFB.

IN WITNESS WHEREOF, the Surety and Bidder, intending to be legally bound hereby, do

#3176895

each cause this Bid Bond to be duly executed on its behalf by its authorized officers, agents or representatives.

Signed and sealed this 16th day of June, 2022.

SURETY

[NAME OF SURETY]

Travelers Casualty and Surety Company of America

Name

Annette Audinot

Name of Authorized Signatory



Signature

Attorney-in-Fact

Title

BIDDER

[NAME OF BIDDER]

New Jersey-American Water Company, Inc.

Name

Thomas Shroba

Name of Designated Signatory



Signature

Vice President, Operations

Title

#3176895

C-5

Individual Acknowledgment

State of _____
County of _____

On the _____ day of _____, 20____, before me personally appeared _____
to me known and known to me to be the person described in and who executed the foregoing instrument
and _____, thereupon acknowledged to me that _____ executed the same.

Notary Public

Partnership/L.L.C. Acknowledgment

State of _____
County of _____

On the _____ day of _____, 20____, before me personally appeared _____
to me known and known to me to be one of the firm of _____
described in and who executed the foregoing instrument and _____ thereupon acknowledged
to me that _____ executed the same as and for the act and deed of said firm.

Notary Public

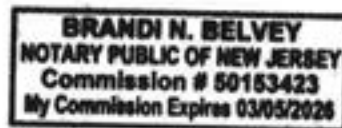
Corporate Acknowledgment

State of New Jersey
County of Camden

On the 17th day of June, 2022, before me personally appeared
Thomas Shroba

to me known, who being by me duly sworn, did depose and say the _____ he _____ is the
Vice President Operations of the New Jersey American Water Company, Inc
the corporation described in and which executed the foregoing instrument that _____ he _____ knows
the seal of said corporation, that the seal affixed to said instrument is such corporate seal, that it was so
affixed by order of the board of directors of said corporation, and that _____ he _____ signed his
name thereto by like order.

Brandi N. Belvey
Notary Public



State of New York }
County of Kings } SS:

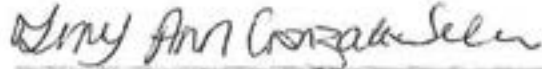
On June 16, 2022, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared

Annette Audinat

known to me to be Attorney-in-Fact of Travelers Casualty and Surety Company of America the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument in behalf of the said corporation, and he duly acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires November 19, 2024



Terry Ann Gonzales-Selman

Notary Public

TERRY ANN GONZALES-SELMAN
Notary Public, State of New York
No. 01GO6272513
Qualified in Kings County
Commission Expires November 19, 2024



**Travelers Casualty and Surety Company of America
Travelers Casualty and Surety Company
St. Paul Fire and Marine Insurance Company**

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, and St. Paul Fire and Marine Insurance Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint Annette Audinet of New York New York their true and lawful Attorney(s)-in-Fact to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed, and their corporate seals to be hereto affixed, this 21st day of April, 2021.



State of Connecticut

By
Robert L. Raney, Senior Vice President

City of Hartford ss.

On this the 21st day of April, 2021, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of each of the Companies, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of said Companies by himself as a duly authorized officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission expires the 30th day of June, 2026



Anna P. Nowik, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of each of the Companies, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kevin E. Hughes, the undersigned, Assistant Secretary of each of the Companies, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this 16th day of June, 2022



Kevin E. Hughes, Assistant Secretary

To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.
Please refer to the above-named Attorney(s)-in-Fact and the details of the bond to which this Power of Attorney is attached.

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

HARTFORD, CONNECTICUT 06183

FINANCIAL STATEMENT AS OF DECEMBER 31, 2021

AS FILED IN THE STATE OF NEW JERSEY

CAPITAL STOCK \$ 6,480,000

ASSETS		LIABILITIES & SURPLUS	
BONDS	\$ 4,427,068,873	LOSSES	\$ 1,224,258,147
STOCKS	90,892,083	LOSS ADJUSTMENT EXPENSES	157,266,812
CASH AND INVESTED CASH	3,976,380	COMMISSIONS	49,977,644
OTHER INVESTED ASSETS	4,809,133	OTHER EXPENSES	46,607,590
SECURITIES LENDING REINVESTED COLLATERAL ASSETS	7,433,086	TAXES, LICENSES AND FEES	16,655,025
INVESTMENT INCOME DUE AND ACCRUED	37,877,324	CURRENT FEDERAL AND FOREIGN INCOME TAXES	1,972,277
PREMIUM BALANCES	294,081,729	UNEARNED PREMIUMS	1,212,347,629
REINSURANCE RECOVERABLE	70,877,646	ADVANCE PREMIUM	1,824,313
NET DEFERRED TAX ASSET	60,156,860	POLICYHOLDER DIVIDENDS	14,258,052
OTHER ASSETS	3,286,703	CEDED REINSURANCE NET PREMIUMS PAYABLE	47,473,619
		AMOUNTS WITHHELD / RETAINED BY COMPANY FOR OTHERS	42,097,038
		REMITTANCES AND ITEMS NOT ALLOCATED	10,579,448
		PROVISION FOR REINSURANCE	6,873,132
		PAYABLE TO PARENT, SUBSIDIARIES AND AFFILIATES	40,373,235
		PAYABLE FOR SECURITIES LENDING	7,433,066
		ESCHEAT LIABILITY	537,132
		RETROACTIVE REINSURANCE RESERVE ASSUMED	816,097
		OTHER ACCRUED EXPENSES AND LIABILITIES	250,005
		TOTAL LIABILITIES	\$ 2,881,598,277
		CAPITAL STOCK	\$ 6,480,000
		PAID IN SURPLUS	433,803,760
		OTHER SURPLUS	1,678,177,878
		TOTAL SURPLUS TO POLICYHOLDERS	\$ 2,118,461,638
TOTAL ASSETS	\$ 5,000,059,915	TOTAL LIABILITIES & SURPLUS	\$ 5,000,059,915

STATE OF CONNECTICUT)
 COUNTY OF HARTFORD) SS.
 CITY OF HARTFORD)

MICHAEL J. DOODY, BEING DULY SWORN, SAYS THAT HE IS VICE PRESIDENT - FINANCE, OF TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AND THAT TO THE BEST OF HIS KNOWLEDGE AND BELIEF, THE FOREGOING IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL CONDITION OF SAID COMPANY AS OF THE 31ST DAY OF DECEMBER, 2021.

Michael J. Doody
 VICE PRESIDENT - FINANCE

SUBSCRIBED AND SWORN TO BEFORE ME THIS
 17TH DAY OF MARCH, 2022

Susan M. Weissleder
 NOTARY PUBLIC



SUSAN M. WEISSELEDER
 Notary Public
 My Commission Expires November 30, 2022

SURETY DISCLOSURE STATEMENT AND CERTIFICATION

pursuant to N.J.S.A. 2A:44-143

(for use when surety(ies) have a certificate from U.S. Secretary of the Treasury in accordance with 31 U.S.C. Section 9305)

The Travelers Indemnity Company, St. Paul Fire and Marine Insurance Company, Travelers Casualty and Surety Company, United States Fidelity and Guaranty Company, The Standard Fire Insurance Company, Travelers Casualty Insurance Company of America, Farmington Casualty Company, St. Paul Mercury Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Guardian Insurance Company, Fidelity and Guaranty Insurance Company, Travelers Casualty and Surety Company of America, surety(ies) on the attached bond, hereby certifies(y) the following:

- 1) Each surety meets the applicable capital and surplus requirements of R.S.17:17-6 or R.S.17:17-7 as of the surety's most current annual filing with the New Jersey Department of Insurance.
- 2) The capital and surplus, as determined in accordance with the applicable laws of this State, of the surety(ies) participating in the issuance of the attached bond is (are) in the following amounts as of the calendar year ended **December 31, 2020** (most recent calendar year for which capital and surplus amounts are available), which amounts have been certified by **KPMG LLP**, located at One Financial Plaza, Hartford, CT 06103-4103, in the Annual Audited Combined Financial Statements for the first eleven (11) companies below, and on a Stand-alone Annual Audited Financial Statement for the twelfth (12th) company below, all on file with the New Jersey Department of Insurance, 20 West State Street CN-325, Trenton, New Jersey 08625-0325.

<u>Surety Company</u>	<u>Capital</u>	<u>Surplus</u>
The Travelers Indemnity Company	\$ 10,700,300	\$6,949,525,628
St. Paul Fire and Marine Insurance Company	\$ 20,000,000	\$6,138,996,260
Travelers Casualty and Surety Company	\$ 25,000,000	\$7,158,214,223
United States Fidelity and Guaranty Company	\$ 35,214,075	\$891,004,366
The Standard Fire Insurance Company	\$ 5,000,000	\$1,310,802,811
Travelers Casualty Insurance Company of America	\$ 6,000,000	\$551,758,575
Farmington Casualty Company	\$ 6,000,000	\$289,594,630
St. Paul Mercury Insurance Company	\$ 4,230,000	\$114,724,363
Fidelity and Guaranty Insurance Underwriters, Inc.	\$13,434,900	\$90,072,017
St. Paul Guardian Insurance Company	\$ 4,200,000	\$22,974,162
Fidelity and Guaranty Insurance Company	\$ 5,000,000	\$18,962,415
Travelers Casualty and Surety Company of America	\$ 6,480,000	\$2,091,034,607

- 3) With respect to each surety participating in the issuance of the attached bond that has received from the U.S. Secretary of the Treasury a certificate of authority pursuant to 31 U.S.C. Section 9305, the underwriting limitation established therein on **July 1, 2021** (most recent calendar year available) is as follows:

<u>Surety Company</u>	<u>Limitation</u>
The Travelers Indemnity Company	\$694,955,000
St. Paul Fire and Marine Insurance Company	\$501,784,000
Travelers Casualty and Surety Company	\$696,072,000
United States Fidelity and Guaranty Company	\$89,100,000
The Standard Fire Insurance Company	\$131,080,000
Travelers Casualty Insurance Company of America	\$55,176,000
Farmington Casualty Company	\$28,959,000
St. Paul Mercury Insurance Company	\$11,472,000
Fidelity and Guaranty Insurance Underwriters, Inc.	\$9,007,000
St. Paul Guardian Insurance Company	\$2,297,000
Fidelity and Guaranty Insurance Company	\$1,896,000
Travelers Casualty and Surety Company of America	\$209,103,000

- 4) If, by virtue of one or more contracts of reinsurance, the amount of the bond indicated under Item 5 below exceeds the total underwriting limitation of all sureties on the bond as set forth in Item 3 above, then for each such contract of reinsurance:

- a) The name and address of each such reinsurer under that contract and the amount of the reinsurer's participation in the contract is as follows:

<u>Reinsurer</u>	<u>Address</u>	<u>Amount</u>
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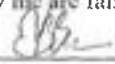
The amount of the bond indicated under Item 5 below *does not* exceed the total underwriting limitation of all sureties on the bond as set forth in Item 3 above.

and;

- b) Each surety that is party to such contract of reinsurance certifies that each reinsurer listed under Item 4(a) satisfies the credit for reinsurance requirement established under P.L.1993, c. 243 (C.17:51B-1 *et seq.*) and any applicable regulations in effect as of the date on which the bond to which this statement and certification is attached shall have been filed with the appropriate public agency.

CERTIFICATE

I, **Eric B. Bruder**, as Attorney-in-Fact for the companies herein listed, corporations domiciled in Connecticut, Iowa, Maryland, Minnesota and Wisconsin, DO HEREBY CERTIFY that, to the best of my knowledge, the foregoing statements made by me are true, and ACKNOWLEDGE that, if any of those statements made by me are false, this bond is VOIDABLE.



 (Signature of certifying agent/officer)
Eric B. Bruder

 (Print name of certifying agent/officer)
 Vice President, Finance
 Chief Financial Officer, Bond & Specialty Insurance


 (Title of certifying agent/officer)

Date: August 16, 2021

- 5) The amount of the bond to which the statement and certification is attached is \$ 20,000.00, which *does not* exceed the total underwriting limitation of all sureties on the bond as set forth in Item 3 above

CERTIFICATE

I, Annette Audinot (name of agent), as Attorney-In-Fact (title of agent) for the companies herein listed, corporations domiciled in Connecticut, Iowa, Maryland, Minnesota and Wisconsin, DO HEREBY CERTIFY that, to the best of my knowledge, the foregoing statement made by me is true, and ACKNOWLEDGE that, if the statement made by me is false, this bond is VOIDABLE.



 (Signature of certifying agent/officer)
Annette Audinot

 (Print name of certifying agent/officer)
Attorney-In-Fact

 (Title of certifying agent/officer)

Date: June 16, 2022

New Jersey American Water, the “Trusted Source for Everything Water”

New Jersey American Water is the largest investor-owned water and wastewater utility in the state. We provide service to approximately 2.8 million people in 190 communities across 18 counties. We have been providing water service to communities in New Jersey for more than a century and began serving the Borough of Somerville in 1937. Our parent company, American Water Works Company, Inc. (“American Water” or “AWK”), is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States. At American Water, success is driven by a single, overriding purpose: to **KEEP LIFE FLOWING** for more than 14 million people across 24 states every day.

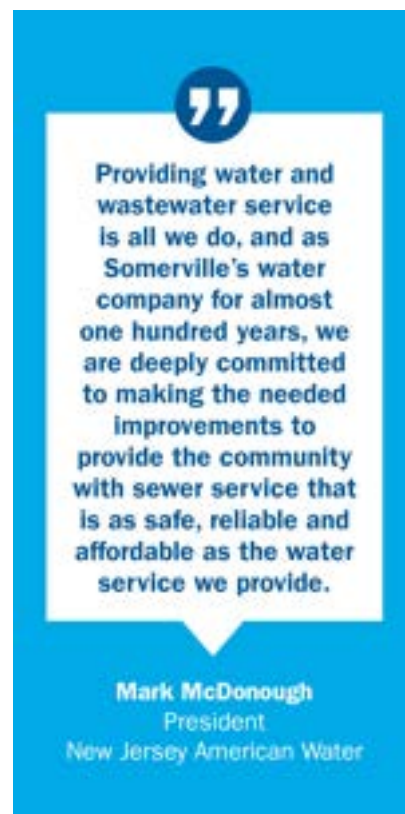
New Jersey American Water delivers safe, clean, reliable, and affordable water and wastewater service because our customers, employees, partners, and the people and institutions that invest in us deserve nothing less. Our customers are at the center of everything we do and every decision we make.

As a business, New Jersey American Water brings solutions to communities that are facing a variety of challenges, invests capital, leverages scale and efficiencies, and brings value to the communities it serves.

New Jersey American Water owns and/or operates wastewater systems in more than 20 communities in New Jersey, serving more than 70,000 customer connections. We employ more than 850 individuals, including water quality specialists; distribution, collection, and field service personnel; plant operators; meter readers; and engineers to carry out the company’s foremost responsibility of providing high-quality, reliable water and wastewater service to our customers. Our team of experts regularly monitor, maintain, and upgrade our facilities to help keep them operating efficiently and to meet all regulatory standards. Please see Appendix A for more information about New Jersey American Water.

Additionally, we are committed to helping the communities we serve be more vibrant places to live, work, and play. Our community involvement draws on the unique talents of our employees as well as the resources of our business. We do this best through:

- Partnering with local government, community organizations, and schools to help educate our customers on environmental stewardship and watershed protection.
- Providing existing and new businesses the confidence to invest in a community with a dependable water and wastewater system ready to meet their business needs.
- Offering financial assistance to customers in need through New Jersey American Water’s H2O Help to Others Program™. This program is available to our customers whose annual income is at or below 300 percent of the Federal Poverty guidelines. The monthly fixed service charge on the customer’s water and wastewater bill is waived for those who qualify. The program is administered by New Jersey SHARES.



OPERATIONAL EXCELLENCE

The operation of the Borough of Somerville’s wastewater system will be executed by New Jersey American Water’s Central Operating Region in a manner that meets local, state, and federal laws and regulations relating to the collection and conveyance of wastewater.



Our Central Operating Region has two operating centers located within 15 miles of the Borough, one in the Belle Mead section of Hillsborough and one in Plainfield. These operating centers employ more than 290 experienced and diverse individuals to provide water and wastewater service to communities in Central New Jersey. The Borough’s wastewater system will be operated and managed from our Belle Mead operating center with many of the same staff that manage the Borough’s water system. You will receive the same quality service you experience on your water service, on the wastewater side. The Belle Mead operating center is located just six miles from the Borough and is staffed by field crews who will handle operation and maintenance of the Borough’s collection system, as well as production personnel and management and administrative personnel.



New Jersey American Water is an around-the-clock operation with individuals performing work all hours of the day and night. In the event of a complaint, concern, or emergency, residents can call our toll-free number or login to our MyWater customer portal to report the situation. Customer Service representatives are available 24 hours a day, 7 days a week for emergencies. The representatives route information directly to the crew in the field who then investigate, secure the area, and call in the necessary resources to address the concern. Wastewater emergencies are given the highest priority because of the potential health risk exposure to customers, environmental contamination, or damage to residents’ property.

New Jersey American Water has operating protocols in place to address emergencies. The Central Operating Region has a fully developed Emergency Response Plan (ERP) which was written in accordance with the America's Water Infrastructure Act of 2018 (AWIA) Section 2013(b). Operation of the Borough’s water system is already included in that plan and wastewater operations would be added accordingly. In an emergency, the resources, staff, and equipment from the Central Operating Region and other New Jersey American Water operating centers around the state are available to help maintain service for our customers.

ACQUISITION EXPERIENCE

New Jersey American Water is experienced in undertaking and completing municipal wastewater system acquisitions, and successfully incorporating the customers and assets into our operations.

In the last eight years, New Jersey American Water has successfully closed seven transactions totaling more than \$105 million in water and wastewater system acquisitions, transitioning more than 33,900 new customers into our service areas. In addition, we are in the process of acquiring the wastewater system assets of Bound Brook in Somerset County and the water and wastewater system assets of Egg Harbor City in Atlantic County. Please see below and Appendix B for more information on New Jersey American Water’s acquisition experience.

BOROUGH OF BOUND BROOK, SOMERSET COUNTY

In February 2022, New Jersey American Water signed an agreement to acquire the wastewater collection system of the Borough of Bound Brook for \$5 million. This municipally owned system serves approximately 2,900 customers, most of whom already receive water service from New Jersey American Water. The agreement follows a voter referendum that took place in November 2021, in which nearly two-thirds of Bound Brook voters approved the sale of the system to New Jersey American Water.

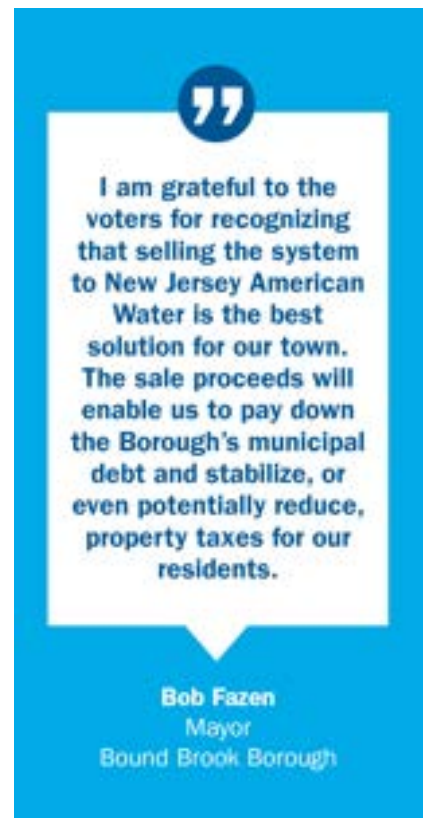
The acquisition provides the Borough of Bound Brook with property tax relief via the \$5 million purchase price, stabilized rates via a two-year rate hold and commitment to no more than 3 percent annual increases for the following three years, and needed infrastructure investment. New Jersey American Water is committed to investing \$11 million in the first 10 years alone into needed improvements to the Borough’s century-old wastewater system.

New Jersey American Water anticipates completing the acquisition in the second half of 2022, following approval from the NJBPU.

LONG HILL TOWNSHIP, MORRIS COUNTY

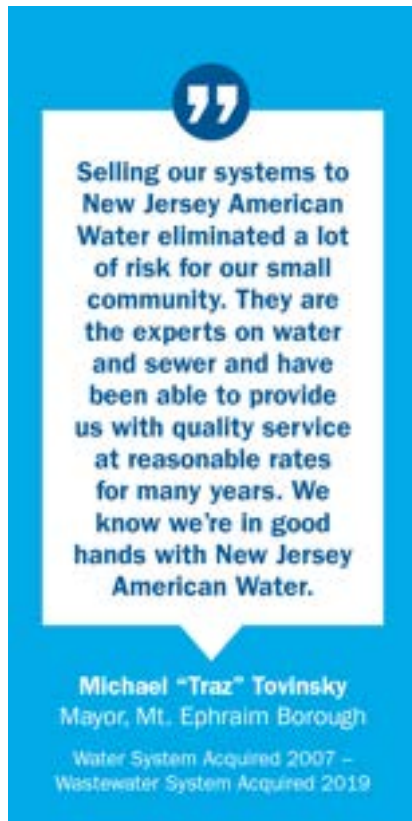
After more than a century of providing water service to the Long Hill community, in 2017, local officials supported a plan to transfer ownership and operation of the Township’s wastewater collection system and 1.25 million gallon per day wastewater treatment plant to New Jersey American Water. In a November 2017 referendum on the sale, voters rejected the measure by a slim margin after an activist group engaged in scare tactics about the loss of local control and offered unidentified “alternatives” for the Borough to retain ownership and properly manage the system.

Shortly after voters chose not to approve the sale, the Township’s elected leaders were forced into dramatic rate increases to improve the aging system. Rates increased 20 percent in 2018 and 16 percent in 2019, with additional significant increases planned for the next two years. Residents in Long Hill were soon clamoring for



another attempt at sale. In 2019, New Jersey American Water again submitted a proposal to acquire the system, which included a \$12.7 million purchase price with a commitment to invest \$13 million more in the first five years of ownership. Voters overwhelmingly approved the measure in a November 2019 referendum by a 2-to-1 margin. The transaction closed in October 2020.

BOROUGH OF MOUNT EPHRAIM, CAMDEN COUNTY



The Borough of Mount Ephraim sold their municipal water system to New Jersey American Water in 2007. After more than a decade of quality water service, the Borough Commissioners unanimously decided that seeking bids to sell their wastewater system would be prudent as well. The bid process to sell the wastewater system was initiated in 2018, and New Jersey American Water was the successful bidder at \$1.4 million. A public referendum was held in November of 2018, and voters overwhelmingly approved the measure by a margin of 79 percent to 21 percent.

New Jersey American Water adopted the Borough's existing rates and agreed to hold those rates for two years, pending approval of the NJBPU. Thereafter, increases would be limited to three percent per year for the next three years of a five-year rate plan. As New Jersey American Water already provided water service to most of the Borough's wastewater customers, we simply added the wastewater charges to the existing water bills, providing customers with one monthly bill that clearly identifies the charges associated with water service and the charges associated with wastewater service.

While New Jersey American Water adopted the Borough's existing rates, we did alter the frequency of which Borough residents paid for wastewater service. Billing for wastewater service became monthly with the current annual charges split into 12 equal monthly installments. Monthly billing provides customers with smaller bills and makes it easier, especially for those on fixed incomes, to include the cost of wastewater service in their monthly household budget. In addition, this change to billing extended the conveniences of New Jersey American Water's online, paperless billing and auto bill pay features to wastewater charges - one monthly bill, one monthly payment.

The company agreed to invest more than \$4 million in the first four years of owning the Borough's wastewater system. New Jersey American Water began operating the wastewater system in July 2019. To date, New Jersey American Water has invested \$2.2 million into the wastewater system. The investments include two sewer main replacement projects coordinated with the Borough's road paving program, pump replacements, and the purchase of emergency backup pumps. In addition, equipment was added to the Harding Avenue pump station to help prevent sewer backups and to prolong the life of the station's pumping equipment. Capital improvements also include the installation of remote control and data acquisition equipment to both pump stations. By the end of the year, New Jersey American Water will complete replacement of the Second Avenue Pump Station, investing an additional \$2.3 million.

