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January 12, 2015

VIA EMAIL/OVERNIGHT MAIL



Hon. Kenneth Sheehan, Acting Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, New Jersey 08609

WE 15010073

**Re: In the Matter of the Petition of New Jersey-American Water Company, Inc.
for Approval of Municipal Consent Granted by the Borough of Haddonfield,
County of Camden**

Dear Acting Secretary Sheehan:

Enclosed please find an original and eleven (11) copies of a Petition in connection with the above-referenced matter as well as five (5) copies of a CD containing the voluminous documents that comprise Exhibit C to the Petition. Kindly file the Petition and advise me of the docket number assigned to this case by returning a copy of the additional Petition enclosed for that purpose. A self-addressed, stamped envelope is provided for your convenience.

By copy of this letter, I am providing the Department of Public Law & Safety and the Division of Rate Counsel each with two (2) copies of the Petition and accompanying CD.

Sincerely,

Robert J. Brabston
Deputy General Counsel

RJB:dlc
Enclosures

cc: Department of Law and Public Safety
Division of Rate Counsel

CVMS - Disk
LEGAL(2)
DAG
RPA
M. MORAN - Disk
M. KAUMER - Disk
Water (4)

general election. (Attached hereto as Exhibit B) In pertinent part that Ordinance provides as follows:

WHEREAS, the Borough of Haddonfield in the County of Camden (the "Borough") currently owns and operates a water and wastewater utility system servicing the residents and property owners (the "Customers") within the geographic boundaries of the Borough (the "Systems"); and

WHEREAS, the Borough has determined that it is in the best interest of such Customers within the Borough to sell the Systems to an entity with experience and expertise in owning and operating such systems in order to meet all necessary demands associated with such Systems including all present and future requirements of various state and federal regulatory agencies and to make necessary capital improvements to the Systems;

6. Pursuant to N.J.S.A. 40:62-5, on November 4, 2014, the Borough held a referendum on whether or not to approve an acquisition by Petitioner of the Facilities. The referendum resulted in an overwhelming approval of said acquisition, by a vote of 2,553 YES to 1,400 NO.

7. The Borough encompasses approximately 20 square miles and has a population of approximately 12,000 people.

8. The Borough currently owns and operates the Facilities servicing the residents and property owners within the Proposed Franchise Area. The systems each have approximately 4,500 customers.

9. By this Petition, NJAWC is only seeking approval by the Board of the Municipal Consent. Petitioner is not, at this time, seeking any ratemaking treatment relative to the Facilities. Rather, in a separate docket, NJAWC will seek ratemaking recognition for the Facilities, as part of its general base rate proceeding.

10. NJAWC and the Borough have executed an agreement (the "Agreement") for the sale and purchase of the Facilities. The Agreement provides for the purchase of the Facilities, subject

Communications addressed to the Petitioner in this case are to be sent to:

Robert J. Brabston, Esquire
New Jersey-American Water Company, Inc.
167 J.F. Kennedy Parkway
Short Hills, New Jersey 07078
Phone: (973) 564-5716
Fax: (973) 564-5708
robert.brabston@amwater.com



BOROUGH OF HADDONFIELD
Camden County, New Jersey

July 15, 2014

2014-13

ORDINANCE OF THE BOROUGH OF HADDONFIELD, IN THE COUNTY OF CAMDEN, NEW JERSEY GRANTING MUNICIPAL CONSENT TO NEW JERSEY-AMERICAN WATER COMPANY, INC. TO PROVIDE FOR THE OWNERSHIP, CONSTRUCTION, EXPANSION AND MAINTENANCE OF WATER AND SEWER FACILITIES ON PUBLIC PROPERTY WITHIN THE BOROUGH.