REFERENDUM EXPERIENCE

New Jersey American Water has been selected as the highest responsible bidder and successfully navigated a referendum for several water and wastewater system acquisitions. As noted above, Bound Brook, Long Hill, and Mount Ephraim all required a referendum where voters decided that New Jersey American Water would be the best owner and operator of their wastewater system.

For each referendum, New Jersey American Water focuses on educating residents about the benefits of acquisition and what it means to have New Jersey American Water as their water or wastewater service provider.

If selected as the winning bidder, New Jersey American Water, in partnership with the Borough, would execute an educational campaign prior to the November election highlighting the reasons for and benefits of the wastewater system acquisition. The campaign would include social media content, informational videos, media coverage, digital newspaper ads, public meetings, participation in community events, door-to-door outreach, and more.

Here are snapshots of content used in the successful 2021 Bound Brook wastewater system acquisition referendum.

Municipality	Year	Result
Haddonfield Water and Wastewater	2014	Success – 67% Yes, 33% No
Mount Ephraim Wastewater	2018	Success – 79% Yes, 21% No
Long Hill Wastewater	2019	Success – 67% Yes, 33% No
Bound Brook Wastewater	2021	Success – 62% Yes, 38% No



STAFFING PLAN

The greatest asset at New Jersey American Water is our team of highly skilled employees who work around the clock to provide quality service to our customers.

Our team consists of professionals dedicated to customer service, production, maintenance, water quality, engineering, and many other disciplines, working together to keep water and wastewater service flowing for our customers.

New Jersey American Water will integrate the Borough’s wastewater system into our Central Operating Region and will be managed out of our Belle Mead operating center. Below are biographies for personnel that will be involved in the operation of the Borough’s system. Robert Skrupkis will be the Licensed Operator of Record assigned to operate the Borough wastewater system. Please see Appendix C for our Staffing Plan organization chart. In addition, New Jersey American Water employs 70 employees with New Jersey Department of Environmental Protection (NJDEP) wastewater collection system licenses, eight employees with sewage treatment licenses, and 12 employees with industrial treatment licenses.

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REGULATORY COMPLIANCE

New Jersey American Water owns and/or operates 25 wastewater systems in New Jersey, serving more than 70,000 customer connections, ranging from collection systems to advanced treatment plants. New Jersey American Water has not received any material violations of any applicable regulatory requirements in the past five years. New Jersey American Water takes a proactive approach to maintaining compliance by leveraging permit management tools and internal tracking systems designed to continuously improve operations. Compliance requirements are actively managed through the execution and utilization of Environmental Management Plans.

SAFETY

At New Jersey American Water, safety is both a core value and a strategy. Our safety performance and progress to our **goal of zero injuries** are critical to our ability to carry out our operations effectively and to serve our customers. We take the safety and well-being of our customers and employees very seriously. We embed enhanced safety measures into all areas of our business and regularly evaluate our safety programs and performance to help reduce exposures that can lead to injury or illness.



The company continues to focus on the safety of its employees and contractors so that they may return home from work in the same, or better, condition than when they arrived. The company strives for all employees to feel emotionally safe, live a healthy lifestyle, and be physically safe at work and at home.

MAJOR ACCOUNTS PROGRAM

To help serve municipalities and our large industrial and commercial customers, we developed our Major Accounts program to provide these customers with personalized service and a single point of contact for all their water and wastewater service needs. The Major Account Manager acts as a strategic partner with our key customers and municipalities to understand the needs of their business or constituency. They provide direct support for any billing or service-related questions, as well as value-based solutions to make it easier to be a customer. This personalized approach has driven customer satisfaction across the state and helps New Jersey American Water serve customers more effectively.

ENVIRONMENT, SOCIAL AND GOVERNANCE

We know that supporting an Environmental, Social, and Governance (ESG) agenda is critical to the long-term success of our company. That is why our leadership in ESG is so meaningful. When we reduce safety incidents, sustain and modernize our infrastructure, provide an excellent customer experience, and celebrate employees' differences, we are living our ESG philosophy. We are proud to provide meaningful support to the communities we serve. As a national water and wastewater utility company with a local presence, we believe that helping our communities thrive is a business imperative.



INCLUSION, DIVERSITY AND EQUITY

Beautifully Different



At American Water, we regularly reflect on our values and our culture. We're all different and having that diversity across our organization makes us a great company. Most importantly, we embrace and expect one another to respect and value those differences. We believe that Inclusion, Diversity and Equity (ID&E) are vital elements to our success. Creating an environment where everyone can bring their whole selves to work is essential for the physical and emotional safety of our employees. We are more successful when our workforce reflects the communities that we serve.

In May 2022, American Water issued our second annual ID&E Report. The report highlights the efforts American Water has undertaken, and the strides we have made, in advancing our commitment to building an inclusive workplace. The report can be accessed by visiting our new ID&E website at diversityataw.com.

Our ID&E Annual Report shares the strategies, practices, policies, and programs from across the business. It includes more than 100 data points related to our culture of inclusion and caring. The data demonstrate that we still have work to do to drive diversity and inclusion at all levels of the organization. For 2022, American Water has established targets related to increasing women and ethnic and racial diversity in management roles.

Attachment 1
Bid Form 3
PURCHASE PRICE

1. Total Purchase Price: Bidders must provide a Total Purchase Price for each Binding Rate Schedule set forth below. Bidder hereby proposes a total Purchase Price in accordance with the RFB for the System and assets described therein at an amount set forth:

a. For the Binding 7-year Rate Schedule in Section 3.a. of this Form 3, below:

in words as follows: Seven Million Dollars

and in dollars as follows:

\$7,000,000.00

(Bidders acknowledge that in the case of a discrepancy between the words and numbers written above the words shall govern)

2. Transaction Reimbursement Costs: Bidder acknowledges that in addition to the Purchase Price set forth in item 1 above, the Bidder shall also pay to the Borough the Transaction Reimbursement Costs of \$150,000. Such amount shall be paid in accordance with the Sale Agreement terms and conditions.

YES (*check or initial*)

a. Binding Rate Schedules: Bidders must provide a 7-year Binding Rate Schedule.

- i. 7-year Binding Rate Schedule:** Bidder shall attach to this Bid Form 3 a minimum of a 7-year binding Rate Schedule to be implemented for the first 7 years following the sale of the System. Bidder's acknowledge that pursuant Section 4.0 of the RFB, the initial 7 years of the binding Rate Schedule submitted by a Bidder shall be used by the Borough to determine the Highest Responsible Bidder in the event that the Borough selects a 7-year Binding Rate Schedule option.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Name of Bidder

Signature

VICE PRESIDENT, OPERATIONS

Title

RATE PLAN

New Jersey American Water proposes to adopt the Borough’s 2022 rates for wastewater service upon close of the transaction and hold the Borough’s rates steady for two years. The company would then implement a three percent annual increase over the next three years, followed by a four percent annual increase in years six and seven, on rates associated with the wastewater collection system. Rates associated with wastewater treatment by the Somerset Raritan Valley Sewerage Authority will continue to be treated as a pass-through charge for customers and not subject to New Jersey American Water’s proposed rate schedule. Assuming Somerset Raritan Valley Sewerage Authority rates remain flat, New Jersey American Water’s proposed rate schedule would result in an approximately one percent annual increase on a Somerville resident’s total wastewater bill over the seven-year period.

It is our intention to propose and implement the long-term rate plan as outlined. As a regulated utility, New Jersey American Water rates are ultimately approved and set by NJBPU. After the first seven years, the Borough’s rates would adjust on the same timeline and frequency as all future New Jersey American Water general rate cases, which have historically occurred every two to three years. Future years would include gradual, manageable increases due to our ability to spread costs across our customer base and leverage the size and scale of American Water.

Under New Jersey American Water ownership, Borough residents can anticipate a merging of their wastewater rates into New Jersey American Water’s wastewater tariff over approximately 20 years, subject to NJBPU approvals. Ultimately, the amount of capital investment required in the system and the NJBPU’s approval in future rate cases will dictate the system’s final rate increase. It is our intent to implement just and reasonable increases for Borough’s residents to offer stability and predictability to all of our customers over the long-term.

PROPOSED SEVEN YEAR RATE SCHEDULE

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Proposed Increase on Wastewater Collection System Rates	0%	0%	3%	3%	3%	4%	4%

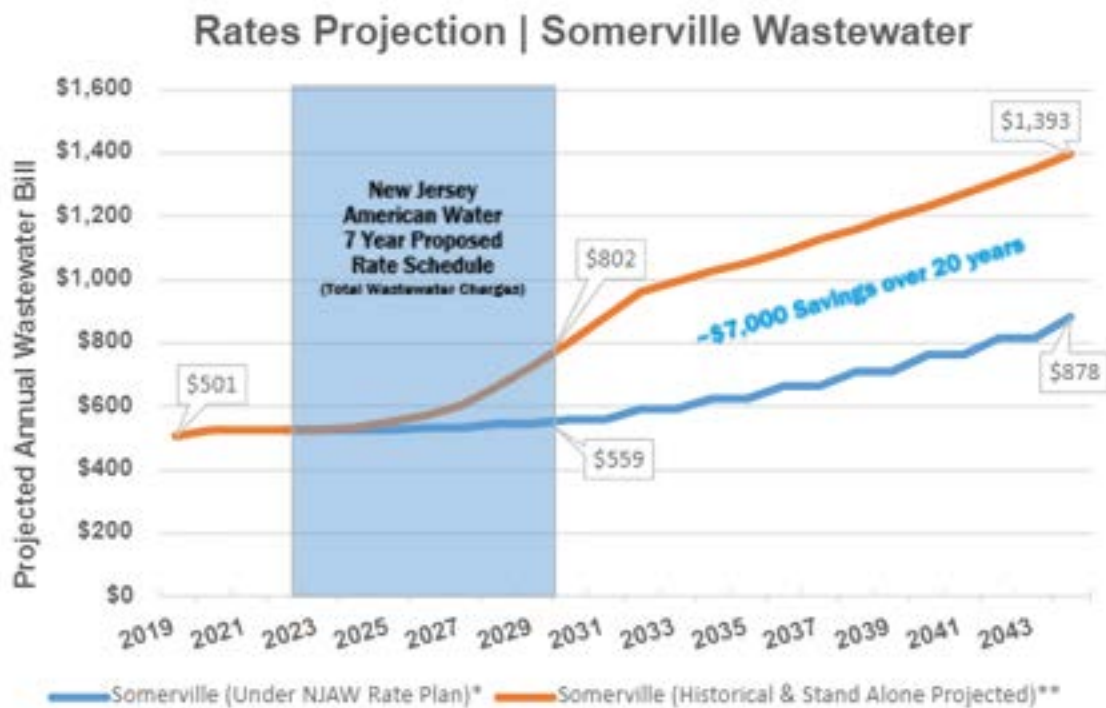
Assuming Somerset Raritan Valley Sewerage Authority rates remain flat, New Jersey American Water’s proposed rate schedule would result in an **approximately one percent annual increase** on a Somerville resident’s total wastewater bill over the seven-year period.

The proposed seven-year rate schedule is applicable to the portion of the bill related to the Borough’s wastewater collection system. The Somerset Raritan Valley Sewerage Authority wastewater treatment rates are considered a direct pass-through to customers and make up a significant portion of a Borough resident’s wastewater bill. New Jersey American Water does not determine Somerset Raritan Valley Sewerage Authority rates; however, New Jersey American Water plans to undertake significant capital investment in the system to

reduce Inflow and Infiltration, which will reduce the volume of wastewater delivered to the Somerset Raritan Valley Sewerage Authority and help stabilize treatment costs.

New Jersey American Water is committed to an annual replacement and rehabilitation plan for the Borough’s sewer mains that strengthens the system and supports ongoing redevelopment in the Borough, while reducing Inflow and Infiltration. Under New Jersey American Water ownership, the necessary capital improvements and operational expenses can be spread over a large state-wide customer base, limiting the immediate impact upon Borough residents. If the Borough were to maintain ownership of the system and commence the necessary capital improvements that a nearly 100-year-old system demands, Borough residents would shoulder that burden alone and their wastewater rates would increase drastically.

A comparison of rates should the Borough decide to sell to New Jersey American Water versus keep the system under Borough ownership and undertake 50 percent of the capital investment proposed by New Jersey American Water is presented in the following chart. We strongly believe that by partnering with New Jersey American Water, Borough residents will be assured of a strong and resilient wastewater system capable of handling the demands of your diverse and thriving community at significant savings over time compared to what Borough rates would need to be.



*Assumes adoption of existing Borough sewer rates, two-year rate hold, 3% annual increase for years 3 through 5, 4% annual increase for years 6 through 7, and approx. 6% annual increases through the 20-year horizon before settling into NJAW’s approximately 2-3% annual increase of historical sewer rates. Rate increases are applicable for NJAW portion of bill only; assumes Somerset Raritan Valley Sewerage Authority rates are a direct pass through, as directed in Bid Form 3, and remain flat through 20-year projection.

**Projected by NJAW under the following assumptions:
 - Borough would implement 1/2 of the NJAW 10-year CapEx Plan (assume lower investment levels and/or grant monies)
 - Borough would finance CapEx annually via Bond Anticipation Notes (BANs) w/ a 5% cash deposit and 5% annual interest rate
 - Borough would roll the BANs into long-term debt issuances every 5 years w/ a 20-year amortization of principal & 5% annual interest rate.
 - Years 10 thru 20 assume rates increase ~3% annually, or 1/2 of the average annual increase for the first 10 years.
 - Somerset Raritan Valley Sewerage Authority rates remain flat through 20-year projection.

BUSINESS PROPOSAL

A sale of the Borough’s wastewater system to New Jersey American Water offers the following benefits:

- A long-term solution to the challenges of owning and operating a wastewater system in the 21st century.
- The transfer of day-to-day operational responsibility and risk to the largest water and wastewater service provider in the state and an organization with personnel licensed in wastewater operations who are locally available, tested, and proven.
- Routine, consistent capital investment delivered by an in-house engineering team who oversees and administers timely and proactive improvements to the Borough’s aging wastewater system.
- Financial stability through a cash purchase price sufficient to pay off all wastewater utility debt and some of the Borough’s remaining general municipal debt.
- Rate stability through moderate rate change proposals, including a two-year hold of current rates, followed by a three percent annual increase for the next three years and a four percent annual increase for years six and seven, plus long-term stability from a team of professionals focused on operational efficiency to maintain affordable wastewater service.
- Customer service that starts with timely and accurate monthly billing of both water and wastewater service on the same bill with quality assurance measures that help minimize billing issues and customer confusion, as well as first-call service resolution when a customer does need to call.
- Financial assistance to customers whose annual income is at or below 300 percent of the Federal Poverty guidelines through New Jersey American Water’s H2O Help to Others Program™, administered by New Jersey SHARES.

[REDACTED]

[REDACTED]

[REDACTED]

CONFIDENTIAL INFORMATION

New Jersey American Water has marked certain information contained within this Proposal as confidential business proprietary information that is not for public disclosure (hereinafter “Confidential Information”). The Borough shall keep Confidential Information confidential and shall not disclose it even if the Proposal itself is made public. The Confidential Information shall not constitute a public record for the purpose of any “freedom of information,” “open public record” or similar type statute or regulation (an “Open Records Law”). In the event the Confidential Information becomes the subject of a public disclosure or similar request under an Open

Records Law, Recipient shall promptly notify New Jersey American Water of such request and shall afford New Jersey American Water all means necessary for New Jersey American Water (at New Jersey American Water's expense) to take any legal action to prevent any public disclosure of the Confidential Information under such Open Records Law.

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

PENDING LITIGATION; CONFLICTS OF INTEREST

As required by Section 1.9 of the RFB, New Jersey American Water:

- a. is not a party to, or otherwise involved in, any pending litigation, investigation, financial foreclosure or other action, or any other procedure that would in any way impair its ability perform its responsibilities under the anticipated contract;
- b. is not affiliated with, owned by, or otherwise engaged with any other firms that could pose a real or potential conflict of interest with the Borough;
- c. is not in arrears to the Borough for any taxes, fees, or other obligations; and
- d. has not been found guilty of, either as an organization and/or on the part of its owners, principals, or executives, any illegal activities that preclude it from establishing contracts with government entities.

CAPITAL INVESTMENT

New Jersey American Water commits to spending a minimum of \$9.5 million on the Borough's wastewater system in the first 10 years of ownership. We estimate that approximately \$4.5 million of that will be spent in the first five years before settling into a capital plan that invests approximately \$1 million per year in improving the system.

New Jersey American Water has significant financial resources that we deploy via prudent capital investments into the water and wastewater systems that we own, operate, and maintain. New Jersey American Water's mission of serving the community, providing customers with excellent service, and acting as a steward of the environment drives every decision. Prudent investment planning supports our continued delivery of reliable water and wastewater service.

New Jersey American Water's approach to capital planning includes a comprehensive planning study program, typically conducted by in-house engineering staff on a five-year schedule. Through these studies, we regularly analyze the systems' capacity needs, regulatory impacts, service adequacy, and reliability scenarios. System needs are identified, and project costs, alternatives, and risks are assessed. By conducting comprehensive studies of our water and wastewater assets on a regular basis, New Jersey American Water has a clear and objective view of long-term system needs.

This allows for prioritization and systematic planning of capital investments to avoid reactive investments which could cost customers more in the long run.

If selected, New Jersey American Water would execute a robust capital improvement plan totaling \$9.5 million over 10 years that would include:

1. **An aggressive sewer main and manhole replacement and rehabilitation program** to address the aging infrastructure and Inflow and Infiltration challenge.

2. **Inspection and maintenance of the 27” sewer main and associated manholes**, which historically experienced sanitary sewer overflows and are critical infrastructure for delivering flow to the Somerset Raritan Valley Sewerage Authority, to help prevent negative customer and/or environmental impacts;
3. **Purchase of a sewer camera truck to properly inspect the system** to inform maintenance and investment needs and investigate customer issues; and
4. **A robust, comprehensive analysis of the entire wastewater system** to inform future capital investment needs.

Further, we will acquire GPS coordinates on all existing above-ground or at-grade assets such as manholes, valves, and clean outs. These coordinates would be used to build a GIS mapping database to upload into our online work management system, MapCall.

New Jersey American Water will additionally evaluate the condition of any sewer main that falls within the limits of a road reconstruction project initiated by the Borough, similar to our process with the water system. If we elect to replace or rehabilitate wastewater assets, the work would be coordinated with the Borough ahead of the planned road reconstruction project.

New Jersey American Water has a long history of investing in the Borough. Since 2012, New Jersey American Water has invested more than \$12.3 million into our water distribution system in the Borough, replacing aging water main, company side service lines, and public fire hydrants. That amounts to over \$1 million a year and approximately \$3,240 per customer over the course of the last ten years. We are invested in your community on the water side and look forward to extending that investment to the wastewater side.

CUSTOMER SERVICE

Customer service is at the heart of what we do, and New Jersey American Water is regularly looking for ways to best serve our customers. From managing customer accounts online or using the new voice activated customer service system, to providing the flexibility of multiple payment options, the company's goal is to make it easier for customers to do business with us in a manner they prefer.

Our customer service delivers excellent, cost-effective performance to customers through:

- First-contact service resolution – Timely response to customer queries improves satisfaction and reduces customer effort.
- Timely and accurate billing – Accuracy is our primary focus. Quality assurance measures help minimize billing issues and avoid customer confusion.
- Outstanding collection performance – We work with customers to manage their account balances and have proven processes to handle delinquent accounts including offering customer payment assistance programs, budget billing, and installment plans.
- Maintaining comprehensive reporting and internal controls.
- Spanish and multiple other language translation options and ADA-compliant services to accommodate our customers better.

Understanding the changing preferences of our customers, we have a self-service customer website, MyWater, that customers can use to manage their account 24/7/365, including:

- Viewing and paying their bill.
- Turning service on or off or making additional service requests.
- Managing their communication and billing preferences, including signing up for paperless billing and auto-pay, as well as customer notifications for non-emergency work.
- Applying for customer payment assistance programs (i.e., Budget billing, assistance grants, etc.).
- Viewing water use history and requesting leak adjustments.
- Reporting an emergency.

American Water provides comprehensive and centralized customer service to over 3.4 million customers who are served by our regulated state water and wastewater utilities nationwide. Our strategy is to staff our customer service organization in areas near our regulated service territories. Currently, we support our customers with nearly 400 remote and geographically diverse employees located in Illinois, Indiana, Missouri, New Jersey, West Virginia, and Florida. Our customer care agents offer around-the-clock service that includes:

- Emergency assistance (24/7).
- Customer service support (7am-7pm local time), such as:
 - Service requests.
 - Water and wastewater billing and collections.
 - Delinquency processing and reporting.
 - Additional non-emergency customer service requests.

As a utility regulated by the NJBPU, New Jersey American Water is held to a high standard for customer service. Our standard terms and conditions and customer service standards for providing regulated utility service are all outlined in our 'Tariff for Water and Wastewater Service' which is located on our website - <http://www.newjerseyamwater.com> - under the Customer Service and Billing tab.

CUSTOMER BILLING

Since New Jersey American Water already provides water service to the Borough's residents and businesses, we would add the wastewater service charges to the existing water bill, providing customers with one monthly bill that clearly identifies the charges associated with water service and the charges associated with wastewater service.

Our billing plan, while it adopts the Borough's existing rates, will alter the frequency of which Borough residents pay for wastewater service to monthly. Monthly billing provides customers with smaller bills and makes it easier, especially for those on fixed incomes, to include the cost of wastewater service into their monthly household budget. In addition, this change to billing will extend the conveniences of New Jersey American Water's online, paperless billing and auto bill pay features to wastewater service charges - one monthly bill, one monthly payment, and less hassle for customers.

New Jersey American Water offers several convenient payment options, including by mail, in-person, by phone or online. **For those customers who prefer to make their payments in-person, there are 16 in-person payment locations located within a 15-mile radius of the Borough, including one located in the Borough – Friendly Check Cashing #7, 19-21 South Bridge St. - and the Manville Walmart Supercenter, located approximately three miles from the Borough.**

To give customers the flexibility to pay how they prefer, payments are also accepted electronically with a credit card or through direct debit, so there are no checks to write, and no stamps required.

CUSTOMER SATISFACTION

American Water conducts customer satisfaction and service quality surveys through an impartial third-party firm to measure satisfaction among customers who have had recent contact with the company. Below are some of the most recent results of these surveys:

- 83 percent of customers rated their recent service experience as Very Good or Excellent.
- 93 percent of customers reported that the service received from our Field Service Representatives was Very Good or Excellent, specifically noting that our Field Service Representatives are courteous, knowledgeable, and timely.
- 95 percent of customers rated the quality of work performed by our Field Service Representative as Very Good or Excellent.

Our employees work hard every day to improve upon our customers' experience. These metrics are tracked monthly and distributed to employees whose performance is measured on the satisfaction of our customers.



COMMUNITY ENGAGEMENT



At New Jersey American Water, we take pride in providing quality, reliable water and wastewater service for our customers and communities. We also take pride in giving back to the communities we serve and the neighborhoods in which our employees live.

Through community giving, in-kind donations, partnerships, and volunteering, New Jersey American Water demonstrates our commitment to programs that address community-specific needs. We work with several community-based partners throughout our service areas to positively impact the overall quality of life where our customers, employees, and neighbors live and work.

Here are a few examples of how we take an active role in the communities we serve:

- **FIRST RESPONDER GRANT PROGRAM**

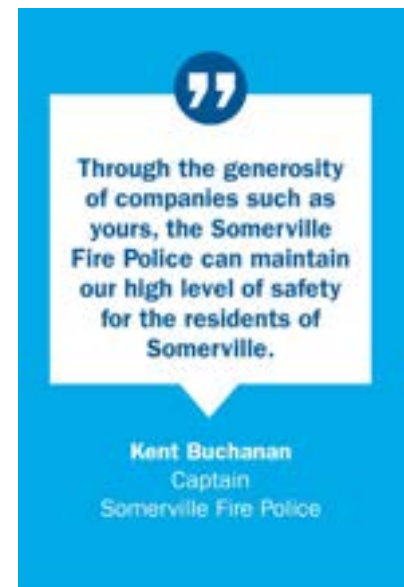
This program provides grants of up to \$2,000 each to volunteer firefighter and emergency responder organizations in our service areas for the purchase of protective gear, lifesaving equipment, tools, training, and related activities/materials. **The Somerville Rescue Squad is a recipient of this year's grant and will receive \$1,950 to purchase a Philips HeartStart AED to support their life-saving work.** The Somerville Fire Police has been a grant recipient twice, in 2015 and 2016.

- **ENVIRONMENTAL GRANT PROGRAM**

The Environmental Grant Program provides grants of \$1,000 to \$10,000 for community-based projects that improve, restore, and help protect our source water and surrounding watersheds. This grant opportunity is open to any 501c3 organizations in our service areas. **Somerset County Office of Emergency Management was awarded a \$10,000 Environmental Grant in 2022** for county-wide reforestation efforts using native trees and shrubs to help mitigate flooding from stormwater runoff impacts in the county's most vulnerable areas. Together with several municipal partners, including the Borough of Somerville, this project will engage the local communities to learn about the benefits of reforestation has on the local watershed.

- **MAYOR'S "CHARITY OF CHOICE" GRANT PROGRAM**

Every year at the New Jersey Conference of Mayors Association's Annual Conference, New Jersey American Water randomly selects three Mayors as recipients of a \$1,000 donation to their "Charity of Choice."



- **AMERICAN WATER CHARITABLE FOUNDATION**



Through the American Water Charitable Foundation, New Jersey American Water and American Water support employees in their own charitable endeavors, provide support for targeted disaster relief efforts, and provide funding for higher-level initiatives related to clean water, conservation, education, and sustainability. Since 2012, the American Water Charitable Foundation has invested more than \$9 million in funding through grants and matching gifts that are important to our employees and our communities. Each year, we continue to expand and strengthen our community partnerships, furthering our charitable purpose in communities served by American Water.

- **TOUGHBOOKS FOR TOUGH VOLUNTEERS**

This program provides Toughbook computers to non-profit organizations, primarily qualifying volunteer firefighters and emergency responder departments located within the company's service areas.



- **SPEAKERS' BUREAU**

New Jersey American Water offers our water industry experts to speak at conferences, industry events, organizations, and schools, with presentations on all types of water-related topics that can be tailored for audiences of all ages.

- **COMMUNITY SERVICE & VOLUNTEER EFFORTS**



We value community service and encourage our employees to be equally invested in the communities we serve through various charitable endeavors and volunteer activities. Each year, our employees participate in a Month of Service with American Water employees across the nation – helping neighbors, participating in different community volunteer projects, and providing hours of service to local community-based organizations in need of assistance.

- **EMPLOYEE VOLUNTEER AND MATCHING GIFT PROGRAM**

Since its inception, the program has matched approximately \$2.1 million to public charities that are important to American Water employees across the nation and clocked more than 46,000 hours of volunteer time. In New Jersey, \$118,000 has been matched and more than 3,000 hours of volunteer time tracked.

- **UNITED WAY**

Over the past ten years, New Jersey American Water employees have provided more than \$337,000 to the United Way organization and graciously contributed their time to the cause.

- **WATER FOR PEOPLE**

For more than a decade, American Water and its employees across the nation supported the organization's goal of providing access to clean water for everyone. New Jersey American Water employees have donated more than \$205,000 to the organization over the last ten years.

- **WATER UP! WORKFORCE DEVELOPMENT PROGRAM**

New Jersey American Water’s Workforce Development Programs connect young adults from underserved populations within communities where we do business with education, exposure, and transformative career opportunities. Active programs include the Water Utility Pipeline (Water UP!) training program - a train-to-hire opportunity that provides a career path to entry-level water utility jobs - and a variety of water utility career education and outreach initiatives. Additional programs are being evaluated for implementation in 2023.

AGREEMENT OF SALE

New Jersey American Water looks forward to reaching a mutually agreeable asset purchase agreement (APA) with the Borough based on the mark-up of the APA provided with this Proposal, and consistent with the other terms of its Proposal. The final APA would incorporate the negotiation of various terms and conditions identified in the mark-up, the Proposal, and, if New Jersey American Water is selected, additional issues that may arise following the award.

Please note that while New Jersey American Water received the Borough's addendum to the RFB, it did not have the opportunity to ask questions on the addendum and the additional information included in the addendum, in particular the structure of the relationship between the Borough, the Somerset Raritan Valley Sewerage Authority, and the Buyer. This structure will impact the APA, so while the mark-up of the APA includes comments on that issue, further discussion may be necessary. New Jersey American Water's experience working with municipalities to bring the concept water and wastewater utility acquisition to fruition gives us confidence in our ability to meet the needs of the Borough in this transaction. Please see Appendix D for the Draft Agreement of Sale Markup.

APPENDIX A: About New Jersey American Water

- About Us
- Service Area Map
- Wastewater Experts
- H2O Help To Others
- Community Impact Report

APPENDIX B: Acquisition Experience

- Long Hill Wastewater Acquisition
- Mount Ephraim Water and Wastewater Acquisition
- Haddonfield Water and Wastewater Acquisition
- Bound Brook Wastewater Acquisition Referendum Campaign
- Selling Your Water/Wastewater System

APPENDIX C: Staffing Plan

APPENDIX D: Draft Agreement of Sale Markup

APPENDIX E: Audited Financials

APPENDIX F: Bid Forms

**APPENDIX A:
About New Jersey American Water**



NEW JERSEY
AMERICAN WATER

WE KEEP LIFE FLOWING™



GET TO KNOW US

SERVING ABOUT ONE OUT OF EVERY THREE PEOPLE IN NEW JERSEY

New Jersey American Water has been providing high-quality, reliable water and wastewater service to customers statewide for more than a century.



CUSTOMER SERVICE

1-800-272-1325

Hours:
M-F, 7 a.m. to 7 p.m.
For emergencies:
We're available 24/7

Customers also have around the clock access to our mobile-friendly, self-service website **My Account** to view and pay their bill online, track water use history, sign up for paperless billing and more. Register today at amwater.com/myaccount.

New Jersey American Water is the largest water and wastewater service provider in the state, serving approximately 2.8 million people in 192 communities. More than 840 highly-skilled professionals carry out the company's foremost responsibility of providing safe, reliable water and wastewater service to our customers.

INVESTED IN OUR FACILITIES

Our team of experts regularly monitor, maintain and upgrade our facilities to continue to operate efficiently and meet regulatory standards. This requires investing millions each year in our infrastructure, including treatment plants, tanks, pump stations, pipes, fire hydrants and metering equipment. We do this because we care about our customers as much as we care about water. **Statewide, we invested more than \$464 million in 2020 to improve the water treatment and pipeline systems.**



HIGH-QUALITY WATER SERVICE

We have an exceptional track record when it comes to water quality and drinking water regulatory compliance. Our water quality and treatment plant operators perform thousands of tests every day for about 100 regulated contaminants. We deploy thousands of online monitors that consistently read water quality. Plus, we have access to American Water's Central Laboratory, which conducts sophisticated drinking water testing and analysis.



PARTNERSHIP FOR SAFE WATER AWARDS

We take water quality so seriously that **five of our water treatment plants have been nationally recognized with Directors Awards** from the U.S. EPA's Partnership for Safe Water program for surpassing federal and state drinking water standards.



SERVICE. ONE MORE WAY
WE KEEP LIFE FLOWING.



NEW JERSEY AMERICAN WATER FACTS AT A GLANCE

- **COMMUNITIES SERVED**
192 communities in 18 counties
- **CUSTOMERS SERVED**
Approx. 657,000 water customers (91% residential, 9% commercial and industrial); 54,900 wastewater service customers
- **EMPLOYEES**
More than 840
- **TREATMENT FACILITIES**
Water: 7 surface water treatment plants with a combined capacity of 384 million gallons of water a day (MGD). 267 wells with a combined capacity of 188 MGD
Wastewater: 21 sewer treatment plants with a combined capacity of 4.9 MGD
- **MILES OF PIPELINE**
9,420 miles of water main and 474 miles of sewer main
- **STORAGE AND TRANSMISSION**
162 water storage tanks; 129 water booster pumping stations and 67 sewer lift stations
- **SOURCE OF SUPPLY**
71% surface water, 22% groundwater and 7% purchased water
- **VALVES**
194,144
- **FIRE HYDRANTS**
46,928



NEW JERSEY
AMERICAN WATER

LENDING A HELPING HAND

For nearly a decade, New Jersey American Water has been lending a hand to customers in financial need through our H2O Help to Others Program™. The program offers assistance to customers who qualify in two ways:

- **Grants:** up to \$500
- **Service Charge Discounts:** up to 100 percent discount on the monthly fixed service charge for water and wastewater (not greater than a 1" meter charge).

In addition, customers who receive Social Security benefits or Medicare coverage, who qualify for the service charge discount, are also eligible to receive a discount off the monthly DSIC charge.

For more information, visit www.newjerseyamwater.com, or contact our program administrator New Jersey SHARES, toll-free, at 1-877-652-9426 (1-877-NJAWH2O) or visit NJShares.org.



COMMUNITY PARTNER

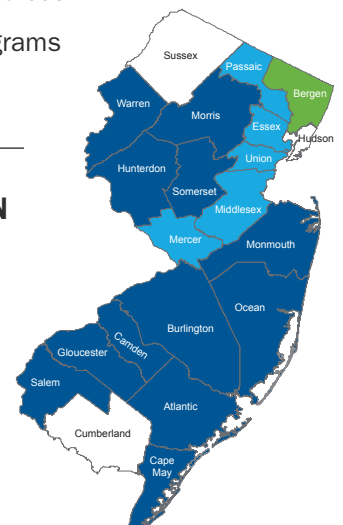
Here are a few ways we take an active part in the communities we serve:

- **Environmental Grant Program:** Provides grants of up to \$10,000 for community-based projects that improve, restore and protect our source water and surrounding watersheds.
- **Speakers' Bureau:** We provide presentations on water-related topics for all ages.
- **Volunteer Firefighting Support Grants:** Provides a limited number of grants of up to \$2,000 each to assist volunteer emergency service organizations in our service areas.
- **Protect Our Watershed Art Contest:** Open to fourth graders, the contest encourages students to utilize their artistic talents to express the importance of protecting our water resources.

Learn more about our community outreach programs at newjerseyamwater.com/community.

PROVIDING SERVICE TO CUSTOMERS IN 192 COMMUNITIES IN 18 COUNTIES

- Water Service
- Water & Wastewater Service
- Wastewater Service





NEW JERSEY
AMERICAN WATER

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EXPERTS IN WASTEWATER

WASTEWATER SYSTEMS AT A GLANCE

- **Total Wastewater Customers Served:** More than 70,000
- **Wastewater Treatment Facilities:** 20
- **Investment in Wastewater Systems:** more than \$100 million over the last five years
- **Lift Stations:** 67



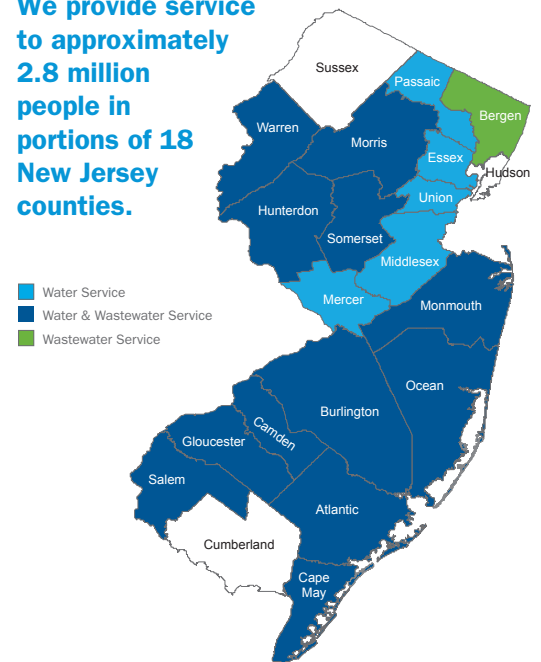
New Jersey American Water has been providing high-quality, reliable water and wastewater service to customers across New Jersey for more than a century. We are the largest water service provider in the state, serving approximately 2.8 million people — or one out of every three people — in 192 communities in 18 counties. More than 800 employees carry out our foremost responsibility of providing high-quality, reliable water and wastewater service to our customers around the clock. Our team of experts continuously monitor, maintain and upgrade our facilities to ensure that they operate efficiently and meet all regulatory standards.

Investing in Our Systems

New Jersey American Water invests approximately \$350 million annually — nearly \$1 million a day — to make improvements to our infrastructure across the state. With 650,000 customer accounts serving 2.8 million people statewide, New Jersey American Water has a large customer base over which to spread investments into our systems. Our significant expertise in managing and operating water and wastewater systems, with great economies of scale, provides much greater levels of efficiency and lower costs for purchasing, engineering and construction.

As the sewer service provider for more than 70,000 customers statewide, we've invested over \$100 million in our wastewater systems over the last five years to ensure reliable service.

We provide service to approximately 2.8 million people in portions of 18 New Jersey counties.



Wastewater Expertise

New Jersey American Water is a wastewater solutions provider that delivers valuable, cost-efficient and environmentally sound solutions for municipalities and organizations requiring a partner with experience, resources and proven expertise. We currently own and/or operate 26 wastewater systems with 20 wastewater treatment plants, 36 lift stations and more than 400 miles of pipe. Over the last five years, we have invested over \$100 million into our wastewater system assets, including wastewater mains, treatment plants and lift stations, to continue to ensure reliable and environmentally sound service. All our operations have achieved full compliance with federal and state wastewater environmental regulations.

FOR MORE INFORMATION

Nicholas DeVecchis
Sr. Mgr. Business Development
856-955-4780
nicholas.devecchis@amwater.com

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EXAMPLES OF OUR EXPERTISE IN MANAGING WASTEWATER SYSTEMS IN NEW JERSEY

Haddonfield Borough

New Jersey American Water purchased the Borough of Haddonfield's water and wastewater systems in 2015. The capital needs identified by the Borough, as well as additional improvements to the systems identified during our pre-acquisition inspection process were prioritized and included in the company's capital plan. At the time of the acquisition, New Jersey American Water committed to spending \$16 million in the first five years on needed improvements in the Borough's utility systems with \$6.5 million to be spent in the first 12 months. In the first two years after the acquisition (rather than five), all of the committed investments were made and more are being planned.



Ocean City

New Jersey American Water provides sewer collection service to residents of Ocean City. The sewer collection system serves nearly 15,000 customers and includes approximately 78 miles of gravity sewer lines ranging in diameter from 6 to 27 inches, 7 miles of force mains ranging in diameter from 4 to 24 inches, 9 lift stations and 1,800 manholes. A thorough infiltration and inflow investigation and a condition-based assessment of the collection system were recently completed and over \$85 million of recommended improvement projects were identified. The implementation of a number of these projects has begun and the balance will be included in our 5-year capital plan according to their priority.

Lakewood Township

This sewer collection system is located in the western part of Lakewood Township and serves approximately 11,000 accounts with a population of approximately 40,000. It is a rapidly developing area in Ocean County with new construction continuing in all directions from the core of the sewerage system. Wastewater is collected within five basins and then disposed of via five trunk lines to the 66-inch diameter interceptor sewer of the Ocean County Utilities Authority. The Lakewood system is comprised of approximately 95 miles of gravity sewer mains, 14 lift stations and 2,700 manholes. The oldest parts of the system date back to 1890.

Adelphia Wastewater Collection System

This sewer collection system is located in Howell Township and is operated and maintained by our Lakewood management team. The system serves approximately 4,100 accounts with a population of approximately 7,900. Wastewater is collected and then disposed of via the Howell Township wastewater system and to the Ocean County Utilities Authority for treatment. The Lakewood system is comprised of approximately 27 miles of gravity sewer mains, two lift stations and 565 manholes.

Statewide Wastewater Operation

In addition to the above systems, New Jersey American Water owns and operates an additional 21 wastewater systems in what is known as our "Statewide Wastewater Operation." These systems serve more than 10,000 customer connections via 91 miles of sewer main, 2,500 manholes and 20 wastewater treatment plants that treat and discharge a combined 3.6 million gallons of treated effluent per day. More than two-thirds is discharged to a surface water body.

The largest system within our Statewide Wastewater Operation is the Environmental Disposal Corporation ("EDC") system in Somerset County. This system provides wastewater collection and treatment for the residents of the Hills Development, a planned community located in Bedminster and Bernards Townships, serving 5,300 homes in 29 distinct developments with a contiguous collection system. In addition, the wastewater treatment plant provides bulk-wastewater treatment for three municipalities (Bedminster, Far Hills and Peapack-Gladstone). Placed in service in 1984, the EDC wastewater treatment plant has a design capacity of 2.1 MGD and today has a combined average flow of 1.4 MGD. The EDC collection system is comprised of approximately 35 miles of mains and 1,075 manholes.

Elizabeth Water and Wastewater Systems (Managed under a Contract Operations agreement)

A subsidiary of New Jersey American Water entered into a 40-year contract with the City of Elizabeth in 1998 for the operation and maintenance (O&M) of the municipal water system. Four years later, a separate 20-year O&M contract for the City's wastewater system was signed. The wastewater system was nearly 150 years old and was experiencing many collapses due to aging clay pipe and brick manholes eroded by roadway salt. The company is responsible for the system's 190 miles of combined sewer mains with diameters from 8 to 72 inches, three sanitary sewer pump stations, six stormwater pump stations, 36 combined sewer outfalls with bar screens and over 75 netting facilities, inspection and cleaning of 3,248 catch basins every year, and the cleaning of the entire sewer system every five years. New Jersey American Water recently invested \$3 million to rehabilitate the brick sewer system.



NEW JERSEY
AMERICAN WATER

WE KEEP LIFE FLOWING™

Assisting
low-income
customers for
decades



H2O HELP TO OTHERS™

ASSISTING CUSTOMERS WHO NEED IT MOST

For nearly a decade, New Jersey American Water has been assisting low-income water customers who qualify through its H2O Help to Others Program™. There are two main components of the program: grants and a discount on the service charge.

GRANTS

Customers who qualify may receive a grant of up to \$500 to help pay their water bill for indoor water use only. This would not apply to water for outdoor purposes, such as sprinkler systems. In 2018, the company provided more than \$35,000 in assistance grants to 267 households. A grant from this program may not cover a recipient's entire water bill. In some cases, recipients must pay a portion of their bill based on their income.

SERVICE CHARGE DISCOUNT

Customers who qualify may also receive a 100 percent discount on their monthly fixed service charge for water. Approximately 831 customers are enrolled in this program (as of December 31, 2018). Service charge discounts are also available for our wastewater customers.

LOW INCOME DISCOUNT OFFERED: Customers who receive Social Security benefits or Medicare coverage, who qualify for the service charge discount, are also eligible to receive a discount off the monthly DSIC charge, which is based on meter size. As of December 2018, we had 831 customers enrolled in the program.

ELIGIBILITY GUIDELINES

To qualify for the H2O program, customers must have annual incomes at or below 300 percent of the Federal Poverty guidelines (see chart on reverse side). Customers must also fulfill at least 50 percent of the payment terms. For additional qualification requirements, customers can contact New Jersey SHARES, New Jersey American Water's program administrator. **NOTE:** Grants are available to qualifying customers once every three years for indoor water use only.



SERVICE. ONE MORE WAY WE KEEP LIFE FLOWING.

FOR MORE INFORMATION

For more information, or to see if you qualify for these programs, New Jersey American Water's program administrator, contact New Jersey SHARES, toll-free, at:

NEW JERSEY
SHARES

1-877-652-9426

(1-877-NJAWH2O)



ASSIST A FAMILY IN NEED

H2O HELP TO OTHERS™ PROGRAM

PLEDGE FORM

Yes, I would like to assist an individual or family in need.

- I would like to make a one-time donation of \$ _____
- I would like to donate a regular amount each month. Please add this amount to my monthly water bill:
- \$25 \$10 \$5 \$1 Other \$ _____

Name (please print)

Account Number

Address

City

State

Zip

Signature

Date

Please complete, detach and return this form with your next New Jersey American Water bill payment. You can also send a donation directly to New Jersey SHARES at:

New Jersey SHARES
1901 North Olden Avenue Extension
Suite 1A
Ewing, NJ 08618

Please write "H2O Program Donation - NJ" on the memo portion of your check.

For more information, call **1-877-652-9426 (1-877-NJAWH2O)**.

MONTHLY INCOME GUIDELINES

Number of Persons in Household	Total Combined Monthly Income
1	\$3,123
2	\$4,228
3	\$5,333
4	\$6,438
5	\$7,543
6	\$8,648
7	\$9,753
8	\$10,858
For each additional person	\$1,105

WANT TO LEND A HAND?

If you wish to contribute to the program, you can do so by adding a donation to your monthly New Jersey American Water bill. You can be assured that 100 percent of your donation and our matching funds go directly to qualifying customers. Our company assumes all administrative costs for this program, so that every penny you donate goes directly to this worthwhile cause.

Please complete, detach and return this form with your next New Jersey American Water bill payment. You can also send a donation directly to New Jersey SHARES at:

New Jersey SHARES
1901 North Olden Avenue Extension
Suite 1A
Ewing, NJ 08618

LEARN MORE ONLINE

This program is administered by New Jersey SHARES. For more information, log on to www.njshares.org or visit New Jersey American Water's website at www.newjerseyamwater.com. Customer Service & Billing, select Low Income Program.



COMMUNITY IMPACT

2021 Report



Investing in the communities we serve and love is very important to us at New Jersey American Water. We believe when we invest and volunteer at our local schools and nonprofit organizations, we are all stronger. In 2021, we invested more than \$1.3 million in communities through general charitable contributions, grants, sponsorships and programming support to 81 organizations. Making an impact across the state is one more way we help keep life flowing!

EMPLOYEES ENGAGED IN OUR COMMUNITIES



Hours our employees volunteered at community events



Toy Drive: 45 toys were collected for the Boys & Girls Club of Atlantic and Cape May Counties

Food Drives
Four food drives were held across the state



GIVING BACK: MORE THAN \$1.3 MILLION

We donated more than \$1.21 million to organizations in our communities through grants, scholarships, general charitable contributions and programming support, and \$100,000 to assist customers in paying their water or wastewater bill.*

Help to Others Program: We contributed \$100,000 to fund our customer assistance program.

For more than 20 years, New Jersey American Water has assisted customers experiencing financial hardship keep their water and/or wastewater services flowing. In 2021, 437 households received grants totaling \$159,905. In addition, 58 households were provided with conservation kits.



Inclusion & Diversity
\$60,650 to 8 organizations



Volunteer Fire & EMS Grants
\$45,330 to 27 fire and rescue organizations



Environmental Grants
\$38,240 to 4 organizations
Environmental Sponsorships
\$73,750*



Neighborhood Revitalization Tax Credit Grant
\$950,000 to Parkside Business & Community In Partnership



Food Bank Contributions
\$9,250 to 3 organizations



Other Charitable Contributions and Community Partnerships
\$38,632 to 26 organizations

American Water Charitable Foundation

- **\$18,000** awarded to the Cooper's Ferry Partnership through the Foundation's "Keep Communities Flowing" grant program.
- **\$132,470** donated to 208 non-profit organizations in New Jersey. This includes more than \$6,800 our employees donated to organizations in New Jersey through United Way.



COMMUNITY. ONE MORE WAY WE KEEP LIFE FLOWING.

*These amounts may be subject to recovery in a future potential rate case(s).

**APPENDIX B:
Acquisition Experience**



LONG HILL'S WASTEWATER SALE

RESULTS IN INFRASTRUCTURE INVESTMENT AND QUALITY SERVICE

LONG HILL, NJ

Sale to New Jersey American Water leads to improved service, environmental compliance, and rate stability for residents.

WASTEWATER SYSTEM SALE

The Need: Long Hill's wastewater collection and treatment infrastructure, originally constructed in the 1930s, required significant maintenance and upgrades to operate properly. The wastewater treatment facility frequently exceeded its treatment capacity, resulting in the discharge of partially untreated effluent into the Passaic River. In addition, the collection system was compromised due to age and was experiencing significant inflow and infiltration.

The necessary capital improvements to the wastewater treatment plant, pump stations and the collection system recommended by the Township's engineering consultants would require the Township to more than double customer rates immediately. Local government officials determined that sale of the wastewater system was the best solution.