WHEREAS, the Borough of Haddonfield, in the County of Camden (the "Borough") and New Jersey-American Water Company, Inc. ("Buyer"), a regulated public corporation of the State of New Jersey, have entered into an agreement (the "Agreement") for the sale of the Borough's water treatment, transmission and distribution system and the Borough's wastewater collection and conveyance systems (collectively, the "Systems"); and

WHEREAS, in connection with the acquisition of the Systems, Buyer has requested the consent of the Borough as required by N.J.S.A. 48:19-17 and 19-20, as amended, to lay its pipes beneath such public roads, streets and places within the geographical area of the Borough as Buyer deems necessary for its corporate purposes, free from all charges to be made for said privilege, provided that said pipes shall be laid at least three feet (3') below the surface and shall not in any way unnecessarily obstruct or interfere with the public travel or damage public or private property; and

WHEREAS, the Borough desires and permits Buyer to construct and maintain fire hydrants on and along roads, streets and places at locations to be designated by the Borough, for which public hydrants the Borough shall assume financial responsibility to Buyer; and

WHEREAS, it is deemed in the best interest of the citizens of the Borough that this municipal consent be granted subject to the conditions set forth herein.

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the Borough of Haddonfield, in the County of Camden, New Jersey, as follows:

SECTION I

The Board of Commissioners hereby grants unto Buyer, free from all charges, the municipal consent required under the provisions of N.J.S.A. 48:19-17 and 48:19-20, as amended, which consent may be exercised without further action of the Borough, as the same may be required in order to permit Buyer to add to and extend its water facilities within the Borough to such extent as may be necessary to carry out the corporate purposes of Buyer; provided, however, that said municipal consent shall be conditioned upon the passage of a voter referendum in accordance with N.J.S.A. 40:62-5, approval of the Board of Public Utilities and any and all conditions and



BOROUGH OF HADDONFIELD
Camden County, New Jersey

July 15, 2014

contingencies required for closing in the agreement of sale by and between the Borough and the Buyer.

SECTION II

A certified copy of this Ordinance, upon final passage, shall be sent to Buyer.

Section III

This Ordinance and the consent contained herein, shall be subject to Buyer otherwise complying with all applicable ordinances, State of New Jersey Statutes and any New Jersey administrative agency rules and regulations.

SECTION IV

This Ordinance shall supersede all ordinances or parts of ordinances of the Borough which conflict with this Ordinance.

SECTION V

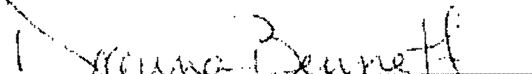
To the extent that any part or parts of this Ordinance are repealed or otherwise modified or voided by State statute or case law, the remaining sections of this Ordinance shall remain in full force and effect.

SECTION VI

This Ordinance shall take effect upon final passage, approval and publication as provided by law.

First Reading – June 24, 2014
Second Reading – July 15, 2014

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE, ACCURATE, AND COMPLETE COPY OF THE ORDINANCE ADOPTED BY THE BOARD OF COMMISSIONER, BOROUGH OF HADDONFIELD, COUNTY OF CAMDEN, STATE OF NEW JERSEY, AT THEIR REGULARLY SCHEDULED MEETING ON JULY 15, 2014.


Deanna Bennett, Borough Clerk

SECOND READING

July 15, 2014

2014-14

ORDINANCE OF THE BOROUGH OF HADDONFIELD, IN THE COUNTY OF CAMDEN, NEW JERSEY, APPROVING AN AGREEMENT OF SALE BETWEEN THE BOROUGH AND NEW JERSEY-AMERICAN WATER COMPANY, INC. FOR THE SALE OF THE BOROUGH'S WATER AND WASTEWATER UTILITY SYSTEMS AND AUTHORIZING A PROPOSAL TO BE PRINTED ON THE BALLOT FOR CONSIDERATION BY THE VOTERS WITHIN THE BOROUGH AT THE GENERAL ELECTION ON NOVEMBER 4, 2014 PROVIDING FOR THE SALE OF THE BOROUGH'S WATER AND WASTEWATER UTILITY SYSTEMS TO NEW JERSEY-AMERICAN WATER COMPANY, INC.