The Solution: New Jersey American Water has deep ties to the community from serving as the Township's water provider for more than 110 years, so the company was proud to step up and propose a plan to purchase the wastewater system and to make the necessary infrastructure improvements, all while keeping rates affordable for Township residents.

SOLUTIONS. ONE MORE WAY WE KEEP LIFE FLOWING.

New Jersey American Water was selected as the partner by Township leadership and the referendum was approved by voters in 2019. The New Jersey Board of Public Utilities approved the sale and New Jersey American Water became the new service provider in 2020.



THE RESULTS

Currently, New Jersey American Water is investing \$5.9 million in the Long Hill wastewater system to improve system reliability with another approximately \$20 million planned in the next 4 years.

Repairing Aging Sewer Mains

New Jersey American Water invested \$2.8 million in the cleaning and lining of approximately 30,000 linear feet of sewer main, which included the rehabilitation of

ABOUT THE WASTEWATER SYSTEM

Customer Connections
2,800 connections

Sewer Main
Approximately 54 miles of sanitary sewer mains and approximately 3 miles of force mains

Lift Stations
8

Treatment
Long Hill Township 1.25 MGD Wastewater Treatment Plant

FOR MORE INFORMATION

Abbey Barksdale
Director, Business Development
856-995-4175
abbey.barksdale@amwater.com



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130 maintenance holes, with additional investment planned of approximately \$1 million a year over the next four years.

Treatment Compliance

Since taking ownership of the system, the upgrade of the wastewater treatment plant has been a priority project for New Jersey American Water. The needed upgrades and filter improvements are estimated to cost \$2.5 million to complete and will be underway this year.

Upgrading Pump Stations

All eight pump stations within the Long Hill wastewater system need improvements to address multiple safety issues, while also providing maintenance

that will extend facility life. In the first five years since taking ownership, New Jersey American Water estimates investing \$1.4 million on pump station improvements, with construction scheduled to begin this year.

Expanding Service

The investments underway and planned for the Long Hill wastewater system will allow New Jersey American Water to lift the existing sewer ban and extend wastewater service system to new customers in the Township within the first five years of ownership.

Constructing Modern Facilities

New Jersey American Water is investing \$4.9 million to construct state-of-the-art facilities to house vital equipment for operations and maintenance of the system, and to provide adequate facilities for system operators.

BOTTOM LINE

The sale of the Township's wastewater system to New Jersey American Water resulted in much needed capital investments to upgrade the aging infrastructure. With the ability to finance necessary capital investments in the most cost-effective manner, New Jersey American Water was able to make necessary improvements to the system without a significant impact upon the rates of the Township's residents.

ABOUT NEW JERSEY AMERICAN WATER

New Jersey American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.8 million people.

Our team of professionals provides safe, affordable and reliable service to our customers to keep their lives flowing.

**Learn more online at
newjerseyamwater.com.**

MOUNT EPHRAIM BOROUGH

WATER & SEWER SYSTEM SALES ELIMINATE RISK FOR THE BOROUGH & BRING QUALITY SERVICE TO RESIDENTS IN CAMDEN COUNTY



MOUNT EPHRAIM BOROUGH, NJ

Sale of the water system (2007) and then the sewer system (2019) to New Jersey American Water leads to improved service, water quality and fire protection as well as financial flexibility for the local government.

WATER SYSTEM SALE

The Need: Approximately 95 percent of the Borough's water distribution system pipes, installed in the 1930s and 1940s, had reached the end of their useful life. The aged infrastructure was causing significant instances of discolored water and poor water quality. Additionally, the system's ability to provide adequate pressure at fire hydrants in various sections of town was severely limited. The system needed a significant capital investment to replace the aging infrastructure and local government officials determined that sale of the water system was the best solution.

The Solution: New Jersey American Water, with over 125 years of experience investing in infrastructure and operating and maintaining water systems, was chosen as the partner. In November 2005, the sale of the water system was placed on the municipal election ballot. The referendum passed with an almost 2:1 margin. The New Jersey Board of Public Utilities approved the sale and New Jersey American Water became the new service provider in May 2007.

THE RESULTS

Since acquiring the Borough's system, New Jersey American Water has invested approximately \$6.6 million in the water distribution system in Mount Ephraim.

Improved fire protection

The first priority was to assess the condition and flow of every fire hydrant in the Borough. Many were found to be non-operational or in poor condition. New Jersey American Water began replacing non-functioning hydrants and 75 percent of fire hydrants have been replaced.

Selling our systems to New Jersey American Water eliminated a lot of risk for our small community. They are the experts on water and sewer and have been able to provide us with quality service at reasonable rates for many years. We know we're in good hands with New Jersey American Water.

Michael "Traz" Tovinsky
Mayor, Mt. Ephraim Borough

ABOUT THE SYSTEM

Customer Connections

1,800 metered connections

Water Main

Approximately 15 miles of main (95% of main installed in 1930s and 1940s)

Fire Hydrants

97 hydrants

Valves

326 valves

Water Source

Purchased 100% of water supply from New Jersey American Water

FOR MORE INFORMATION

Abbey Barksdale

Director, Business Development
856-995-4175
abbey.barksdale@amwater.com



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Replaced aging water mains

Over 5 miles of water main, including valves and customer service lines to the curb were upgraded or replaced. In addition, New Jersey American Water used Geographic Information System (GIS) technology to map the entire distribution system, which allows us to locate facilities and address emergencies in a timely and efficient manner.

Valve inspection and replacement

One of the leading causes of discolored water and inadequate fire flow was broken valves in the distribution system. New Jersey American Water conducts a rigorous annual valve inspection and exercise program. As part of that effort, 63 percent of the valves in the Borough were replaced. This work significantly decreased the number of discolored water and low pressure complaints.

Reliability

Prior to acquisition, the Borough had only one supply feed from New Jersey American Water from which they purchased all of their supply. After the acquisition, three additional supply feeds were added, improving system reliability and enhancing the ability to circulate water and ensure quality water service throughout the system.

Meter replacements

Within the first year, all 1,800 meters were replaced with Radio Frequency (RF) meters. The conversion to RF meters eliminates the need to estimate meter readings, providing customers with actual reads of water usage around which to base their decisions regarding water use. Plus, the readings can be completed without ever needing to gain access to the customer's property.

WASTEWATER SYSTEM SALE

The Need: Similar to the water system, much of the Borough's sewer system was constructed in the 1930s and 1940s and reaching the end of its useful life. The elected leaders in Mount Ephraim commissioned their municipal engineer to evaluate and develop a capital improvement plan for the wastewater collection system. That report confirmed the need to make significant investment – \$1.5 million in the two existing pump stations alone - into the aging system or risk further deterioration or failure of the system.



The Solution: In April 2018, the Borough requested Bids for the sale of the system. New Jersey American Water bid \$1.4 million and was selected as the successful bidder. A public referendum was held in November 2018, and voters overwhelmingly approved sale by a 4:1 margin. New Jersey American Water took over operations of the system in July 2019.

THE RESULTS

To date, New Jersey American Water has invested \$2.2 million into the wastewater system. The investments included two sewer main replacement projects coordinated with the Borough's road paving program, pump replacements and the purchase of emergency backup pumps, the addition of equipment to the Harding Avenue pump station to prevent sewer backups and prolong the life of the station's pumping equipment, and the installation of control and data acquisition equipment to both pump stations. By the end of the year, New Jersey American Water will complete replacement of the Second Avenue Pump Station, investing an additional \$2.3 million.

BOTTOM LINE

The Borough's sale of the municipal water and sewer systems to New Jersey American Water resulted in much needed capital investments to upgrade the aging infrastructure. With the ability to finance necessary capital investments in the most cost effective manner, New Jersey American Water was able to make necessary improvements to the systems without significant impact to the rates of the Borough's residents.

ABOUT THE WASTEWATER SYSTEM

Customer Connections

1,800 connections

Sewer Main

16 miles of mostly terra cotta (majority original construction from the 1930s and 1940s)

Lift Stations

2

Treatment

Camden County MUA

ABOUT NEW JERSEY AMERICAN WATER

New Jersey American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.8 million people.

Our team of professionals provides safe, affordable and reliable service to our customers to keep their lives flowing.

Learn more online at newjerseyamwater.com.



HADDONFIELD'S WATER AND WASTEWATER SALE

Results in high-quality water and infrastructure renewal



NEW JERSEY
AMERICAN WATER

HADDONFIELD BOROUGH, NJ

Sale to New Jersey American Water leads to improved service, environmental compliance and fire protection, as well as financial flexibility for the local government.

Project Type: Municipal water and wastewater acquisition, infrastructure investment

The Need: Haddonfield's water and sewer systems were part of a 129-year old Borough-owned utility. Prior to 2003, Haddonfield invested very little in its systems, which kept rates artificially low. In 2013, an independent review of the systems recommended a rate increase of 25 percent, and an engineering report estimated that the Borough's systems would need \$50 million in investments over the next 30 years, heavily front loaded in the first 10 years to avoid a major failure. These factors led local government officials to the determination that a sale of their systems was the best solution.

The Solution: New Jersey American Water was chosen by Haddonfield citizens as the partner to own and operate the Borough's water and wastewater systems. With more than 125 years of experience operating and maintaining water and wastewater systems, as well as investing in infrastructure, New Jersey American Water had the ability to finance necessary system improvements with less of an impact on rates than would have occurred had the Borough kept the system.

THE RESULTS

Since acquiring the Borough's systems, New Jersey American Water has invested about \$9 million in the water and wastewater systems in Haddonfield.

Improved fire protection

The first priority was to assess the condition and flow of every fire hydrant in the Borough. Many were found to be non-operational or in poor condition. Immediately, a plan was executed to replace non-functioning hydrants.



Replaced aging water and sewer mains

Approximately 3,800 feet of water main in the Borough's aging distribution network, including 47 valves were replaced. Additionally, New Jersey American Water replaced approximately 7,200 feet of wastewater mains that were beyond their useful life. We also replaced 80 sewer laterals, which directly improved sewer service to those customers.

High-tech mapping

Upon acquisition, New Jersey American Water began using Global Positioning System (GPS), coupled with Geographic Information System (GIS) technologies to digitally map Haddonfield's 106 miles of water and wastewater mains. Additionally, all of the systems' assets, including valves, hydrants, customer water connections and sewer cleanouts are recorded online with an accuracy never before available. This provides the company with the ability to better locate system components, and to address emergencies in a more timely and efficient manner. The entire Haddonfield system will be mapped by this summer.

BOTTOM LINE

The sale of the Borough's system to New Jersey American Water resulted in much needed capital investments to upgrade the aging infrastructure. In the first nine months of ownership, the company has already invested nearly \$9 million of the \$16 million minimum committed.

HADDONFIELD SYSTEM

Customers Served: 4,645

WATER MAIN

Approximately 51 miles, ranging in size from 4-inch to 16 inch, ranging in age from 1889 to present.

WATER SYSTEM NEEDS

Nearly two miles of 4-inch water mains required replacement and increased in size. About 60 percent of the mains need to be replaced in the next 30 years.

SEWER MAIN

55.5 miles of main, mostly comprised of aged 8-inch terra cotta, suffering from cracking, settling, joint separation and root infiltration.

SEWER SYSTEM NEEDS

40 percent of the mains need replacement within the next five years. Four of six lift (pumping) stations need to be replaced or significantly renovated. Design of three new sewer lift stations is underway with expected completion in early 2017.



NEW JERSEY
AMERICAN WATER

WE KEEP LIFE FLOWING®



SELLING YOUR WATER AND/OR WASTEWATER SYSTEM

How your system can benefit

SERVING APPROXIMATELY ONE OUT OF EVERY THREE PEOPLE IN NEW JERSEY

New Jersey American Water has been providing high-quality, reliable water and wastewater service to customers for more than a century.



BENEFITS TO THE SELLER

Address Municipal Financial Challenges

Proceeds from the sale are first utilized to reduce or pay off outstanding municipal debt, freeing up needed funds in the municipal budget. Excess proceeds can be utilized for things such as:

- Infrastructure or other capital improvements
- Economic development
- Recreation/parks

Plus, a sale puts previously untaxed property back on tax roles.

Elimination of Risk

The requirement to meet increasingly stringent water quality regulations and consistent investment into aging, mostly underground infrastructure is shifted to an experienced utility service provider in New Jersey American Water.

BENEFITS TO EMPLOYEES

- Opportunities for existing employees to grow their careers via local, regional, and national development opportunities
- Competitive pay and benefits package

BENEFITS TO RESIDENTS

Long-term rate stabilization. We have single-tariff pricing for water service. This prevents one community and its customers from having to bear the full financial burden for a major capital project by spreading the costs over the utility company's entire customer base throughout the state.

In addition, we're regulated by the New Jersey Board of Public Utilities. As such, we must obtain approval for any rate changes and customers have input into the process through public hearings.

Invested in our facilities. Our team of experts regularly monitor, maintain and upgrade our facilities to continue to operate efficiently and meet regulatory standards. **Statewide, we invested more than \$464 million in 2020 to improve the water and wastewater treatment and pipeline systems.**

High-quality water service.

We have an exceptional track record when it comes to water quality and drinking water regulatory compliance. Our water quality and treatment plant operators perform thousands of tests every day for about 100 regulated contaminants. We deploy thousands of online monitors that

QUESTIONS?

Abbey Barksdale

Director; Business Development
609-605-9194
Abbey.Barksdale@amwater.com



BENEFITS TO RESIDENTS (CONT.)

consistently analyze water quality. Plus, we have access to American Water's Central Laboratory, which conducts sophisticated drinking water testing and analysis.

Customer Service. Customers have around the clock access to our mobile-friendly, self-service website **MyWater** to view and pay their bill online, track water use history, sign up for paperless billing and more. Our customer service representatives are available M-F, 7 a.m. – 7 p.m. for routine matters, and 24/7 for emergencies. We also have an emergency notification system to notify customers of potential issues in the system, such as boil water advisories, via phone, text and/or email.

H2O Help to Others Bill Paying Assistance. New Jersey American Water has been providing financial assistance to customers in need through our H2O Help to Others Program™. The program offers grants of up to \$500; discounts on monthly service charges and water-saving devices and education. We also offer budget billing and installment plans for interested customers who qualify.

Convenient Payment and Billing Options. Customers can choose to pay by mail, online, phone, in person or automatically through Auto Pay. Plus, we bill monthly making it easier for customers to budget their household expenses, and also potentially identify internal plumbing leaks and correct them in a timely manner. We also offer Paperless Billing.

BENEFITS TO BUSINESS

Examples of ways businesses can benefit:

- Revenue based refunds for off-site main extensions
- No connection fees
- Dedicated major account manager to address industry needs
- Comprehensive plans for water systems to facilitate economic growth and anticipate future water needs
- Economic growth and jobs through infrastructure improvements

BENEFITS TO THE COMMUNITY

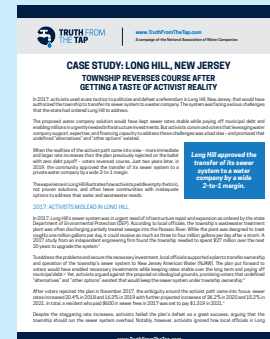
We play an active role in the communities we serve. Our programs include:

- **Environmental Grant Program:** Provides grants of up to \$10,000 for community-based projects that improve, restore and help protect our source water and watersheds.
- **Volunteer Firefighting Support Grants:** Grants of up to \$2,000 to assist volunteer emergency service organizations in our service areas.
- **Speakers' Bureau:** We provide presentations on water-related topics for all ages.
- **Protect Our Watershed Art Contest:** Open to fourth graders, the contest encourages students to utilize their artistic talents to express the importance of protecting our water resources.

Learn more at newjerseyamwater.com/community.

SUCCESS STORIES

We have a number of success stories. If your interested in learning more about these or others, let us know.

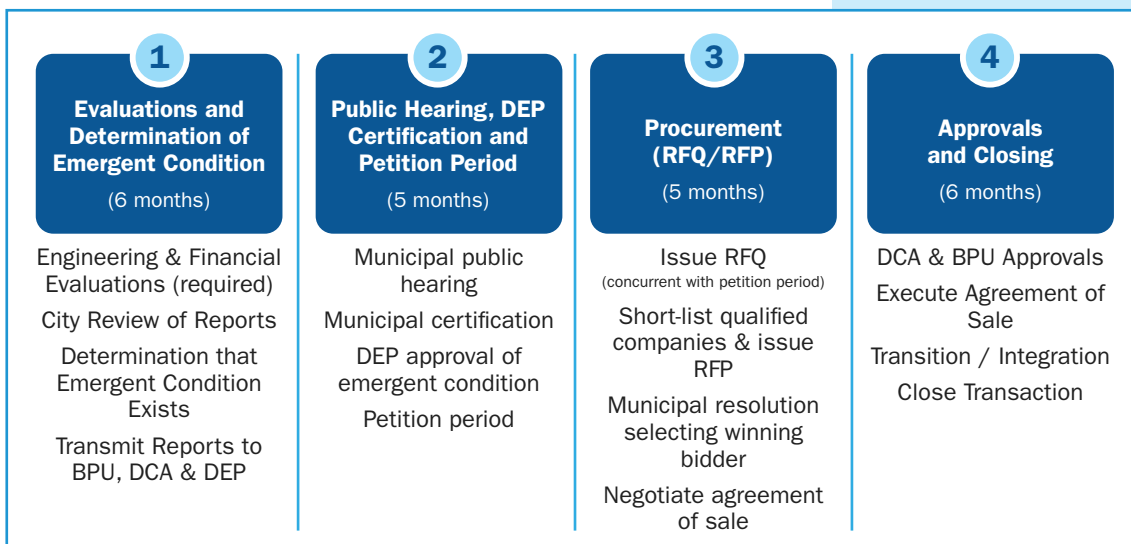


WATER INFRASTRUCTURE PROTECTION ACT SALE ROUTE

The **Water Infrastructure Protection Act (WIPA)** allows owners of municipal water and wastewater systems to sell those utility assets via an open, transparent and competitive procurement process at Fair Market Value. Systems that meet one or more of the five Emergent Conditions listed below are eligible to procure their sale via WIPA

1. Critical area designation
2. Non-compliance
3. MCL violation/deficiency
4. Lack of historical investment
5. Financial, technical, managerial capacity

Once certified by the NJ Department of Environmental Protection (DEP), the municipality can proceed to procurement. The ultimate sale would require a supermajority vote of the governing body to approve.



*Timeframes are approximate.

APPENDIX C: Staffing Plan

**APPENDIX D:
Draft Agreement of Sale Markup**

AGREEMENT OF SALE BETWEEN

THE BOROUGH OF SOMERVILLE, NEW JERSEY

AND

[BUYER]

January _____, ~~2022~~2023

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LIST OF EXHIBITS

- Exhibit A. Description of the Wastewater System
- Exhibit B. Form of Assignment and Assumption Agreement
- Exhibit C. Form of Bill of Sale
- Exhibit D. Tariff
- Exhibit E. List of Written Contracts to Which Borough is a Party which Relate to the Wastewater System
- Exhibit F. Form of Assignment and Grant of Easements, Rights of Way and other Property
- Exhibit G. Form of General Assignment
- Exhibit H. Disclosure Schedule to the Agreement of Sale
- Exhibit I. Escrow Agreement
- Exhibit J. Customer Service Standards and Customer Service Plan
- Exhibit K. Capital Improvements
- Exhibit L. Form of Borough Consent
- Exhibit M. Reserved
- Exhibit N. List of Borough Facilities

AGREEMENT OF SALE

THIS AGREEMENT OF SALE (this “Agreement”), dated _____ 2022 is made and entered into by and between the **BOROUGH OF SOMERVILLE**, a public body corporate and politic in Somerset County in the State of New Jersey, 25 West End Ave, Somerville (the “Borough”) and _____, a corporation of the State of New Jersey with principal corporate offices at _____ (the “Buyer”). The Buyer and the Borough are referred to collectively herein as the “Parties.”

WHEREAS, the Borough currently owns and operates a wastewater collection system (the “Wastewater System”), more particularly described herein, located in the Borough of Somerville, New Jersey; and

WHEREAS, in connection with the proposed sale of its Wastewater System and pursuant N.J.S.A. 40:62-1, the Borough prepared, advertised, and made available to all prospective buyers a Request for Bids on _____; and

WHEREAS, on _____, the Borough received _____ bids in response to the RFB; and

WHEREAS, after review and clarifications of the Bid(s) received, the Borough determined that the Buyer had submitted the highest responsible Bid; and

WHEREAS, the Borough and the Buyer have agreed to the terms and conditions set forth in this Agreement, which sets forth the terms upon which sale of the Borough’s Wastewater System to the Buyer will take place, provided all conditions of the Closing are satisfied; and

WHEREAS, the Borough desires to sell and the Buyer desires to purchase the Wastewater System pursuant to the terms of the Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

ARTICLE I

DEFINITIONS

“Agreement” shall mean this Agreement of Sale of the Wastewater System and all exhibits, attachments, and schedules hereto, dated _____, 2022. It is anticipated that the Agreement will be executed by the parties following a successful referendum process.

“Assumed Liabilities” shall have the meaning set forth in Section 4.5 below.

“BPU” means the New Jersey Board of Public Utilities or any successor agency.

“Buyer” means _____

“Borough” means the Borough of Somerville, New Jersey.

“Borough Consent” shall mean the municipal consent ordinance that is to be enacted by the Borough as a condition of the Closing and which grants the authority to Buyer to provide wastewater services in the Borough and granting Buyer the right to utilize the roads, streets, alleys, byways and public places within the Borough and conveying the franchise rights to the Wastewater System, when approved by the BPU; the Borough Consent will be in the form attached hereto as **Exhibit L**.

“Closing” has the meaning set forth in Section 4.6 below.

“Closing Date” shall mean the date upon which Closing takes place as more particularly described in Section 4.6 below.

“Deposit” shall mean a payment of money equal to ~~105~~% of the Purchase Price, which is payable to the Borough upon execution of this Agreement, following a successful referendum process, and which shall be held by the Escrow Agent under the Escrow Agreement attached hereto and incorporated herein by reference as **Exhibit I**, and together with the earnings accrued thereon shall be the Deposit.

“Disclosure Schedule” has the meaning set forth in Section 2.1.

“Encumbrances” means any security interest, pledge, mortgage, lien (including, without limitation, environmental and tax liens), charge, encumbrance, adverse claim or restriction on use or transfer.

“Escrow Agent” shall means _____.

“Final Approval Order” shall mean an order of the BPU approving the Borough Consent on terms and conditions satisfactory to the Buyer in its sole discretion, which will allow the Buyer and the Borough to consummate the purchase of assets as contemplated by this Agreement; and as to which the time for filing an appeal as of right has expired, and as to which there are no appeals, petitions for reconsideration, petitions for re-argument, or similar petitions

pending.

“Governmental Authority” means any federal, state, regional, or local legislative, executive, judicial or other governmental board, agency, authority, commission, administration, court or other body, or any official thereof having jurisdiction.

“Monetary Liens” shall mean (a) judgment liens and tax liens entered against the Borough and encumbering any part of the Wastewater System, and (b) mortgages, security interests and other liens granted by the Borough and encumbering the Wastewater System.

“NJDEP” means the New Jersey Department of Environmental Protection or any successor agency.

“Party” shall mean either the Borough or the Buyer.

“Parties” shall mean the Borough and the Buyer.

“Permits” shall mean all permits, certificates, licenses, orders, registrations, franchises, authorizations and other rights and approvals from any governmental authority with respect to the Wastewater System held by the Borough.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

“Permitted Encumbrances” shall have the meaning set forth in Article VI.

“Purchase Price” has the meaning set forth in Section 4.3 below.

“RFB” means the Request for Bids for the sale of the Wastewater System issued by the Borough on _____ and responded to by the Buyer.

“Wastewater System” shall mean the Borough’s wastewater collection system, as described in detail in **Exhibit A**.

“Transaction Documents” means collectively this Agreement and all agreements, documents, and certificates required by this Agreement.

“Transaction Costs Payment” has the meaning set forth in Section 4.4 below.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE BOROUGH

Section 2.1. REPRESENTATIONS AND WARRANTIES OF THE BOROUGH. Except as set forth in the disclosure schedule accompanying this Agreement and initialed by the Parties (the “Disclosure Schedule”), which is attached as **Exhibit H**, the Borough represents and warrants to the Buyer that the statements contained in this Article II are correct and complete as of the date of this Agreement. The Disclosure Schedule will be arranged in paragraphs corresponding to the lettered paragraphs contained in this Article II.

- (A) Organization of the Borough. The Borough is a public body corporate and politic in Somerset County in the State of New Jersey.
- (B) Authorization of Transaction. The Borough has full right and authority to execute and deliver this Agreement and to perform its obligations hereunder.
- (C) Title to Real Property. The Borough is the sole owner and has good and marketable title to each fee parcel of real property included in the Wastewater System, and leasehold interest, license or easement in all other real property necessary for ownership and operation of the Wastewater System. A detailed listing of all such interests in real property is set forth on Schedule I to Exhibit F.
- (D) Assets. The Borough has clear, good and marketable title to all of the assets comprising the Wastewater System, free and clear of all encumbrances. None of the assets are leased or on loan by the Borough to a third party. The Wastewater System constitutes all of the assets and property that, together with the rights granted in the Transaction Documents, are necessary for the ownership and operation of the Wastewater System. Upon Closing, Buyer shall continue to be vested with good title in the Wastewater System
- (E) No Litigation. To the best of the Borough’s knowledge, there is no litigation, either at law or in equity, nor any proceedings before any commission or regulatory body pending, or threatened against the Borough, in any way that would adversely affect its ability to perform its obligations under the Agreement.
- (F) No Default. To the best of the Borough’s knowledge, the Borough is not in default of any provisions of law, charter, by-laws, contract, franchise, rules or regulations of any governmental agency or any instrument to which it is a party and which in any way affects the Wastewater System.
- (G) No Reimbursement Obligations. To the best of the Borough’s knowledge, the Borough is not party to any wastewater extension agreement or other contract which, if assigned to the Buyer, would obligate the Buyer by rebate, reimbursement, or other payment to return moneys to third parties by reason of installation of some portion of the Wastewater System.

- (H) System Compliance. The Wastewater System is in compliance with all State, federal, and local laws and regulations.
- (I) Tariff. The tariff, attached as **Exhibit D**, represents the true rates of the Wastewater System and are in effect as of the Contract Date.
- (J) Permits. **Exhibit G** sets forth a complete and accurate list of all Permits held by the Borough, all of which are in full force and effect and no appeals or other proceedings are pending or threatened with respect to the issuance, terms or conditions of any such Permits. The Borough has provided to Buyer true and complete copies of all Permits set forth on **Exhibit G**. Except as set forth on **Exhibit G**, (i) the Borough holds all Permits which are necessary or required under applicable Law for the ownership, operation and maintenance of the Wastewater System and the assets to be conveyed to Buyer as currently or previously operated and maintained, (ii) the Borough is, and for the past five (5) years has been, in compliance in all material respects with all terms, conditions and requirements of all Permits held by it (whether or not set forth on **Exhibit G**) and all applicable Laws relating thereto, and (iii) the Borough has not received any written notice or other written communication from any Governmental Authority or other Person regarding (1) any actual or alleged violation or failure to comply with any such Permits, or (2) any revocation, withdrawal, non-renewal, suspension, cancellation or termination of any such Permits. With respect to any Permits held by the Borough that are scheduled to expire within six (6) months following the date of this Agreement, any applications for renewal of such Licenses and Permits have been or will be duly filed by the Borough with the applicable Governmental Authority within the time frame required under applicable law.
- (K) Environmental.
 - (i) To the best of the Borough's knowledge, the Borough 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. The Borough 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 the Wastewater System.
 - (ii) To the best of the Borough's knowledge, there are no pending or 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 Wastewater System.
 - (iii) To the best of the Borough's knowledge, there are no hazardous materials, except those used in connection with the operation of the Wastewater System

present on or in the Wastewater System, 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.

- (iv) To the best of the Borough's knowledge, none of the following exists at the Wastewater System: (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) The Borough has delivered to Buyer true and complete copies and results of any reports, studies, analyses, tests or monitoring possessed or initiated by the Borough pertaining to hazardous materials in, on or under the Wastewater System, or concerning compliance by the Borough with environmental laws.

Section 2.2. DISCLAIMER OF OTHER REPRESENTATIONS AND WARRANTIES. Except for representations and warranties as expressly set forth in this Article II, the Borough makes no other representation or warranty, express or implied, at law or in equity, with respect to the Wastewater System or operations, including with respect to merchantability or fitness for any particular purpose and any such other representations or warranties are hereby expressly disclaimed. The Buyer hereby acknowledges and agrees that, except for the representations and warranties specifically set forth in this Article II, the Buyer is purchasing the Wastewater System on an "as-is, where-is" basis. The Buyer has satisfied itself on all aspects, of the Wastewater System, including but not limited to all physical, economic, operational, regulatory, tax and title matters that the Buyer deems relevant, and is not relying on any representation of the Borough in connection therewith except for the representations and warranties set forth in this Agreement. The Borough shall not be liable for any latent or patent defects in the Wastewater System.

Section 2.3. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All of the representations and warranties made by the Borough are true and correct as of the date of this Agreement ~~and~~ shall be true and correct and deemed repeated as of Closing, subject to the Disclosure Statement as same may be modified by the terms of this Agreement, and shall survive closing for a period of two years. No claim for a misrepresentation or breach of warranty of the Borough shall be actionable or payable if the breach in question results from or is based on a condition, state of facts or other matter which was known to the Buyer prior to the Closing.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE BUYER

Section 3.1. REPRESENTATIONS AND WARRANTIES OF THE BUYER. Except as set forth in the Disclosure Schedule, the Buyer represents and warrants to the Borough that the statements contained in this Article III are correct and complete as of the date of this Agreement. The Disclosure Schedule will be arranged in paragraphs corresponding to the lettered paragraphs contained in this Article III.

- (A) Organization of Buyer. The Buyer is a corporation duly organized, validly existing and in good standing under the law of the State of New Jersey.
- (B) Authorization of Transaction. The Buyer has full right and authority to execute and deliver this Agreement and to perform its obligations hereunder.
- (C) No Litigation. To the best of the Buyer's knowledge, there is no litigation, either at law or in equity, nor any proceedings before any commission or regulatory body pending, or threatened against the Buyer, in any way that would affect its ability to perform its obligations under this Agreement.
- (D) No Warranties. Except for the representations and warranties set forth in this Agreement, the Buyer is purchasing the Wastewater System "as is", and that the Buyer will have no recourse against the Borough with respect to any condition of the Wastewater System that might be discovered after the Closing-, except for conditions and liabilities arising from the Borough's operation of the System prior to Closing.
- (E) Right to Inspect. Prior to the Contract Date, the Buyer has been afforded the opportunity to inspect and has inspected the Wastewater System to the extent that the Buyer deemed necessary and has made such examination of the Wastewater System, the operation, income and expenses thereof and all other matters affecting or relating to this transaction as Buyer deemed necessary. In entering into this Contract, the Buyer has not been induced by and has not relied upon any representations, warranties or statements, whether express or implied, made by the Borough or any agent, employee or other representative of the Borough or by any broker or any other person representing or purporting to represent the Borough, which are not expressly set forth in this Contract, whether or not any such representations, warranties or statements were made in writing or verbally.
- (F) Other Limitations of Local, State, and Federal Laws and Regulations. The Buyer accepts the terms of this Agreement subject to the terms and limitations of all applicable local, State, and federal laws, statutes, rules and/or regulations.
- (G) Source of Funds. The funds comprising the Purchase Price to be delivered to the Borough in accordance with this Contract are not derived from any illegal activity.
- (H) Not a Blocked Person. The Buyer is not a, and is not acting directly or indirectly for

or on behalf of any, person, group, entity or nation named by Executive Order of the United States Treasury Department as a terrorist, “Specifically Designated National and Blocked Person,” or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control and the Buyer is not engaged in this transaction, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of any such person, group, entity or nation.

Section 3.2. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All of the representations and warranties made by the Buyer are true and correct as of the date of this Agreement and shall be true and correct and deemed repeated as of Closing, subject to the Disclosure Statement as same may be modified by the terms of this Agreement.

ARTICLE IV

BASIC TRANSACTION

Section 4.1. PURCHASE AND SALE OF ASSETS. Subject to the terms and conditions of this Agreement, at the Closing referred to in Section 4.6, the Borough will sell to the Buyer, and Buyer will buy from the Borough, all of the Borough's rights, title, and interest in the Wastewater System as further described in **Exhibit A** for the consideration specified below in Section 4.3.

Section 4.2. EXCLUDED ITEMS. Except as specifically described in **Exhibit A**, in no event shall the Wastewater System include personal property, office equipment, office supplies, vehicles, cash, securities, and the accounts receivable of the Borough relating to the Wastewater System up to and including the Closing Date.

Section 4.3. PURCHASE PRICE. The Buyer agrees, subject to the terms and conditions set forth in this Agreement, to pay to the Borough, at the Closing referred to in Section 4.6, the sum of \$ _____ (the "Purchase Price"). Upon the execution of this Agreement the Buyer shall pay the Deposit to be held by Escrow Agent pursuant to the terms of the Escrow Agreement, with any interest or earnings to follow the Deposit, and which Deposit shall be credited against the Purchase Price. Subject to the terms and conditions of this Agreement, the balance of the Purchase Price less the Deposit, increased or decreased by the items to be apportioned pursuant to Section 4.8 of this Agreement (such sum, before the apportionments referred to herein is referred to as the "Closing Balance" and after such apportionments is referred to as the "Adjusted Closing Balance") shall be paid on the Closing Date by wire transfer in federal funds to a bank account designated in writing by the Borough at least five (5) business days prior to the Closing Date.

Section 4.4. BOROUGH TRANSACTION EXPENSE. Notwithstanding any obligations of the Borough set forth in the Agreement to solely bear its expenses and costs in connection herewith, and in addition to the Purchase Price provided for in Section 4.3, the Buyer agrees to pay the Borough up to one-hundred and fifty thousand dollars (\$150,000) for costs and expenses incurred and reasonably anticipated to be incurred by the Borough in connection with the sale of the Wastewater System, including, but not limited to, outside attorney, engineering, inspection, and other consultant costs (collectively the "Transaction Costs Payment"). The Buyer agrees to pay the Borough one-third (\$50,000) of the Transaction Costs Payment upon the passing of the Borough's Ordinance approving the sale of the Wastewater System, which amount shall be non-refundable. The Buyer agrees to pay the Borough the remaining portion of the Transaction Costs Payment up to a total of \$100,000 upon Closing; provided however, prior to Closing the Borough shall provide to the Buyer reasonable documentation of all transaction expenses for review and approval prior to the Buyer's payment of the balance of the Transaction Cost Payment at Closing.

Section 4.5. ADDITIONAL OBLIGATIONS. In addition to the payment of the amounts set forth in Sections 4.3 and 4.4 hereof, the Buyer agrees to:

- (A) assume responsibility for all claims and liabilities arising out of the Buyer's operation of the Wastewater System subsequent to Closing;

- (B) assume and meet all contractual commitments of the Borough on and after the Closing Date in connection with the contracts set forth in **Exhibit E** (collectively, (A) and (B) constitute the “Assumed Liabilities”);
- (C) comply with the Rate Stabilization Covenant set forth in Section 8.3;
- (E) provide the customers of the Wastewater System with ~~continuous~~, safe and reliable service in accordance with applicable laws and regulations, and the Buyer’s tariff as approved by the BPU;
- (F) maintain or expand the Wastewater System in conformance with existing Borough land use and zoning ordinances, master plan, and historic district standards, as applicable;
- (H) make the required capital improvements pursuant to Section 8.4; and
- (I) make application, with the assistance of the Borough, for the transfer, effective at the Closing, of all wastewater system permits and approvals issued to the Borough prior to Closing by the NJDEP or any other local, State or federal agency.

Section 4.6. THE CLOSING. The closing of the transactions contemplated by this Agreement (the “Closing”) shall take place at the offices of DeCotiis, FitzPatrick, Cole & Giblin, LLP, located at 61 South Paramus Road, Suite 250, Paramus, New Jersey 07652 forty- five (45) days after the satisfaction of the last condition to be satisfied pursuant to Article VII herein (the "Closing Date"). The Parties may mutually agree in writing to have the Closing at another time or place or to conduct the Closing via electronic document execution and transfer.

Section 4.7. DELIVERIES AT THE CLOSING. At the Closing:

- (A) The Borough will execute, acknowledge (if appropriate), and deliver to the Buyer:
 - (i) a bargain and sale deed associated with the Wastewater System without covenant against grantor's acts, in recordable form, duly executed by the Borough;
 - (ii) an assignment of easements in the form attached hereto as **Exhibit F**, to convey all easement rights associated with the Wastewater System, which to the extent possible shall be listed, subject to the Permitted Encumbrances;
 - (iii) a Bill of Sale in the form attached hereto as **Exhibit C**;
 - (iv) an Assignment and Assumption Agreement in the form attached hereto as **Exhibit B**;
 - (v) a General Assignment in the form attached hereto as **Exhibit G**;
 - (vi) a Settlement Statement;

- (vii) a certified copy of the appropriate Borough resolution(s) and/or ordinances authorizing the transactions contemplated hereunder;
 - (viii) a signed certification by the Borough that the warranties and representations in Article II are true and correct as of the Closing Date;
 - (ix) originals or copies of all governmental permits and licenses for the Wastewater System, or any component thereof, in the Borough's possession, to the extent transferable;
 - (x) Any other tax information regarding the Borough that the Settlement Agent (as that term is used in Section 6045 of the Code) is required to report to the Internal Revenue Service pursuant to the Code;
 - (xi) Such other resolutions, instruments, affidavits and documents as may be reasonably necessary to effectuate the transaction-, including, but not limited to, the appointment of Buyer's designees to the Board of the SRVSA, no later than the expiration of the terms of the Borough's existing Board members, if permitted by law, and such additional undertakings to ensure that the Borough will act as nominee for the Buyer with respect to the operations and future financial commitments with respect to its interrelationship with the SRVSA, as contemplated by Section 5.1(j) below.
- (B) Buyer will execute, acknowledge (if appropriate) and deliver to the Borough:
- (i) an assignment of easements in the form attached hereto as **Exhibit F**, to convey all easement rights associated with the Wastewater System, which to the extent possible shall be listed, subject to the Permitted Encumbrances;
 - (ii) an Assignment and Assumption Agreement in the form attached hereto as **Exhibit B**;
 - (iii) a General Assignment in the form attached hereto as **Exhibit G**;
 - (iv) a Settlement Statement;
 - (v) Certified copy of appropriate corporate resolution(s) authorizing the transactions contemplated hereunder;
 - (vi) a signed certification by Buyer that the warranties and representations in Article III are true and correct as of the Closing Date;
 - (vii) Any tax information regarding Buyer that the Settlement Agent (as that term is used in Section 6045 of the Code) is required to report to the Internal Revenue Service pursuant to the Code;

- (viii) The Purchase Price;
- (ix) The balance of the Transaction Costs Payment (an amount up to \$100,000);
and
- (x) Such other documents, resolutions, instruments, affidavits and documents as may be reasonably necessary to effectuate the transaction.

Section 4.8. APPORTIONMENTS. At the Closing, real estate taxes, if any, for the fee parcels constituting Wastewater System assets to be transferred to the Buyer and all other operating expenses for the Wastewater System allocable to periods before and after the Closing Date, including adjustments necessary pursuant to Section 5.1.I, shall be apportioned for the Wastewater System as of 11:59 p.m. on the day preceding the Closing Date.

Section 4.9. SETTLEMENT STATEMENT. At the Closing, the Parties shall jointly execute the Settlement Statement setting forth all adjustments to the Purchase Price and the basis for same. In the event that any adjustments or apportionment cannot be apportioned or adjusted at the Closing by reason of the fact that final amounts have not been ascertained, or are not available as of such date, the Parties hereto agree to apportion or adjust such items on the basis of their best estimates of the amounts known at the Closing and to re-prorate any and all of such amounts promptly when the final amounts are ascertained, which obligation shall survive the Closing.

ARTICLE V

PRE-CLOSING
COVENANTS AND
CONTINGENCIES

Section 5.1. PRE-CLOSING COVENANTS AND CONTINGENCIES.

The performance of this Agreement is contingent upon the satisfaction of all the conditions set forth below. In that regard, the Parties agree as follows with respect to the period between the execution of this Agreement and the Closing:

- (A) General. Each of the Parties will use its reasonable best efforts to take all actions and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents.
- (B) Access to Books. Upon reasonable prior notice, the Borough will give the Buyer, its accountants, engineers, counsel and other representatives full access during normal business hours throughout the period from the date of this Agreement through the Closing Date to all of the Borough's records, books, and properties with respect to the Wastewater System, including, without limitation, all customer usage data and will furnish the Buyer copies, including in electronic format reasonably acceptable to the Buyer, at the Buyer's expense, of such documents or portions of documents related to the ownership, operation and maintenance of the Wastewater System as the Buyer may reasonably request, provided such documents and electronic media are in the Borough's possession or in the possession of third parties under contract with the Borough.
- (C) Permits. Prior to the Closing, the Parties shall cooperate to effect the transfer of all Permits related to the operation of the Wastewater System which were granted to the Borough by any Governmental Authority, which transfer shall be effective on or after but not before the Closing. The Borough shall provide reasonable assistance to the Buyer as reasonably requested by the Buyer with respect to such applications.
- (D) Operation of Wastewater System. The Borough will:
 - (i) continue to operate and maintain the Wastewater System in compliance with all local, state and federal rules and regulations;
 - (ii) maintain the Wastewater System in at least as good order and condition as existed on the date of this Agreement, casualty and normal wear and tear excepted;
 - (iii) timely comply with the provisions of all leases, agreements, and contracts relating to the Wastewater System; and

- (E) BPU Approvals.
 - (i) The Buyer shall as soon as reasonably practicable after (i) approval of a public referendum authorizing the sale of the Wastewater System, (ii) the execution of this Agreement by both Parties, and (iii) the adoption of the Borough Consent as set forth in Section 5.1(F) below, at its sole cost and expense, file or cause to be filed all necessary documentation with the BPU to obtain the Final Order of the BPU approving the Borough Consent.

- (F) Borough Consent. The Borough shall adopt pursuant to applicable law, the Borough Consent in substantially the same form as set forth in **Exhibit L**. The Buyer shall be responsible, at its sole cost and expense, with reasonable assistance from the Borough, for obtaining BPU approval of the Borough Consent pursuant to N.J.S.A. 48:2-14.

- (G) Borough Approval. The Borough shall adopt appropriate ordinances pursuant to applicable law to authorize the sale of the Wastewater System subject to public referendum and permit the placing of a question on the ballot for public referendum for voter approval of the sale of the Wastewater System.

- (H) Risk of Loss. The Parties agree that the Borough shall bear the risk of and be responsible for loss with respect to the assets and properties constituting the Wastewater System from the date of this Agreement through the Closing Date. In event that the condition of the Wastewater System is significantly adversely changed from the date of this Agreement to the Closing Date by virtue of fire, casualty, act of God or condemnation, the Borough and the Buyer may mutually agree, in writing, to a reduction in Purchase Price or other consideration as compensation for the significant adverse change in the System. If the Borough and the Buyer cannot reach agreement within sixty (60) days of the event despite good faith efforts, either Party has the option to terminate this Agreement upon written notice to the other Party. If the Buyer terminates the Agreement pursuant to this section, the Borough shall promptly, and in no event later than five (5) business days after such termination, repay to the Buyer, the Deposit, and upon such termination this Agreement shall be deemed canceled, null and void and neither Party shall have any further obligation or liability to the other hereunder.

- (I) Customer List and Information; Final Bills. The Borough shall provide or cause to be provided to the Buyer a full and complete customer list for the Wastewater System as of the date of the execution of the Agreement by both parties, together with an electronic data file, in a format reasonably satisfactory to the Buyer, containing such customer information; such list and electronic file are to be updated by the Borough and provided to the Buyer within sixty (60) days before the Closing or as otherwise agreed to between the Parties. The Parties

shall agree no later than sixty (60) days before the Closing to a process and method for the final billing of the Wastewater System customers.

- (I) Publicity. The Parties agree to cooperate on any formal public announcement or statement regarding this Agreement or the transactions contemplated herein. Each Party shall make a good faith effort to provide the other with advance notice of the proposed content of any public announcement or statement.
- (J) Identification of Contracts to be Assigned. As set for in Section 4.5(C), the Buyer must assume the Borough's obligations on and following the Closing Date for those agreements set forth in **Exhibit E.** [Note: the Borough and the Buyer, in cooperation with the SRVSA, will negotiate a mutually agreeable transfer/assignment of the SRVSA service agreement, and/or incorporation of relevant provisions of the SRVSA service agreement, that is permitted pursuant to the applicable governing statute; such negotiation shall include mutually agreeable timing and manner of payment obligations owed pursuant to the SRVSA service agreement. Furthermore, the SVRSA interrelationship with the Buyer needs to be clarified. If the Borough is to remain the Participant and hold two Board seats, there needs to be provisions in the agreement to obligate the Borough to serve as nominee for the Buyer on all matters that affect the operation/improvement of the Wastewater System by binding voting obligation with respect to the operations of the system and future financial obligations relating to the SRVSA. and by appointing Buyer's designees to fill the two Board seats allocated to the Borough no later than that point in time when the terms of the current Board members expire, if permitted by law.]
- (K) Buyer Access. The Borough shall provide the Buyer, at the Buyer's sole cost, reasonable access to the Wastewater System from the Contract Date until the Closing Date for purposes including, but not limited to, examination of customer accounts, ordinances, deeds, contracts, maps, and plans; inspection and tests of equipment; and surveys of the real property comprising the Wastewater System and easements. The Buyer hereby agrees to indemnify and hold the Borough harmless from any and all claims, demands, suits, actions, damages, liabilities, or expenses with respect to or arising from the Buyer's access to the Wastewater System during this period. The Buyer's rights under this Section shall be exercised during normal business hours, with reasonable notice and shall not interfere with the Borough's continuing operation of the Wastewater System. The Borough shall cooperate with the Buyer with respect to such access to ensure a smooth transition in ownership of the Wastewater System.
- (L) Confidentiality. Any information provided by the Borough to the Buyer regarding the Borough's customers and the Wastewater System that is not generally available to the public shall remain confidential.

- (M) Cooperation During Transition. Generally, the parties shall cooperate to facilitate a smooth transition and the Buyer shall not do anything that will interfere with the Borough's operation and administration of the Wastewater System. The Borough shall assist the Buyer in supplementing the Property Information Materials, as defined in Section 6.2, to ensure that Buyer has the necessary property rights to own and operate the Wastewater System upon the Closing Date.
- (N) Referendum Education Campaign. The Buyer shall provide reasonable assistance to the Borough in connection with its public referendum education campaign.
- (O) Bridgewater Consent. The municipality of Bridgewater Township ("Bridgewater") shall have granted its consent for Buyer to provide wastewater service to those residents in its municipality that are currently served by the Borough via a municipal consent ordinance in form and substance reasonably acceptable to Buyer. The Borough shall notify Bridgewater of the necessity of said consent and shall cooperate with Buyer in obtaining the municipal consent from Bridgewater as soon as reasonably possible, but no later than prior to the Closing Date.

ARTICLE VI

TITLE AND CONDITION OF SYSTEMS

Section 6.1. TITLE. Good and marketable title to the Wastewater System, including the real property comprising same, including valid licenses and/or easements necessary to own, operate and access all assets constituting the Wastewater System shall be conveyed by the Borough to the Buyer at the Closing free and clear of all Encumbrances, subject only to the Permitted Encumbrances. "Permitted Encumbrances" means any and all:

- (A) matters disclosed by the Property Information Materials (as defined in Section 6.2 hereof);
- (B) matters that become Permitted Encumbrances in accordance with the provisions of this Article VI;
- (C) matters that would be revealed by a physical inspection of or a complete and accurate survey, of the real property comprising the Wastewater System;
- (D) rights of way and easements that do not materially interfere with the existing use of the real property comprising the Wastewater System;
- (E) zoning and other governmental restrictions; and
- (F) Intentionally omitted.
- (G) taxes, assessments and other public charges on real property comprising the Wastewater System not due as of the Closing Date, provided, however, in no event shall Permitted Encumbrances include Monetary Liens.