WHEREAS, the Borough of Haddonfield, in the County of Camden, New Jersey (the "Borough") currently owns and operates a water and wastewater utility system servicing the residents and property owners (the "Customers") within the geographic boundaries of the Borough (the "Systems"); and

WHEREAS, the Borough has determined that is in the best interest of such Customers within the Borough to sell the Systems to an entity with experience and expertise in owning and operating such systems in order to meet all necessary demands associated with such Systems including all present and future requirements of various state and federal regulatory agencies and to make necessary capital improvements to the Systems; and

WHEREAS, the Borough prepared and distributed bid documents (the "Bid Documents") dated April 1, 2014, requesting bids for the sale of the Systems pursuant to N.J.S.A. 40:62-1 et seq. (the "Public Utilities Law"); and

WHEREAS, on May 14, 2014 the Borough received bids from three regulated water companies, consisting of New Jersey-American Water Company, Inc., Aqua New Jersey Inc. and United Water Sewer Services Inc., to buy the Borough's Systems; and

WHEREAS, based on the review of the above referenced bids, the Borough has determined that the highest responsible bid was submitted by New Jersey-American Water Company, Inc. ("NJAW") with an address at 1025 Laurel Oak Road, Voorhees, New Jersey 08043 in the amount of \$28,500,000; and

WHEREAS, under the terms of the Bid Documents, the Borough agreed to a sale of all of the Borough's rights and interests in the land and improvements comprising the Systems, provided that any purchaser of the Systems would continue to provide water supply and wastewater treatment services to the Customers for at least 40 years in accordance with all applicable state and local standards, and make all necessary capital improvements as may be required from time to time; and

WHEREAS, the Borough has agreed to the terms of the sale of the Systems to NJAW pursuant to the terms of the Agreement of Sale as defined and as contained in

the Bid Documents as revised to reflect certain provisions of the bid submitted by NJAW;
and

WHEREAS, the sale of the Systems consists solely of the Borough's rights and interests in the land and improvements comprising the Systems, plus any generators affixed thereto or any portable generators; but shall not included any personal property, such as equipment, spare parts, or chemicals; and

WHEREAS, the Public Utilities Law requires that in addition to the approval of the Borough, the legal voters of the Borough must also approve the sale of the Systems; and

WHEREAS, the Public Utilities Law, specifically N.J.S.A. 40:62-5, authorizes the Borough to request that the clerk of the County of Camden place the question of the sale of the Systems on the ballot used at the next general election in the Borough, which is scheduled for November 4, 2014; and

WHEREAS, the Borough has requested the Clerk of the County of Camden to place the question of the sale of the Systems on the ballot at the next general election scheduled for November 4, 2014 in accordance with the provisions of the Public Utilities Law; and

WHEREAS, the Borough desires to enter into the Agreement of Sale, subject to the approval of the legal voters of the Borough and all other regulatory approvals set forth in the Public Utilities Law.

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the Borough of Haddonfield, County of Camden, State of New Jersey, as follows:

SECTION I

The recitals are hereby incorporated as if set forth in full herein.

SECTION II

The Borough hereby approves the sale of the Systems to New Jersey-American Water Company, Inc. for \$28,500,000 in accordance with its bid and in accordance with the terms and conditions of the Bid Documents; and

SECTION III

The Agreement of Sale between the Borough and New Jersey-American Water Company, Inc. entitled "Agreement between the Borough of Haddonfield, in the County of Camden, New Jersey and Consumers New Jersey Water Company for the Sale of the Water and Wastewater Utility Systems" substantially in the form on file in the office of the Borough Clerk, is hereby approved with such further changes, insertions and amendments as deemed necessary by the Mayor, in consultation with the Borough staff and professionals. The approval of this Agreement of Sale is subject to compliance with the provisions of N.J.S.A. 40:62-5 of the Public Utilities Law.