With respect to the real property comprising the Wastewater System, Buyer ~~shall~~may within ~~ten (10) business~~thirty (30) days of execution of this Agreement apply for an owner's title insurance policy or policies from a reputable title insurance company licensed to do business in New Jersey (the "Commitment"). Within ten (10) business days after ~~receipt~~of receipt of the Commitment, the Buyer shall notify the Borough of any objections, other than the Permitted Encumbrances. Any matters set forth on the Commitment and not objected to by the Buyer within said ~~ten (10)~~ten (10) day period shall become Permitted Encumbrances hereunder. The Borough may elect to cure any title defect by so notifying the Buyer. If the Borough does not so elect within twenty (20) days after notice of the objection, or if after so electing, the Borough fails to cure the defect(s) prior to the Closing, then the Buyer may at its choice, (i) continue to close with a corresponding reduction in the Purchase Price equivalent to Buyer's (a) costs for curing any title defects and (b) costs to obtain any easements necessary for the ownership and operation of the Wastewater System that are missing or that the Borough is unable to deliver; or (ii) terminate this Agreement upon notice to the Borough, said notice to be delivered within seven (7) days of the Borough's failure to so elect or, if the Borough elects to cure but does not, to be delivered at

the Closing. If the Buyer terminates the Agreement pursuant to this section, the Borough shall promptly, and in no event later than ten (10) business days after such termination, repay to the Buyer the Deposit, and upon such termination this Agreement shall be deemed canceled, null and void and neither Party shall have any further obligation or liability to the other hereunder.

Section 6.2. PROPERTY INFORMATION MATERIALS. ~~The Subject to Section 2.1 (c), the~~ Buyer acknowledges that prior to the Buyer's execution of this Agreement, the Borough delivered to the Buyer and the Buyer reviewed the materials and information concerning the Wastewater System provided as part of the RFB (collectively, "Property Information Materials"). The Buyer acknowledges and understands that the Property Information Materials may have been prepared by parties other than the Borough and that the Borough makes no representation or warranty whatsoever, express or implied, as to the content, completeness, or accuracy of the Property Information Materials. The Buyer specifically releases the Borough from all claims, demands, causes of action, judgments, losses, damages, liabilities, costs and expenses (including attorney's fees whether suit is instituted or not) – whether known or unknown, liquidated or contingent (collectively, "Claims"), asserted against or incurred by the Buyer by reason of the information contained in, or that should have been contained in, the Property Information Materials or any inconsistency between such information and any representation or warranty of the Borough contained in this Contract. However, the foregoing release shall not apply to any Claims resulting from any intentional misstatements or willful misconduct on the part of the Borough. Provided however, nothing in this Section 6.2 shall affect nor relive the Borough of its obligations pursuant to Section 6.1.

Section 6.3. CONDITION OF THE SYSTEMS. Subject to the terms and conditions of this Agreement, and the representations and warranties contained in the other Transaction Documents, the Buyer has agreed to purchase the Wastewater System in its "AS-IS" condition, including their environmental condition, operating condition, and condition of repair. The Buyer acknowledges that the Buyer has had and/or has been given pursuant to the RFB, an adequate opportunity to make such legal, factual, and other inquiries and investigation as the Buyer deems necessary, desirable, or appropriate with respect to the Wastewater System. The Buyer has satisfied itself on all aspects, without limitation, of the Wastewater System and is not relying on any representation of the Borough in connection therewith except for the representations and warranties contained in this Agreement and the other Transaction Documents. Notwithstanding the above, the Borough shall operate the Wastewater System through the Closing Date in compliance with all local, state and federal rules and regulations and shall be responsible for any and all damages, claims and liability arising out of the Borough's operation of the Wastewater System.

ARTICLE VII

CONDITIONS TO OBLIGATION TO CLOSE

Section 7.1. CONDITIONS TO OBLIGATION OF THE BUYER. The obligation of the Buyer to perform its obligations in connection with the Closing is subject to the satisfaction or waiver by the Buyer of the following conditions:

- (A) the representations and warranties set forth in Article II of this Agreement and the other Transaction Documents shall be true and correct in all material respects as of the Closing Date;
- (B) the Borough shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;
- (C) there shall not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement and the Transaction Documents;
- (D) the Buyer shall have secured from the Borough, the BPU, NJDEP, and all other applicable Governmental Authorities and quasi-governmental entities, all authorizations and approvals required for the transfer of the Wastewater System to the Buyer, including but not limited to the NJDEP Permits, if necessary (the "Approvals"), and all such Approvals (i) shall be in form and substance and subject to terms and conditions reasonably satisfactory to the Buyer, (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived in order for such Approval to be effective, (iii) shall be in full force and effect, with any periods for appeal having expired, and (iv) all terminations or expirations of waiting periods imposed any Governmental Authority necessary for the consummation of the transaction shall have occurred. The Parties shall use all reasonable efforts to obtain the Approvals and to do so as expeditiously as reasonably possible. In connection with the Approvals, the Buyer shall deliver to the Borough or cause to be delivered to the Borough, through addition(s) to the applicable service list(s), copies of all correspondences to and from the bodies with whom the applications have been filed or will be filed. The Borough covenants to cooperate with the Buyer, at the Buyer's cost and expense, in the Buyer's efforts to obtain the Approvals and to promptly consent, when required by law, to all applications for the Approvals filed by the Buyer. The Buyer shall immediately notify the Borough in writing of any determinations made by any authority considering any application.

Section 7.2. CONDITIONS TO OBLIGATION OF THE BOROUGH. The obligation of the Borough to perform its obligations in connection with the Closing is subject to satisfaction or waiver by the Borough of the following conditions:

- (A) the representations and warranties set forth in Article III of this Agreement and in the other Transaction Documents shall be true and correct in all material respects as

of the Closing Date;

- (B) the Buyer shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;
- (C) there shall not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement or the Transaction Documents;
- (D) the Buyer shall have secured from the Borough, the BPU, NJDEP, and all other applicable governmental and quasi-governmental entities, all authorizations and approvals required for the transfer of the Wastewater System to the Buyer, including but not limited to the NJDEP Permits, if necessary (the "Approvals"). The Parties shall use all reasonable efforts to obtain the Approvals and to do so as expeditiously as reasonably possible. In connection with the Approvals, the Buyer shall deliver to the Borough or cause to be delivered to the Borough, through addition(s) to the applicable service list(s), copies of all correspondences to and from the bodies with whom the applications have been filed or will be filed. The Borough covenants to cooperate with the Buyer, at the Buyer's cost and expense, in the Buyer's efforts to obtain the Approvals and to promptly consent, when required by law, to all applications for the Approvals filed by the Buyer. The Buyer shall immediately notify the Borough in writing of any determinations made by any authority considering any application; and
- (E) the Borough shall have obtained any necessary consents and releases for the assignment and assumption of the assumed liabilities as defined in **Exhibit B**.
- (F) the Borough shall have approved: (A) defeasance and redemption of any outstanding bonds issued by the Borough on the Wastewater System; (B) discharge of any other outstanding debt issued to the Borough related to the Wastewater System and payable to any current lender; and (C) repayment of any grant issued to the Borough related to the Wastewater System that must be repaid due to the sale of the Wastewater System. At Closing, the Borough shall provide evidence that it has approved and satisfied any and all of the within obligations.

Section 7.3. SCHEDULE FOR CLOSING CONDITIONS. The Buyer shall promptly initiate and complete its conditions of Closing set forth in Section 7.1, provided, however, that all such conditions must be met no later than the date that is twelve (12) months following the date of this Agreement, or the adoption of the Township Consent, whichever is later. In the event that all such Closing conditions are not completed by such date notwithstanding the Company's good faith efforts, the Borough shall have the right to terminate this Agreement and retain the \$50,000 of the Transaction Costs Payment that had been paid to the Borough upon the passing of the Borough Ordinance approving the sale.

ARTICLE VIII

POST-CLOSING OBLIGATIONS OF BUYER

Subject to the approvals of the BPU, the Buyer shall be responsible for the following post-Closing obligations.

Section 8.1. CONTINUATION OF WASTEWATER SERVICES. The Buyer shall continue to provide services in accordance with the Customer Service Standards and the Customer Service Plan described in **Exhibit J** and shall ~~guarantee~~provide for the collection and conveyance of wastewater to the customers of the Wastewater System in a manner that meets the requirements of Buyer's tariff and all local, state, and federal laws and regulations relating to the collection and conveyance of wastewater and shall operate and maintain the Wastewater System to provide safe, reliable and adequate service.

Section 8.2. MAINTENANCE, REPAIRS, AND REPLACEMENT. The Buyer shall perform, at its own expense, all maintenance, repair, and replacement of the machinery, equipment, structures, improvements, and all other property and components constituting the Wastewater System. The Buyer shall provide or make provisions for all labor, materials, supplies, equipment, spare parts, and services which are necessary for the normal and ordinary maintenance of the Wastewater System and shall conduct predictive, preventive, and corrective maintenance of the Wastewater System as required by applicable law.

Section 8.3. RATE STABILIZATION COVENANT. Upon Closing, the Buyer shall adopt the Borough's sewer rates as defined in _____, and as set forth in **Exhibit D**, which Exhibit details the specific sections of _____ that will be adopted by the Buyer. The Buyer shall hold said rates for a minimum of _____ years. Thereafter, the Borough's rates shall increase by an average of no more than _____ percent (____%) per year, compounded annually, for the next _____ (____) years. Thereafter, any future base rate increases shall be included in Buyer's base rate cases periodically filed with the BPU. The Buyer shall use good faith efforts to minimize rate increases to Borough customers by spreading costs of the Wastewater System across its statewide customer base and phasing rates into the Buyer's existing tariff rates over the course of several base rate cases, all to the extent permitted by law. Other than the sewer rates as described above, all other fees as provided in Buyer's tariff shall apply as of the Closing Date.

Section 8.4. REQUIRED CAPITAL IMPROVEMENTS. The Buyer agrees to invest at least \$ _____ in capital improvements to the system within _____ (____) years of the Closing, \$ _____ of which the Buyer covenants to invest within the first _____ (____) years. **Exhibit K** contains a listing of potential capital improvements identified by the Buyer in its Bid submission in response to the RFB. This list may be subject to revision based upon further due diligence conducted by the Buyer post execution of this Agreement.

Section 8.5. SERVICE TO BOROUGH FACILITIES. The Buyer shall propose to the BPU that it will provide wastewater service to those Borough-owned facilities listed in **Exhibit N** to this Agreement at no cost to the Borough for a period of ~~ten (10)~~two (2) years from

the Closing Date or until Buyer's next base rate case, whichever occurs later, at the same volume levels as existed as of the Closing Date.

Section 8.6. SERVICE LINE RESPONSIBILITY. The term "Service Line" shall mean the lateral service line that connects the Wastewater System to a customer's premise. The Buyer shall be responsible for that portion of the Service Line within any public street right of way or sewer easement, or if there is no public street right of way or sewer easement, that portion of the Service Line that is five feet from the point of connection to the Wastewater System, or to the clean-out, whichever is closer. The customer shall be responsible for maintaining and repairing the remainder of the Service Line.

Section 8.7 POST-CLOSING COOPERATION OF THE BOROUGH. On or after the Closing Date, the Borough shall, on request, cooperate with the Buyer by furnishing any additional information, executing and delivering any additional documents and instruments, including contract assignments or easements, 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. Should the Buyer, in its reasonable discretion, determine after the Closing that books, records or other materials constituting acquired assets are still in the possession of the Borough, the Borough shall promptly deliver them to the Buyer at no cost to the Buyer. The Borough hereby agrees to cooperate with the Buyer to ensure a proper transition of all customers with respect to billing and customer service activities.

Section 8.8. RESERVED

Section 8.9. RESERVED.

Section 8.10. BOROUGH PUBLIC WORKS COMMITTEE. The Buyer shall agree to meet at the discretion of the Borough's Public Works Committee which shall act as an advisory panel for customer service and other Wastewater System related issues.

Section 8.11. PAVING. The Buyer shall temporarily and permanently pave Borough roads in accordance with the Borough's road opening ordinances and specifications and in coordination with other Borough road construction projects. The Company will provide curb-to-curb pavement restoration for all Company initiated work where the water and wastewater mains in a roadway are replaced in their entirety either between two connecting manholes or between two connecting roadway intersections. Buyer shall evaluate the condition of any wastewater main that falls within the limits of a road reconstruction project initiated by the Borough. Should the Buyer elect to replace or rehabilitate sewer assets, the work would be coordinated with the Borough ahead of the planned road reconstruction project.

ARTICLE IX

REMEDIES FOR BREACHES OF THIS AGREEMENT

Section 9.1. PRE-CLOSING DEFAULT BY THE BUYER. In the event that the Buyer materially breaches or defaults under this Agreement before the Closing hereunder, and such material breach or default continues for ten (10) business days after written notice from the Borough to the Buyer specifying such material breach or default, the Borough shall have the right as its sole remedy to terminate this Agreement and retain twenty-five percent (25%) of the Deposit and \$50,000 of the Transaction Costs Reimbursement paid to the Borough upon the passing of the Ordinance approving the sale as liquidated damages. The Borough's rights and remedies pursuant to this Section 9.1 shall survive any termination of this Agreement by the Borough as a result of the Buyer's default.

Section 9.2. PRE-CLOSING DEFAULT BY THE BOROUGH. In the event that the Borough materially breaches or defaults under this Agreement before Closing and such material breach or default continues for ten (10) business days after written notice from the Buyer to the Borough specifying such material breach or default the Buyer shall have the right as its sole remedy to either seek to enforce the Agreement by an action for specific performance (but not an action for damages) or to terminate this Agreement and have the Deposit returned. The Buyer's rights and remedies pursuant to this section shall survive any termination of this Agreement by the Buyer as a result of the Borough's default.

Section 9.3. POST-CLOSING DEFAULTS. In the event that either party materially breaches or defaults under this Agreement or the Transaction Documents after the Closing, and such material breach or default continues for ten (10) business days after written notice from the non-defaulting party to the defaulting party specifying such material breach or default, the non-defaulting party shall have the right to seek any available remedies at law or equity.

ARTICLE X ESCROW AGENT

Section 10.1. ESCROW The Deposit shall be held by the Escrow Agent, in trust, for the benefit of the Parties as their interests appear hereunder under the Escrow Agreement attached hereto and incorporated herein by reference as **Exhibit I**.

ARTICLE XI

NON-BINDING MEDIATION; FORUM FOR DISPUTE RESOLUTION

Section 11.1. RIGHTS TO REQUEST AND DECLINE NON-BINDING MEDIATION. Either Party may request non-binding mediation of any dispute arising under this Agreement. The non-requesting party may decline the request in its sole discretion. If there is concurrence that any particular matter shall be mediated, the provisions of this Article shall apply. The costs of such non-binding mediation shall be divided equally between the Borough and the Buyer.

Section 11.2. PROCEDURE. The mediator shall be a professional engineer, attorney or other professional mutually acceptable to the Parties who has no current or on-going relationship to either Party. The mediator shall have full discretion as to the conduct of the mediation. Each Party shall participate in the mediator's program to resolve the dispute until and unless the Parties reach agreement with respect to the disputed matter or one Party determines in its sole discretion that its interests are not being served by the mediation.

Section 11.3. NON-BINDING EFFECT. Mediation is intended to assist the Parties in resolving disputes over the correct interpretation of this Agreement. No mediator shall be empowered to render a binding decision.

Section 11.4. RELATION TO JUDICIAL LEGAL PROCEEDINGS. Nothing in this Article shall operate to limit, interfere with, or delay the right of either Party under this Article to commence judicial legal proceedings upon a breach of this Agreement by the other Party, whether in lieu of, concurrently with, or at the conclusion of any non-binding mediation.

Section 11.5. FORUM FOR DISPUTE RESOLUTION. It is the express intention of the Parties that all legal proceedings related to this Agreement or to the Wastewater System or to any rights or any relationship between the Parties arising therefrom shall be solely and exclusively initiated and maintained in the applicable State courts located in Somerset County, New Jersey.

ARTICLE XII

INDEMNIFICATION

Section 12.1. INDEMNIFICATION BY THE BUYER. The Buyer shall indemnify, defend and hold harmless, including paying all attorneys' fees, the Borough, and its elected officials (each, a "Borough Indemnitee"), from and against any and all third-party claims, demands, suits, actions, damages, liabilities or expenses arising from or alleged to arise from or in connection with: (1) the operation of the Wastewater System subsequent to the Closing Date; (2) any failure by the Buyer to perform its obligations under this Agreement; and (3) the negligent acts, errors or omissions or willful misconduct of the Buyer or any of its officers, directors, employees, agents, representatives or subcontractors in connection with this Agreement.

Section 12.2. INDEMNIFICATION BY THE BOROUGH. To the extent permitted by law, the Borough shall indemnify, defend and hold harmless the Buyer from and against any and all third-party claims, demands, suits, actions, damages, liabilities or expenses arising from (or alleged to arise from or in connection with: (1) any inaccuracy in or breach of or any claim by any third party alleging or constituting an inaccuracy or 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 the Borough; (2) all liabilities and/or duties of the Borough, whether accruing prior to or after the Closing Date; (3) the ownership and/or operation of the Wastewater System prior to the Closing Date; and (4) the willful misconduct of the Borough in connection with this Agreement.

Section 12.3. THIRD PARTY CLAIMS. An Indemnitee shall give the Indemnitor notice of any matter which an Indemnitee has determined has given or could give rise to a right of indemnification under this Agreement (an "Indemnified Claim") within sixty (60) days of such determination, stating the amount of the Losses, if known, the method of computation thereof, and containing a reference to the provisions of this Agreement from which such right of indemnification is claimed or arises. If the Indemnitor acknowledges in writing that its obligation to indemnify the Indemnitee hereunder against any Losses that may result from such Indemnified Claim, then the Indemnitor shall be entitled to assume and control the defense of such Indemnified Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnitee within five (5) days of the receipt of such notice from the Indemnitee. In the event the Indemnitor exercises the right to undertake any such defense against any such Indemnified Claim as provided above, the Indemnitee shall cooperate with the Indemnitor in such defense and make available to the Indemnitor, at the Indemnitor's expense, all witnesses, pertinent records, materials and information in the Indemnitee's possession or under the Indemnitee's control relating thereto as is reasonably required by the Indemnitor. Similarly, in the event the Indemnitee is, directly or indirectly, conducting the defense against any such Indemnified Claim, the Indemnitor shall cooperate with the Indemnitee in such defense and make available to the Indemnitee, at the Indemnitor's expense, all such witnesses, records, materials and information in the Indemnitor's possession or under the Indemnitor's control relating thereto as is reasonably required by the Indemnitee. No such Indemnified Claim may be settled by the Indemnitor without the prior written consent of the Indemnitee which shall not be unreasonably withheld. If the Indemnitor fails to acknowledge its indemnity obligation within the time period provided above

then the Indemnitee may undertake its own defense without waiving its right to seek indemnity hereunder, including reimbursement of any defense costs incurred.

Section 12.4. NO OTHER DAMAGES. Other than in connection with third party claims, or as set forth herein, in no event shall either Party be liable to the other for any reason under this Agreement or any other Transaction Document for any form of special, incidental, indirect, consequential, or punitive damages of any kind (whether or not foreseeable), even if informed in advance of the possibility of such damages, and whether arising in contract, tort (including negligence), or otherwise.

ARTICLE XIII MISCELLANEOUS

Section 13.1. THIRD PARTY BENEFICIARIES. Neither this Agreement nor any Transaction Document shall confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

Section 13.2. ENTIRE AGREEMENT. This Agreement (including the other Transaction Documents), constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter of any such agreement or document.

Section 13.3. SUCCESSION AND ASSIGNMENT. This Agreement and each Transaction Documents shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Neither Party shall assign this Agreement to any Person without the other party's prior written consent.

Section 13.4. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

Section 13.5. HEADINGS. The article and section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 13.6. NOTICES. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to Borough:

Business Administrator
Borough of Somerville
25 West End Ave
Somerset, New Jersey 08876
(908) 725-2300

Copy to:

Ryan J. Scerbo, Esq.
DeCotiis, FitzPatrick, Cole & Giblin
61 South Paramus Road
Suite 250
Paramus, New Jersey 07652
Fax: (201) 928-0588

If to Buyer:

Copy to:

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it is actually received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

Section 13.7. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of New Jersey without giving effect to any choice or conflict of law provision or rule (whether of the State of New Jersey or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New Jersey.

Section 13.8. AMENDMENTS AND WAIVERS. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Buyer and the Borough. No waiver by any Party of any default, misrepresentation, breach of warranty, or breach of covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, breach of warranty, or breach of covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

Section 13.9. SEVERABILITY. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

Section 13.10. EXPENSES. Subject to the Borough's retention of the \$50,000 portion of the Transaction Costs Payment paid to the Borough upon the passing of the Ordinance approving the sale (except as provided in Section 6.1), in the event the Closing does not occur, other than by reason of a material default by one of the Parties, each Party shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

Section 13.11. CONSTRUCTION. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

Section 13.12. VARIATIONS IN PRONOUNS. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

Section 13.13. INCORPORATION OF EXHIBITS AND SCHEDULES. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

Section 13.14. TRANSFER TAXES. The Buyer shall be responsible for all transfer taxes or other taxes applicable to the transaction, if any.

Section 13.15. TIME IS OF THE ESSENCE. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

Section 13.16. REVIEW OR AUDIT BY OFFICE OF THE STATE COMPTROLLER. In accordance with N.J.S.A. 52:15C-14(d), Buyer shall maintain all documentation related to products, transactions or services under this Agreement for a period of five years from the Closing Date. Such records shall be made available to the New Jersey Office of the State Comptroller upon request.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement of the date first above written.

BOROUGH OF SOMERVILLE

By: _____

Name:

Title:

[BUYER]

By: _____

Name:

Title:

EXHIBIT A

DESCRIPTION OF THE WASTEWATER SYSTEM

The Borough owned system provides wastewater collection services to approximately _____ customer connections, approximately _____ of which are physically located in the Borough with the remainder being physically located in _____. The Borough owns the assets of the system physically located in the Borough limits and not the sewer mains and appurtenances located in _____.

The Borough owned system is comprised of approximately _____ (_____) miles of mostly _____ pipe ranging in size from _____” to _____”, and appurtenant facilities (i.e. manholes).

Pipe Diameter (in)	Length (lf)
8	
10	
12	
15	
Total	

The Borough owned system contains _____ wastewater pump station located on _____. All wastewater flow from the Borough flow, is metered at the RVRSASVRSA Metering station before being transmitted to the RVRSASVRSA regional wastewater treatment plant for ultimate treatment and disposal.

See attached map of the collection system and diagram of the wastewater basins schematic.

EXHIBIT B

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the “Assignment and Assumption Agreement”) is made and entered into on [] by and between the Borough of Somerville, a public body corporate and politic in Somerset County in the State of New Jersey (the “Assignor”) and _____, a _____ Corporation with principal corporate offices at _____ (the “Assignee”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Agreement of Sale (as defined below).