SECTION IV

All rates for water and wastewater usage after the effective date of the Agreement of Sale shall be charged in accordance with the provisions of the Agreement of Sale and as approved from time to time by the Board of Public Utilities.

SECTION V

The Mayor and all other appropriate officials of the Borough are hereby authorized and directed to execute the Agreement of Sale and any other documents deemed necessary to effectuate the terms of this Ordinance and to proceed with the regulatory process and approvals required under the provisions of the Agreement of Sale and the Public Utilities Law.

SECTION VI

The Board of Commissioners hereby requests and directs the Clerk of the County of Camden to place the following proposal and explanation on the ballot of the next general election, such to be substantially in the form provided in N.J.S.A. 40:62-5 as follows:

PROPOSAL

"Shall the Borough of Haddonfield, in the County of Camden, New Jersey, be authorized to sell its water and wastewater utility systems to New Jersey-American Water Company, Inc. for the sum of \$28,500,000 (Twenty-Eight Million Five Hundred Thousand Dollars)?"

_____ Yes

_____ No

Explanation

If a majority of the legal voters in the Borough vote "yes", the Borough of Haddonfield will sign an agreement of sale with New Jersey-American Water Company for the water and sewer utility in the amount of \$28.5 million. This agreement provides that New Jersey-American Water Company, Inc. will provide and maintain all water and wastewater services to the existing customers of the Borough's water and wastewater utility systems and will make substantial capital improvements to such systems in accordance with the terms of the Agreement of Sale approved by the Borough. The service rates to the customers of the Borough's Systems will be subject to approval by the New Jersey Board of Public Utilities from time to time.

SECTION VII

This Ordinance shall take effect as provided by law.

First Reading – June 24, 2014

**AGREEMENT BETWEEN
THE BOROUGH OF HADDONFIELD,
IN THE COUNTY OF CAMDEN, NEW JERSEY
AND NEW JERSEY AMERICAN WATER COMPANY, INC.
FOR SALE OF
WATER AND WASTEWATER SYSTEMS**

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**AGREEMENT BETWEEN
THE BOROUGH OF HADDONFIELD,
IN THE COUNTY OF CAMDEN, NEW JERSEY
AND NEW JERSEY AMERICAN WATER COMPANY, INC. FOR SALE OF
WATER AND WASTEWATER SYSTEMS**

THIS AGREEMENT (this "Agreement") is made this ____ day of November, 2014 and between the **BOROUGH OF HADDONFIELD**, a municipal corporation of the State of New Jersey, with its principal office located at Borough Hall, 242 Kings Highway E, Haddonfield, New Jersey 08033-0969 County of Camden and State of New Jersey (hereinafter referred to as "Seller")

AND

NEW JERSEY AMERICAN WATER COMPANY, INC., a public utility corporation of the State of New Jersey, with its principal office located at 1025 Laurel Oak Road, Voorhees, New Jersey, 08043, County of Camden, State of New Jersey (hereinafter referred to as "**Buyer**").

WITNESSETH:

WHEREAS, Seller is currently the owner of certain Water and Wastewater Systems (as further defined herein, collectively, the "**Systems**") located in the Borough of Haddonfield, County of Camden and State of New Jersey; and

WHEREAS, Seller desires to sell and Buyer desires to purchase said Systems; and

WHEREAS, Seller prepared, distributed and advertised a Notice of Bid, including certain bid documents in connection with the proposed sale of the Systems, pursuant to the New

Jersey Public Utilities Municipally Owned Act, *N.J.S.A. 40:62-1 et seq.*, a copy of which bid documents are attached hereto as Appendix H and made a part hereof; and

WHEREAS, on May 14, 2014, Seller received bids from various private water and wastewater utilities; and

WHEREAS, Seller has determined that the highest bid was submitted by Buyer and has determined that the best interests of Seller will be met by the sale of the Systems to Buyer in accordance with and subject to the terms of this Agreement.