WHEREAS, Assignor and Assignee are parties to a certain Agreement of Sale, dated _____, 2022 (the “Agreement”), providing for the sale by the Assignor of the assets constituting the Wastewater System to the Assignee; and

WHEREAS, the Assignor and the Assignee have agreed that on or prior to the Closing, the Assignor shall assign, and Assignee shall assume, the Assumed Liabilities, as more fully described herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

Section 1. **ASSIGNMENT AND ASSUMPTION**. Subject to the terms and conditions of the Agreement of Sale, the Assignor hereby assigns, sells, transfers, and sets over (collectively, the “Assignment”) to the Assignee all of Assignor's rights, obligations, and liabilities relating to the Assumed Liabilities as more particularly set forth on **Schedule I** attached hereto and made a part hereof. Subject to the terms and conditions of the Agreement, the Assignee hereby accepts the Assignment and will assume, observe, and perform all of the duties, obligations, terms, provisions, and covenants contained therein. The Assignee shall also pay and discharge all of the obligations and liabilities of the Assignor ~~to which have been incurred post closing~~ to be observed, performed, paid, or discharged in connection with the Assumed Liabilities. To the extent that the Assignment contemplated by this Section 1 constitutes or would be deemed to constitute a grant, sale, assignment, transfer, conveyance, or delivery, or an attempted grant, sale, assignment, transfer, conveyance, or delivery to the Assignee of any Assumed Liabilities, and such transaction would be prohibited by any applicable law or would require any governmental or third party authorizations, approvals, consents, or waivers, and such authorizations, approvals, consents, or waivers have not been obtained prior to the date hereof, this Assignment and Assumption Agreement shall not constitute a grant, sale, assignment, transfer, conveyance, or delivery, or an attempted grant, sale, assignment, transfer, conveyance, or delivery thereof. Following the date hereof, the parties shall cooperate and use commercially reasonable best efforts to obtain promptly such authorizations, approvals, consents, or waivers, and to obtain novations or other agreements if appropriate and, after obtaining such, to complete the transactions contemplated hereby. Pending such authorization, approval, novation, consent, or waiver, the parties shall cooperate with each other in any reasonable and lawful arrangement designed to provide the economic costs and benefits of the Assumed Liabilities to the Assignee. To the extent possible,

performance obligations of Assignor with respect to any such Assumed Liabilities shall be deemed to be subcontracted to the Assignee.

Section 2. FURTHER ASSURANCES. The Assignor and the Assignee each covenants and agrees to execute and deliver, at the request and expense of the other party hereto, such further instruments of transfer and assignment and to take such other action as such the other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Assignment and Assumption Agreement.

Section 3. MISCELLANEOUS. This Assignment and Assumption Agreement constitutes an agreement solely among the Parties hereto and is not intended to and shall not confer any rights, remedies, obligations, or liabilities, legal or equitable, on any person other than the Parties hereto and their respective successors, assigns, and legal representatives, nor shall person other such person otherwise constitute a third party beneficiary under or by reason hereof. This Assignment and Assumption Agreement may be executed in one or more counterparts, each of which shall be deemed an original agreement, but all of which together shall constitute one and the same instrument. This Assignment and Assumption Agreement shall be governed by and construed in accordance with the internal laws of the State of New Jersey without reference to choice of law principles thereof. This Assignment and Assumption Agreement may only be amended or modified in writing, signed by the party against whom enforcement of such amendment or modification is sought. In the event that the Closing does not occur, this Assignment and Assumption Agreement shall become null and void and the Assumed Liabilities shall remain the sole obligation of Assignor.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

BOROUGH OF SOMERVILLE

By: _____
Name:
Title:

[BUYER]

By: _____
Name:
Title:

SCHEDULE I TO ASSIGNMENT AND ASSUMPTION AGREEMENT

All obligations relating to the Wastewater System accruing and arising on or after the Closing Date, including, but not limited to all obligations accruing or arising out of the Borough Consent.

All contractual commitments of the Borough contained in the assumed contracts listed in **Exhibit E** accruing and arising after the Closing Date.

EXHIBIT C

FORM OF BILL OF SALE

THIS BILL OF SALE dated as _____, 2022 from the Borough of Somerville, a public body corporate and politic in Somerset County in the State of New Jersey (the “Borough”) and _____, a _____ Corporation with principal corporate offices at _____ (the “Buyer”).

WITNESSETH

WHEREAS, by an Agreement of Sale, dated _____, 2022 (the “Agreement”), between the Borough and the Buyer, the Borough has agreed to convey to the Buyer certain assets, properties, and rights defined, described, and referred to in the Agreement (collectively, the “Wastewater System”) which include those assets listed on the document attached hereto as **Schedule I to Exhibit C**, with the exception of those items expressly set forth on the document attached hereto as **Schedule II to Exhibit C**; and

WHEREAS, pursuant to due authorization, the Borough is presently executing and delivering this Bill of Sale to the Buyer for the purpose of selling and assigning to and vesting in the Buyer all of the right, title, and interest currently held by the Borough in and to the Wastewater System;

NOW THEREFORE, in consideration of the purchase price provided in the Agreement and other good and valuable consideration, and intending to be legally bound, the Borough hereby grants, sells, conveys, assigns, transfers, sets over to, and vests in the Buyer, its successors and assigns, all of its right, title and interest, legal and equitable, in and to the Wastewater System.

TO HAVE AND TO HOLD the same, including the appurtenances thereof, unto the Buyer, its successors and assigns, forever, to its and their own proper use and behoof.

Section 1. **SALE OF SYSTEMS AS IS**. Except as specifically set forth in the Agreement, the Wastewater System is being transferred “**AS IS**”, “**WHERE IS**”, and “**WITH ALL FAULTS**” as of the date of this Bill of Sale, without any representation or warranty whatsoever as to its condition, fitness for any particular purpose merchantability or any other warranty, express or implied. Except as specifically set forth in the Agreement, the Borough specifically disclaims and Buyer waives any warranty, guaranty or representation, oral or written, past or present, express or implied, concerning the Wastewater System. The Buyer is hereby thus acquiring the Wastewater System based solely upon the Buyer’s own independent investigations and inspections of that property and not in reliance upon any information provided by the Borough or the Borough’s agents or contractors. The Borough has made no agreement to alter, repair, or improve any portion of the Wastewater System.

Section 2. **APPLICABLE LAW**. This instrument shall be governed by and enforced in accordance with the laws of the State of New Jersey.

IN WITNESS WHEREOF, the Borough has caused this Bill of Sale to be duly executed as of the date first above written.

Borough of Somerville, a public body corporate and politic in Somerset County in the State of New Jersey

By: _____

RECEIPT OF THE FOREGOING

BILL OF SALE

ACKNOWLEDGED AS OF

[____], 2022.

[buyer]

By: _____

SCHEDULE I TO EXHIBIT C

INCLUDED ASSETS

All assets that comprise the Wastewater System as described in Exhibit A. The Included Assets shall not include the Excluded Assets set forth in Schedule II to Exhibit C.

SCHEDULE II TO EXHIBIT C

EXCLUDED ASSETS

Personal property

Office equipment

Office supplies

Vehicles

Cash, securities, bank accounts and the accounts receivable of the B o r o u g h relating to the Wastewater System up to and including the Closing Date.

EXHIBIT D

TARIFF

EXHIBIT E

**LIST OF WRITTEN CONTRACTS TO WHICH THE BOROUGH IS A
PARTY WHICH RELATE TO THE SYSTEM**

EXHIBIT F

FORM OF ASSIGNMENT AND GRANT OF EASEMENTS.

RIGHTS OF WAY, AND OTHER PROPERTY

THIS ASSIGNMENT is made this day of _____, 2022 between the **BOROUGH OF SOMERVILLE**, a public body corporate and politic in Somerset County in the State of New Jersey (the “Grantor”), and _____, a _____ Corporation (the “Grantee”), having an address at _____.

WHEREAS, pursuant to an Agreement of Sale (the “Agreement”) dated _____, 2022 and a Bill of Sale contemporaneously herewith, the Grantor has granted, sold, conveyed, assigned, transferred, set over, and vested in Grantee, its successors, and its assigns, all of the Grantor's right, title, and interest in the Wastewater System as defined in the Agreement.

WITNESSETH, that Grantor for and in consideration of the sum of One Dollar (\$1.00) lawful money of the United States of America, and other valuable consideration, unto it well and truly paid by Grantee at or before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, has assigned, granted, bargained, sold, aliened, enfeoffed, released, and confirmed, and by these presents does assign, grant, bargain, sell, alien, enfeoff, release, and confirm unto Grantee, its successors and assigns:

ALL Grantor's right, title and interest in and to any and all: (a) those certain rights of way, easements, licenses, and other rights and interests created or evidenced by those instruments listed in **Schedule I to Exhibit F** and made a part hereof, as well as any and all other easements and rights of way owned by Grantor which are rights in real property related to the provisions of water and wastewater service (collectively, the “Easements”); (b) any rights of way or easements that may be located in private property without written instruments where rights may have arisen from the passage of time, the operation of law, or otherwise; (c) all rights of Grantor to easements that may be shown on subdivision or development plans; and (d) all rights, liberties, privileges, hereditaments, and appurtenances whatsoever thereunto belonging, or in and otherwise appertaining, and the reversions, remainders, rents, issues and profits thereof; and all the estate, right, title, interest, property, claim, and demand whatsoever in and to the same and every part thereof (all of the foregoing being herein referred to as the “**Premises**”);

TOGETHER WITH all of Grantor's occupancy rights and privileges to use, maintain, replace, and repair all water mains and appurtenant facilities located in the public rights-of-way of State highways and Borough’s roads.

TOGETHER WITH all of Grantor's rights of ingress, egress, and regress to and from said Easements, water and wastewater mains and appurtenances, at any and all times for the purpose of operating the Wastewater System and laying, relaying, installing, operating, inspecting, maintaining, repairing, altering, removing, renewing, and replacing the Wastewater System and their appurtenances;

TO HAVE AND TO HOLD the Easements and Premises hereby granted, or mentioned and intended so to be, with the appurtenances, unto the Grantee, its successors and assigns, to and for the only proper use of the Grantee, its successors and assigns, forever.

This Grant and all of the covenants herein contained shall inure to the benefit of and shall be binding upon Grantor, its successors and assigns, and Grantee, its successors or assigns.

The Grantee accepts and assumes any and all obligations under and arising in connection with the Easements and shall indemnify the Borough in connection with the Grantee's failure or improper performance of such obligations.

IN WITNESS WHEREOF the Grantor has caused this Assignment and Grant to be duly executed the day and year first above written.

[SEAL]

BOROUGH OF SOMERVILLE, a public body corporate and politic in Somerset County in the State of New Jersey

Attest: _____

By: _____
Name
Title:

STATE OF NEW JERSEY)
): SS.:
SOMERSET)

On this, the ___day of_____ 2022, before me, a Notary Public in and for said County, personally appeared _____, who acknowledged himself to be the _____ of the Borough of Somerville, a public body corporate and politic in Somerset County in the State of New Jersey, and that he, as such _____, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of _____ by himself as _____.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
My Commission Expires:
[SEAL]

SCHEDULE I TO EXHIBIT F

LIST OF EASEMENTS GRANTED TO OR OBTAINED BY THE BOROUGH

Easements granted to or obtained by the Borough of Somerville. [Note: the Borough to list and provide copies of all easements necessary for the ownership and operation of the Wastewater System].

EXHIBIT G

FORM OF GENERAL ASSIGNMENT

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT, dated _____, 2022, by and between the **BOROUGH OF SOMERVILLE**, a public body corporate and politic in Somerset County in the State of New Jersey (the “Assignor”) and _____, a _____ corporation having a mailing address at _____ (the “Assignee”).

WHEREAS, Assignor and Assignee entered into an Agreement of Sale dated _____, 2022 (the “Agreement”) for the sale and purchase of the Wastewater System (as defined in the Agreement); and

WHEREAS, in connection with such sale and purchase, and as provided in the Agreement, Assignor desires to assign, transfer, set over, and deliver to Assignee all of Assignor's right, title, and interest in and to all assignable permits, licenses, plans, warranties, and guarantees benefiting the Wastewater System (each issuer of any such permit, license, plan, warranty, or guarantee is hereinafter referred to as an “Issuer”), including, without limitation, items described on **Schedule I to Exhibit G** attached hereto (the “Assigned Rights”), and

WHEREAS, Assignee desires to accept the Assigned Rights.

NOW, THEREFORE, in accordance with the Agreement and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties do hereby covenant and agree as follows:

Section 1. ASSIGNMENT. Assignor does hereby assign, transfer, set over, and deliver unto Assignee all of the Assignor’s right, title, and interest in and to the Assigned Rights. Assignor agrees that upon Assignee’s request, it shall, without charge, execute such further reasonable documents as any Issuer may require to evidence this assignment, provided that no such document imposes any obligation or liability upon Assignor for any obligations or liabilities accruing on or after the date of this Assignment.

Section 2. BINDING ASSIGNMENT. This Assignment shall be: (i) binding upon, and inure to the benefit of the parties to this Assignment and their respective heirs, legal representatives, successors and assigns and (ii) construed in accordance with the laws of the State of New Jersey without regard to the application of choice of law principles.

Section 3. COUNTERPARTS. This Assignment may be executed in counterparts, all of which together shall constitute one agreement binding on all of the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

IN WITNESS WHEREOF, this General Assignment has been signed, sealed and delivered by the parties as of the date first above written.

WITNESS:

ASSIGNOR:

BOROUGH OF SOMERVILLE, a public body corporate and politic in Somerset County in the State of New Jersey

Accepted this ___ day of _____, 20__.

By: _____
Name
Title:

WITNESS:

ASSIGNEE:

By: _____

[BUYER]

By: _____
Name
Title:

SCHEDULE I TO EXHIBIT G
LIST OF ASSIGNED RIGHTS

PERMITS:

EXHIBIT H

DISCLOSURE SCHEDULE TO THE AGREEMENT OF SALE

BETWEEN THE BOROUGH OF SOMERVILLE AND [BUYER]

These schedules are to be read in their entirety. Nothing in these schedules is intended to broaden the scope of any representation or warranty contained in the Agreement of Sale (the “Agreement”). The disclosure of any item, explanation, exception, or qualification in these schedules is disclosure of that item for all purposes for which disclosure is required under the Agreement, and is disclosed in all appropriate schedules irrespective of whether any cross-reference is made or whether no schedule is provided with respect to any representation or warranty. Capitalized terms used and not otherwise defined in these schedules shall have the meanings ascribed to them in the Agreement.

Schedule 2.1(A)

Organization of Borough

Schedule 2.1(B)

Authorization of Transaction

Schedule 2.1(C)

Title

Schedule 2.1(D)

Assets

Schedule 2.1(E)

Litigation

Schedule 2.1(F)

Default

Reimbursement Obligation

Schedule 2.1(G)

System Compliance

Schedule 2.1(H)

Tariff

Schedule 3.1(A)

Organization of Buyer

Schedule 3.1(B)

Authorization of Transaction

Schedule 3.1(C)

Litigation

Schedule 3.1(D)

Warranties

Schedule 3.1(E)

Right to Inspect

Schedule 3.1(F)

Other Limitations of Local, State, and Federal Laws and Regulations

Schedule 3.1(G)

Source of Funds

Schedule 3.1(H)

Blocked Person

EXHIBIT I

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of _____, 2022 (this “Escrow Agreement”), by and among **BOROUGH OF SOMERVILLE**, a public body corporate and politic in Somerset County in the State of New Jersey (the “Borough”), _____, a _____ corporation (“Buyer”), and _____ (the “Escrow Agent”).

WITNESSETH

WHEREAS, the Buyer has executed and delivered to the Borough an Asset Agreement of Sale, dated as of _____, 2022 (the “Agreement”), pursuant to which the Buyer will purchase from the Borough, and the Borough will sell to the Buyer, the Wastewater System as defined in the Agreement;

WHEREAS, it is contemplated under the Agreement that the Buyer will deposit or cause to be deposited into escrow the sum of 10% of the Purchase Price (the “Escrow Amount”) in cash upon its execution of the Agreement, to be held and disbursed by the Escrow Agent in accordance with the terms herein; and

WHEREAS, Escrow Agent is willing to act as the Escrow Agent hereunder.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and in the Agreement, and intending to be legally bound hereby, the parties hereby agree as follows:

Section 1. APPOINTMENT AND AGREEMENT OF ESCROW AGENT. The Buyer and the Borough hereby appoint the Escrow Agent to serve as, and the Escrow Agent hereby agrees to act as the escrow agent upon the terms and conditions of this Agreement.

Section 2. ESTABLISHMENT OF THE ESCROW FUND. Pursuant to Section 2.4 of the Agreement, the Buyer shall deliver to the Escrow Agent on the date hereof the Escrow Amount. The Escrow Agent shall hold the Escrow Amount and all interest and other amounts earned and/or accrued thereon (the “Escrow Fund”) in escrow pursuant to the terms of this Escrow Agreement and the Agreement.

Section 3. PURPOSE OF THE ESCROW FUND. The Escrow Amount will be held by the Escrow Agent as a deposit made by the Buyer to be credited against the Purchase Price to the Borough pursuant to Section 2.4 of the Agreement.

Section 4. PAYMENTS FROM THE ESCROW FUND.

(A) At the Closing, upon written request of the Buyer and the Borough, the Escrow Agent shall pay in full to the Borough in immediately available funds all such amounts in the Escrow Fund. The Buyer and Borough agree that such amount shall be credited against the Purchase Price in favor of the Buyer at the Closing.

(B) In the event that the Agreement is terminated as described in Section 9.2 of the Agreement of Sale, the Buyer shall provide written notice to the Escrow Agent of such termination specifying in reasonable detail the nature and basis for such termination. The Escrow Agent shall, upon receipt of such notice, deliver a copy of such notice to the Borough's Representative. If within ten (10) Business Days after delivery of such notice, the Escrow Agent has not received a written objection from the Borough or the Borough's Representative, the Escrow Agent shall promptly transfer the Escrow Fund to the Buyer, by wire transfer in immediately available funds. If the Escrow Agent has received an objection within the stated time period, then Escrow Agent will proceed as described in Section 5 below.

(C) In the event that the Agreement is terminated as described in Section 9.1 of the Agreement, the Borough shall provide written notice to the Escrow Agent of such termination specifying in reasonable detail the nature and basis for such termination. The Escrow Agent shall, upon receipt of such notice, deliver a copy of such notice to the Buyer. If within ten (10) Business Days after delivery of such notice, the Escrow Agent has not received a written objection from the Buyer, the Escrow Agent shall promptly transfer the Escrow Fund to the Borough by wire transfer in immediately available funds. If the Escrow Agent has received an objection with the stated time period, then Escrow Agent will proceed as described in Section 5 below.

Section 5. OBJECTION TO A TERMINATION NOTICE. Either party, after receipt of a notice from the Escrow Agent that the other party is claiming a right to payment of the Escrow Fund pursuant to a termination right under the Agreement, may at any time within the ten (10) Business Days after receipt of said notice object by delivering to the Escrow Agent a writing specifying in reasonable detail the nature and basis for such objection. Upon receipt of such an objection, the Escrow Agent shall deliver a copy of such objection to the party seeking payment of the Escrow Fund. Unless the Escrow Agent thereafter receives, a statement from the objecting party that it is withdrawing its objection, the Escrow Fund shall be held by the Escrow Agent and shall not be released except in accordance with either: (i) written instructions jointly executed by an authorized officer of the Buyer and the Borough's Representative or (ii) the final non-appealable judgment of a court.

Section 6. MAINTENANCE OF THE ESCROW FUND; TERMINATION OF THE ESCROW FUND.

(A) The Escrow Agent shall maintain the Escrow Fund in a non-interest bearing account in [Bank] until the earlier of:

- (i) the time at which there shall be no funds in the Escrow Fund; or
- (ii) the termination of this Escrow Agreement.

(B) Notwithstanding any other provision of this Escrow Agreement to the contrary, at any time prior to the termination of the Escrow Fund, the Escrow Agent shall, if so instructed in a writing jointly signed by the Buyer and the Borough's Representative, pay from the Escrow Fund, as instructed, to the Borough or the Buyer, as directed in such writing, the amount of cash so instructed.

(C) Escrowee shall not be responsible for any interest on the Deposit except as is actually earned, or for the loss of any interest resulting from the withdrawal of the Deposit prior to the date interest is posted thereon or for any loss caused by the failure, suspension, bankruptcy or dissolution of the institution in which the Deposit is deposited.

(D) In the event that the Escrow Agent is uncertain as to its duties or rights hereunder or receives instructions from any party hereto with respect to the Escrow Fund which, in its reasonable opinion, are in conflict with any of the provisions of this Escrow Agreement or any instructions received from one of the other parties to this Escrow Agreement, the Escrow Agent shall be entitled to refrain from taking any action other than to keep the Escrow Fund in question until: (i) such time as there has been a "Final Determination" (as defined herein) with respect to the Escrow Fund or (ii) deposit the Escrow Fund in escrow into any Court of competent jurisdiction at any time and thereafter shall have no further obligations or liabilities to anyone under this Escrow Agreement. For purposes of this Section, there shall be deemed to have been a "Final Determination" of the rights of the applicable parties with respect to the Escrow Fund at such time as any of the applicable parties shall file with the Escrow Agent: (i) an official certified copy of a court order, together with an opinion of counsel of the party filing the foregoing, in form and substance acceptable to the Escrow Agent and its counsel, stating that the court order is a final determination (and not subject to appeal in a federal or state court of competent jurisdiction) of the rights of the parties hereto with respect to the Escrow Fund, that the time to appeal from said court order has expired, and that said court order is binding upon the applicable parties or (ii) a fully executed agreement or consent by and among the applicable parties which provides for disposition of the Escrow Fund in accordance with Article XII of the Agreement.

Section 7. ASSIGNMENT OF RIGHTS TO THE ESCROW FUND; ASSIGNMENT OF OBLIGATIONS; SUCCESSORS. This Agreement may not be assigned by operation of law or otherwise without the express written consent of each of the parties hereto (which consent may be granted or withheld in the sole discretion of such parties); provided, however, that the Buyer may assign this Escrow Agreement to an Affiliate of the Buyer without the consent of the other parties. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns.

Section 8. ESCROW AGENT.

(A) Except as expressly contemplated by this Agreement or by joint written instructions from the Buyer and the Borough, the Escrow Agent shall not sell, transfer, or otherwise dispose of all or any portion of the Escrow Fund in any manner, except pursuant to an order of a court of competent jurisdiction.

(B) The duties and obligations of the Escrow Agent shall be determined solely by this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Escrow Agreement.

(C) In the performance of its duties hereunder, the Escrow Agent shall be entitled to rely upon any document, instrument, or signature believed by it in good faith to be genuine and signed by any party hereto or an authorized officer or agent thereof (specifically

including the Borough's Representative), and shall not be required to investigate the truth or accuracy of any statement contained in any such document or instrument. The Escrow Agent may assume that any person purporting to give any notice on behalf of a party hereto in accordance with the provisions of this Agreement has been duly authorized to do so.

(D) The Escrow Agent shall not be liable for any error of judgment or any action taken, suffered, or omitted to be taken hereunder except in the case of its gross negligence, bad faith, or willful misconduct. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(E) The Escrow Agent shall have no duty as to the collection or protection of the Escrow Fund or income thereon, nor to preserve any rights pertaining thereto beyond the safe custody of any such funds actually in its possession.

(F) As compensation for its services to be rendered under this Agreement, Escrow Agent shall be reimbursed upon request for all expenses, disbursements, and advances, including reasonable fees of outside counsel, if any, incurred or made by it in connection with the preparation of this Escrow Agreement and the carrying out of its duties under this Escrow Agreement. All such expenses shall be the joint and several responsibility of the Borough and the Buyer.

(G) The Buyer and the Borough shall reimburse and indemnify the Escrow Agent for and hold it harmless against any loss, liability, or expense, including, without limitation, reasonable attorney's fees incurred except in connection with gross negligence, bad faith, or willful misconduct on the part of the Escrow Agent arising out of, or in connection with the acceptance or performance of its duties and obligations under this Escrow Agreement.

(H) The Escrow Agent may resign at any time by giving twenty (20) Business Days' prior written notice of resignation to the Borough's Representative and the Buyer. The Borough and the Buyer may remove the Escrow Agent at any time by jointly giving the Escrow Agent ten (10) Business Days' written notice signed by each of them. If the Escrow Agent is to resign or be removed, a successor Escrow Agent shall be appointed by the Buyer by written instrument executed by the Borough's Representative and the Buyer. Such instrument shall be delivered to the Escrow Agent and to such successor Escrow Agent and, thereupon, the resignation or removal of the predecessor Escrow Agent shall become effective and such successor Escrow Agent, without any further act, deed or conveyance, shall become vested with all right, title, and interest to all cash and property held hereunder of such predecessor Escrow Agent. Such predecessor Escrow Agent shall, on the written request of the Borough's Representative, the Buyer, or the successor Escrow Agent, execute and deliver to such successor Escrow Agent all the right, title, and interest hereunder in and to the Escrow Fund of such predecessor Escrow Agent and all other rights hereunder of such predecessor Escrow Agent. If no successor Escrow Agent is appointed within twenty (20) Business Days of a notice of resignation by the Escrow Agent, the Escrow Agent's sole responsibility shall thereafter be to hold the Escrow Fund until the earlier of its receipt of designation of a successor Escrow Agent, a joint written instruction by the Borough's Representative and the Buyer, or termination of this Escrow Agreement in accordance with its terms.

(I) The Escrow Agent is acting as a stakeholder only with respect to the Escrow Fund. Upon making delivery of the Escrow Fund in the manner herein provided, the Escrow Agent shall have no further liability hereunder.

(J) The Borough and the Buyer acknowledge that the Escrow Agent has represented the Borough in connection with, among other things, the Agreement and the matters giving rise to this Escrow Agreement and will continue to represent the Borough in connection with such matters and any other matters. Each of the parties to this Agreement waives any right it now has or may have in the future to any claim of conflict as a result of the Escrow Agent's execution, delivery, and performance of this Agreement or the transactions contemplated hereby and the Escrow Agent's representation of the Borough in any matter including, without limitation, any action, litigation, or representation relating to the Agreement, this Escrow Agreement, and the matters giving rise to each of them.

Section 9. TERMINATION. This Escrow Agreement shall terminate on the earlier of: (i) the date on which there are no funds remaining in the Escrow Fund or (ii) the date on which the Escrow Agreement receives a signed notice from the Borough and the Buyer that the Escrow Agreement is terminated, including instruction to the Escrow Agent on the disbursement of the Escrow Fund.

Section 10. NOTICES. All notices, requests, claims, demands, and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by cable, by telecopy, by telegram, by telex, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10):

If to the Buyer:

With a copy to:

Copy to:

Ryan J. Scerbo, Esq.
61 South Paramus Road
Suite 250
Paramus, NJ 07652
rscerbo@decotiislaw.com

Section 11. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey applicable to contracts executed and to be performed entirely within that State.

Section 12. AMENDMENTS. This Agreement may not be amended or modified except: (i) by an instrument in writing signed by, or on behalf of, the Borough, the Buyer, and the Escrow Agent or (ii) by a waiver in accordance with this Agreement.

Section 13. WAIVER. Any party hereto may: (i) extend the time for the performance of any obligation or other act of any other party hereto or (ii) waive compliance with any agreement or condition contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party or parties to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition or a waiver of any other terms or conditions of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

Section 14. SEVERABILITY. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect as long as the economic and legal substance of the transactions contemplated by this Escrow Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner so that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

Section 15. ENTIRE AGREEMENT. This Escrow Agreement and the Agreement constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, among the Borough, the Buyer, and the Escrow Agent with respect to the subject matter hereof.

Section 16. NO THIRD PARTY BENEFICIARIES. This Escrow Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Escrow Agreement.

Section 17. HEADINGS. The descriptive headings contained in this Escrow Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 18. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement.

Section 19. BOROUGH'S REPRESENTATIVE. The Borough hereby appoints its Municipal Clerk as its representative (the "Borough's Representative") and agrees that such appointment give the Borough's Representative full legal power and authority to take any action or decline to take any action on behalf of the Borough.

Section 20. DEFINITIONS. Terms defined in the Agreement and not otherwise defined herein may be used herein as defined in the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

BOROUGH OF SOMERVILLE

[BUYER]

By: _____
Name
Title:

By: _____
Name
Title:

ESCROW AGENT

By: _____

EXHIBIT J

CUSTOMER SERVICE STANDARDS AND CUSTOMER SERVICE PLAN

EXHIBIT K
CAPITAL IMPROVEMENTS

EXHIBIT L
BOROUGH CONSENT

EXHIBIT M
RESERVED

EXHIBIT N

LIST OF BOROUGH FACILITIES

Facility	Address	Block	Lot	Account #
Borough Hall				
Board of Education				
Fire Departments				
Rescue Squad				
Library				

[224734411v3](#)

APPENDIX F: Bid Forms

BID CHECKLIST

Owner's **CHECKMARKS**

Items Submitted with Bid
Bidder's **INITIALS**

- ↓ **A. FAILURE TO SUBMIT ANY OF THESE ITEMS WITH THE BID IS MANDATORY CAUSE FOR REJECTION** ↓
- ✓ Letter of Qualification –Bid Form 1
 - ✓ Bid Bond or certified/cashier's check - Proposal Form 2
 - ✓ Purchase Price –Bid Form 3
 - ✓ Letter of Intent –Bid Form 4
 - ✓ Disclosure Statement – Bid Form 5
 - ✓ Acknowledgment of Receipt of Addenda (if any) –Bid Form 6
 - ✓ Statement of Ownership –Bid Form 7
 - ✓ Non-Collusion Affidavit –Bid Form 8
 - ✓ C.271 Political Contribution Disclosure Form – Bid Form 9

- B. ITEMS PREFERRED AT TIME OF BID, BUT MANDATORY AT THE TIME INDICATED**
- ✓ Disclosure of Investment Activities in Iran Form - Bid Form 10
 - ✓ Certification of Non-Involvement in Prohibited Activities in Russia or Belarus Pursuant to P.L. 2002, c.3 (Prior to Contract Award)
 - ✓ New Jersey Business Registration Certificate (Prior to Contract Award)

PRINT NAME OF BIDDER: New Jersey-American Water Company, Inc.

SIGNED BY: 

PRINT NAME AND TITLE: Thomas Shroba, Vice President, Operations

DATE: June 22, 2022

COMPLETE AND SUBMIT THIS CHECKLIST WITH THE BID

BID FORM 5

DISCLOSURE STATEMENT

N.J.S.A. 40A:9-22.1 et seq.

(Must be completed for Response to be accepted.)

The attention of Bidders is drawn to the provisions of the Local Government Ethics Law (N.J.S.A. 40A:9-22-1, et seq.) which prohibits a Borough Officer or employee or member of his/her immediate family from having an interest in a business organization or engaging in any business, transaction, or professional activity, which is in substantial conflict with the proper discharge of his duties in the public interest.

In furtherance thereof, every Bidder must disclose below, being a Borough Officer or employee or whether an immediate family member is a Borough Officer or employee. If the Bidder is a business organization, then disclosure shall be made with respect to anyone having an interest in the business and their immediate family members.

Please answer the following:

Is the Bidder or a member of the Bidder's immediate family, or anyone having an interest in the Bidder's business organization including their immediate family members, an officer or employee of the Borough?

NO YES

If yes, provide the name of the individual and identify the position held, below, and notify, in writing, to the Borough Administrator, 25 West End Ave, Somerville, NJ 08876 (Attach copy of correspondence to this form.)

NOTE: All terms used herein are to be construed in accordance with their meaning under the Local Government Ethics Law, cited above.

Name of Bidder: NEW JERSEY-AMERICAN WATER COMPANY, INC.

Authorized Signature: _____



Title: VICE PRESIDENT, OPERATIONS

Date: _____

6/17/2022

BID FORM 6

ACKNOWLEDGEMENT OF RECEIPT OF ADDENDA OR REVISIONS (IF ANY)

Bidder has examined and carefully studied the RFB, the other related data identified in the RFB, if any, and the following Addenda, receipt of all of which is hereby acknowledged.

<u>Addendum No.</u>	<u>Date Received</u>	<u>Addendum No.</u>	<u>Date Received</u>
Addendum No. 1	05/31/22		
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Name of Bidder


Signature

VICE PRESIDENT, OPERATIONS

Title

#3176895

C-11

BID FORM 7

STATEMENT OF OWNERSHIP

(N.J.S.A. 52:25-24.2)

(Must be completed for Response to RFB to be accepted.)

P.L. 1977, c. 33, §1, N.J.S.A. 52:25-24.2, became effective on March 8, 1977. It requires corporate and partnership Bidders for contracts with the Borough to submit a statement setting forth the following:

1. The names and addresses of all stockholders of a corporate Bidder who own 10% or more of its stock.
2. The names and addresses of all partners of a partnership Bidder who owns 10% or more of its partnership interests.
3. If one or more such stockholders or partners are itself a corporation or partnership, the names and addresses of all stockholders holding 10% or more of that latter corporation's stock, or the names and addresses of all partners holding a 10% or more interest in latter partnership.

In addition, the Borough, in the event that a Bidder is a limited liability company, requires that the Bidder must submit a statement setting forth the following:

- A. The names and addresses of all members owning a 10% or greater interest therein and, if any member of the limited liability company is a corporation or a partnership or a limited liability company.
- B. The names and addresses of the stockholders or partners or members holding a 10% or greater interest in such corporation, partnership or limited liability company.

The statement of such names and addresses must be submitted accompany the Response.

No Bidder will be qualified if there is a failure to comply with the requirements set forth above.

#3176895

C-12

LIST HERE (OR ATTACH) THE NAMES AND ADDRESSES REQUIRED, AS DISCUSSED ABOVE.

NAME SEE ATTACHED

ADDRESS _____

CITY/STATE/ZIP _____

NAME _____

ADDRESS _____

CITY/STATE/ZIP _____

NAME _____

ADDRESS _____

CITY/STATE/ZIP _____

The undersigned acknowledges that it is mandatory that Bidders submit the required information with the response to the RFB. This information will not be accepted after the receipt of the responses. Failure to submit a disclosure statement, which conforms to the requirements of N.J.S.A. 52:25-24.2 will result in rejection of the response.

NAME OF BIDDER: NEW JERSEY-AMERICAN WATER COMPANY, INC.

AUTHORIZED SIGNATURE:  _____

TITLE: VICE PRESIDENT, OPERATIONS

DATE: 6/17/2022

OWNERSHIP DISCLOSURE AFFIDAVIT

STATE OF NEW JERSEY :

COUNTY OF CAMDEN :

I, Stephen R. Bishop, having been duly sworn according to law, hereby depose and say as follows:

1. I am the Assistant Secretary of New Jersey-American Water Company, Inc. (the "Company"), a New Jersey public utility corporation, having its principal offices at 1 Water Street, Camden, New Jersey 08102.
2. I am authorized on behalf of the Company to submit this Affidavit regarding any holders of a 10% or more interest in the stock of the Company.
3. The following entity owns 10% or more of the common stock of New Jersey-American Water Company, Inc.:

American Water Works Company, Inc.
One Water Street
Camden, NJ 08102

4. American Water Works Company, Inc. is publicly traded on the New York Stock Exchange.
5. The name and address of the registered agent of the Company is:

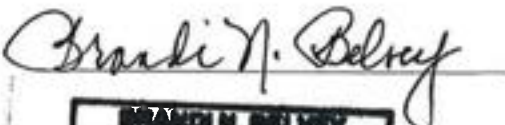
National Registered Agents, Inc. of NJ
111 Eighth Avenue, 13th Fl.
New York, New York 10011

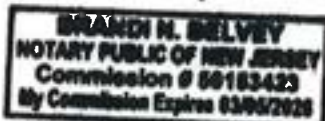
6. All of the foregoing information is true and accurate as of the date hereof to the best of my knowledge, information and belief.



Stephen R. Bishop, Assistant Secretary

Sworn to and subscribed
before me this 7th day
of June, 2022





BID FORM 8

NON-COLLUSION AFFIDAVIT

Borough of Somerville

Request for Bids - Sale of Sewer System

STATE OF NEW JERSEY)
) ss:
COUNTY OF)

I, Thomas Shroba of the City of Camden in the County of Camden and the State of New Jersey of full age, being duly sworn according to law on my oath depose and say that:

I am Vice President of Operations of the firm of New Jersey-American Water Company, Inc. the Bidder making the Bid for the above named project, and that I executed the said Bid with full authority so to do; that said Bidder has not, directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free, competitive bidding in connection with the above named project; and that all statements contained in said Bid and in this affidavit are true and correct, and made with full knowledge that the Borough of Somerville relies upon the truth of the statements contained in said Bid and in the statements contained in this affidavit in awarding the contract for the said project.

I further warrant that no person or selling agency has been employed or retained to solicit or secure such contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except bona fide employees or prospective employees or bona fide established commercial or selling agencies maintained by New Jersey-American Water Company, Inc. for the purpose of securing business.

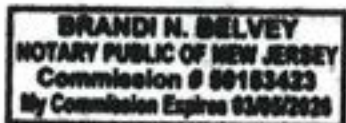
(N.J.S.A. 52:34-15) (NAME OF CONTRACTOR)

Subscribed and sworn to

Thomas Shroba Vice President, Operations

before me this 17th day

of June 2022
Brandi N. Beluey
Notary Public of NEW JERSEY
My commission expires March 5, 2026



#3176895

BID Form 9

C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM

#3176895

C-15

C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM

Public Agency Instructions

This page provides guidance to public agencies entering into contracts with business entities that are required to file Political Contribution Disclosure forms with the agency. **It is not intended to be provided to contractors.** What follows are instructions on the use of form local units can provide to contractors that are required to disclose political contributions pursuant to N.J.S.A. 19:44A-20.26 (P.L. 2005, c. 271, s.2). Additional information on the process is available in Local Finance Notice 2006-1 (www.nj.gov/dca/lgs/lfnslfnmenu.shtml).

1. The disclosure is required for all contracts in excess of \$17,500 that are **not awarded** pursuant to a "fair and open" process (N.J.S.A. 19:44A-20.7).
2. Due to the potential length of some contractor submissions, the public agency should consider allowing data to be submitted in electronic form (i.e., spreadsheet, pdf file, etc.). Submissions must be kept with the contract documents or in an appropriate computer file and be available for public access. **The form is worded to accept this alternate submission.** The text should be amended if electronic submission will not be allowed.
3. The submission must be **received from the contractor and** on file at least 10 days prior to award of the contract. Resolutions of award should reflect that the disclosure has been received and is on file.
4. The contractor must disclose contributions made to candidate and party committees covering a wide range of public agencies, including all public agencies that have elected officials in the county of the public agency, state legislative positions, and various state entities. The Division of Local Government Services recommends that contractors be provided a list of the affected agencies. This will assist contractors in determining the campaign and political committees of the officials and candidates affected by the disclosure.
 - a. The Division has prepared model disclosure forms for each county. They can be downloaded from the "County PCD Forms" link on the Pay-to-Play web site at www.nj.gov/dca/lgs/p2p. They will be updated from time-to-time as necessary.
 - b. A public agency using these forms **should edit them to properly reflect the correct legislative district(s)**. As the forms are county-based, **they list all legislative districts in each county. Districts that do not represent the public agency should be removed from the lists.**
 - c. Some contractors may find it easier to provide a single list that covers all contributions, regardless of the county. These submissions are appropriate and should be accepted.
 - d. The form may be used "as-is", subject to edits as described herein.
 - e. The "Contractor Instructions" sheet is intended to be provided with the form. It is recommended that the Instructions and the form be printed on the same piece of paper. The form notes that the Instructions are printed on the back of the form; where that is not the case, the text should be edited accordingly.
 - f. The form is a Word document and can be edited to meet local needs, and posted for download on web sites, used as an e-mail attachment, or provided as a printed document.
5. It is recommended that the contractor also complete a "Stockholder Disclosure Certification." This will assist the local unit in its obligation to ensure that contractor did not make any prohibited contributions to the committees listed on the Business Entity Disclosure Certification in the 12 months prior to the contract. (See Local Finance Notice 2006-7 for additional information on this obligation) A sample Certification form is part of this package and the instruction to complete it is included in the Contractor Instructions. **NOTE: This section is not applicable to Boards of Education.**

C. 271 POLITICAL CONTRIBUTION DISCLOSURE FORM

Contractor Instructions

Business entities (contractors) receiving contracts from a public agency that are NOT awarded pursuant to a "fair and open" process (defined at N.J.S.A. 19:44A-20.7) are subject to the provisions of P.L. 2005, c. 271, s.2 (N.J.S.A. 19:44A-20.26). This law provides that 10 days prior to the award of such a contract, the contractor shall disclose contributions to:

- any State, county, or municipal committee of a political party
- any legislative leadership committee*
- any continuing political committee (a.k.a., political action committee)
- any candidate committee of a candidate for, or holder of, an elective office:
 - of the public entity awarding the contract
 - of that county in which that public entity is located
 - of another public entity within that county
 - or of a legislative district in which that public entity is located or, when the public entity is a county, of any legislative district which includes all or part of the county

The disclosure must list reportable contributions to any of the committees that exceed \$300 per election cycle that were made during the 12 months prior to award of the contract. See N.J.S.A. 19:44A-8 and 19:44A-16 for more details on reportable contributions.

N.J.S.A. 19:44A-20.26 itemizes the parties from whom contributions must be disclosed when a business entity is not a natural person. This includes the following:

- individuals with an "interest" ownership or control of more than 10% of the profits or assets of a business entity or 10% of the stock in the case of a business entity that is a corporation for profit
- all principals, partners, officers, or directors of the business entity or their spouses
- any subsidiaries directly or indirectly controlled by the business entity
- IRS Code Section 527 New Jersey based organizations, directly or indirectly controlled by the business entity and filing as continuing political committees, (PACs).

When the business entity is a natural person, "a contribution by that person's spouse or child, residing therewith, shall be deemed to be a contribution by the business entity." [N.J.S.A. 19:44A-20.26(b)] The contributor must be listed on the disclosure.

Any business entity that fails to comply with the disclosure provisions shall be subject to a fine imposed by ELFC in an amount to be determined by the Commission which may be based upon the amount that the business entity failed to report.

The enclosed list of agencies is provided to assist the contractor in identifying those public agencies whose elected official and/or candidate campaign committees are affected by the disclosure requirement. It is the contractor's responsibility to identify the specific committees to which contributions may have been made and need to be disclosed. The disclosed information may exceed the minimum requirement.

The enclosed form, a content-consistent facsimile, or an electronic data file containing the required details (along with a signed cover sheet) may be used as the contractor's submission and is disclosable to the public under the Open Public Records Act.

The contractor must also complete the attached Stockholder Disclosure Certification. This will assist the agency in meeting its obligations under the law. **NOTE: This section does not apply to Board of Education contracts.**

* N.J.S.A. 19:44A-3(s): "The term "legislative leadership committee" means a committee established, authorized to be established, or designated by the President of the Senate, the Minority Leader of the Senate, the Speaker of the General Assembly or the Minority Leader of the General Assembly pursuant to section 16 of P.L. 1993, c.65 (C.19:44A-10.1) for the purpose of receiving contributions and making expenditures."

BID FORM 10

**DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN
(This form must be completed and submitted with bid)**

Bidder: NEW JERSEY-AMERICAN WATER COMPANY, INC.

PART 1: CERTIFICATION

BIDDERS MUST COMPLETE PART 1 BY CHECKING EITHER BOX.

FAILURE TO CHECK ONE OF THE BOXES WILL RENDER THE BID NON-RESPONSIVE

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete the certification below to attest, under penalty of perjury, that neither the person or entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of Treasury's Chapter 25 list as a person or entity engaging in investment activities in Iran. The Chapter 25 list is found on the Division's website at <http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf>. Bidders must review this list prior to completing the below certification. Failure to complete the certification will render a bidder's bid non-responsive. If the Borough of Somerville ("Borough") finds a person or entity to be in violation of law, the Borough shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

PLEASE CHECK THE APPROPRIATE BOX:

I certify, pursuant to Public Law 2012, c. 25, that neither the bidder listed above nor any of the bidder's parents, subsidiaries, or affiliates is listed on the N.J. Department of the Treasury's list of entities determined to be engaged in prohibited activities in Iran pursuant to P.L. 2012, c. 25 ("Chapter 25 List"). I further certify that I am the person listed above, or I am an officer or representative of the entity listed above and am authorized to make this certification on its behalf. I will skip Part 2 and sign and complete the Certification below.

OR

I am unable to certify as above because the bidder and/or one or more of its parents, subsidiaries, or affiliates is listed on the Department's Chapter 25 list. I will provide a detailed, accurate and precise description of the activities in Part 2 below and sign and complete the Certification below. Failure to provide such will result in the proposal being rendered as non-

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responsive and appropriate penalties, fines and/or sanctions will be assessed as provided by law.

PART 2: PLEASE PROVIDE FURTHER INFORMATION RELATED TO INVESTMENT ACTIVITIES IN IRAN

You must provide a detailed, accurate and precise description of the activities of the bidding person/entity, or one of its parents, subsidiaries or affiliates, engaging in the investment activities in Iran outlined above by completing the boxes below.

EACH BOX WILL PROMPT YOU TO PROVIDE INFORMATION RELATIVE TO THE ABOVE QUESTIONS, PLEASE PROVIDE THOROUGH ANSWERS TO EACH QUESTION. IF YOU NEED TO MAKE ADDITIONAL ENTRIES, PLEASE PROVIDE ON A SEPARATE ATTACHED PAGE.

Name _____ **Relationship to Bidder**

Description of Activities

Duration of Engagement _____ **Anticipated Cessation Date**

Bidder/Offeror Contact Name _____ **Contact Phone Number** _____

Certification: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I attest that I am authorized to execute this certification on behalf of the above-referenced person or entity. I acknowledge that the Borough is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with the Borough to notify the state in writing of any changes to the answers of information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the Borough at its option may declare any contract(s) resulting from this certification void and unenforceable.

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Full Name (Print): THOMAS SHROBA

Signature:  _____

Title: VICE PRESIDENT, OPERATIONS

Date: 6/17/2022 _____



BID FORM 11

CERTIFICATION OF NON-INVOLVEMENT IN PROHIBITED ACTIVITIES

IN RUSSIA OR BELARUS PURSUANT TO P.L.2022, c.3

BOROUGH OF SOMERVILLE SOMERSET COUNTY, NEW JERSEY
REQUEST FOR BIDS FOR SALE OF WASTEWATER COLLECTION SYSTEM

CONTRACT / BID SOLICITATION TITLE _____

CONTRACT / BID SOLICITATION No. _____

CHECK THE APPROPRIATE BOX

X

I, the undersigned, am authorized by the person or entity seeking to enter into or renew the contract identified above, to certify that the Vendor/Bidder is not engaged in prohibited activities in Russia or Belarus as such term is defined in P.L.2022 c.3,¹ section 1.e, except as permitted by federal law.

I understand that if this statement is willfully false, I may be subject to penalty, as set forth in P.L.2022, c.3, section 1.d.

I, the undersigned am unable to certify above because the person or entity seeking to enter into or renew the contract identified above, or one of its parents, subsidiaries, or affiliates may have engaged in prohibited activities in Russia or Belarus. A detailed, accurate and precise description of the activities is provided below.

Failure to provide such description will result in the Quote being rendered as non-responsive, and the Department/Division will not be permitted to contract with such person or entity, and if a Quote is accepted or contract is entered into without delivery of the certification, appropriate penalties, fines and/or sanctions will be assessed as provided by law.

OR

Description of Prohibited Activity

Attach Additional Sheets If Necessary.

¹ Engaged in prohibited activities in Russia or Belarus" means (1) companies in which the Government of Russia or Belarus has any direct equity share; (2) having any business operations commencing after the effective date of this act that involve contracts with or the provision of goods or services to the Government of Russia or Belarus; (3) being headquartered in Russia or having its principal place of business in Russia or Belarus, or (4) supporting, assisting or facilitating the Government of Russia or Belarus in their campaigns to invade the sovereign country of Ukraine, either through in-kind support or for profit.

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If you certify that the bidder is engaged in activities prohibited by P.L. 2022, c. 3, the bidder shall have 90 days to cease engaging in any prohibited activities and on or before the 90th day after this certification, shall provide an updated certification. If the bidder does not provide the updated certification or at that time cannot certify on behalf of the entity that it is not engaged in prohibited activities, the State shall not award the business entity any contracts, renew any contracts, and shall be required to terminate any contract(s) the ~~business entity~~ holds with the State that were issued on or after the effective date of P.L. 2022, c. 3.



Signature of Authorized Representative

Date

6/17/2022

Thomas Shroba, Vice President, Operations

Print Name and Title of Authorized Representative

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Vendor Name

#3176895

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STATE OF NEW JERSEY BUSINESS REGISTRATION CERTIFICATE

Taxpayer Name: NEW JERSEY-AMERICAN WATER COMPANY, INC.

Trade Name:

Address: 1 WATER STREET
CAMDEN, NJ 08102

Certificate Number: 0062743

Effective Date: August 24, 1915

Date of Issuance: June 10, 2022

For Office Use Only:

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