NOW, THEREFORE, and in consideration of the the Purchase Price (as defined below) to be paid and satisfied as stipulated herein and in further consideration of the mutual covenants herein contained, Seller agrees to convey to Buyer the Systems under the terms and conditions hereinafter set forth herein:

ARTICLE I. DEFINITIONS

Section 1.0 Specific Definitions. Certain defined terms shall have the meanings assigned to the terms in the preambles hereof but may nevertheless be referenced below for convenience. When used in this Agreement, the following terms shall have the meanings hereinafter indicated:

“Administrative Fees” shall mean \$175,000 paid by Buyer to Seller representing actual and reasonably anticipated expenses incurred by Seller in connection with the sale of the Systems.

“Act” shall mean the Public Utilities Municipally Owned Act constituting Chapter 152 of the Pamphlet Laws of New Jersey of 1917, as amended and supplemented (*N.J.S.A. 40:62-1 et*

seq.)

“Agreement” shall be as defined in the preamble.

“Authorized Representative” shall mean, in the case of Buyer, Michael A. Sgro, or such other individual(s) specified in writing, as the representative of Buyer for all purposes of this Agreement and, in the case of Seller, the Mayor, Borough Administrator or such other representative of Seller designated in writing by Seller.

“Borough” shall mean the Borough of Haddonfield, in the County of Camden, New Jersey.

“BPU” shall mean the Board of Public Utilities of the State.

“Closing” or “Closing Date” shall mean the date and time specified in Section 5.1 of this Agreement.

“Customer Service Standards” shall mean the level of type of service customarily received by customers of the Systems, as set forth in Appendix F.

“Date” or “Effective Date” shall mean the date of this Agreement, when executed by all Parties.

“DEP” shall mean the State Department of Environmental Protection.

“Deposit” shall mean an amount of money equal to 10% of the Purchase Price paid by Buyer and held by Seller in accordance with the terms of this Agreement.

“Escrow” shall be as defined in Section 2.1.

“Existing Collateral Agreements” shall mean those agreements relating to the Systems referenced in Appendix C.

“Final Contingencies” shall be as defined in Section 4.0.

“Initial Contingencies” shall be as defined in Section 3.0.

“Municipal Consent” shall mean Seller’s ordinance, when finally adopted under law, granting the authority to Buyer to provide the services referenced hereunder and conveying the Borough’s consent to Buyer for the ownership, construction, expansion and operation of the Systems, in the form as more specifically as set forth Appendix D.

“Municipal Facilities” shall be as defined in Section 8.0.

“Parties” shall mean, collectively, Buyer and Seller.

“Personalty” shall mean equipment, assets, personal property, and other assets not affixed to any structure, and which shall include cash and accounts receivable accrued prior to and including the Closing Date, and any claims or action which Seller may have against any third party in the event of litigation.

“Public Fire Hydrants” shall mean fire hydrants located in public streets, public rights of way or easements granted by Seller and specifically excludes fire hydrants located in property not owned by Seller.

“Purchase Price” shall be as defined in Section 2.0.

“Real Property” shall mean the parcels of real estate, easements and rights of way, described in the Appendix B annexed hereto, as same may be modified or amended by mutual agreement of the Parties.

“State” shall mean the State of New Jersey.

“Systems” shall mean, collectively, the Wastewater System and the Water System.

“Water System” shall mean the components of the Borough’s water system described in the Appendix A but shall not include Personalty.

“Wastewater System” shall mean the components of the Borough’s sewer system described in the Appendix A but shall not include Personalty.

“Works in Progress” shall mean the capital improvements currently being undertaken as identified in the Appendix J, which the Borough shall undertake as part of its ongoing operational requirements and which shall be deemed to be included in the Systems.

Section 1.1 General References. Whenever the context may require, any pronoun that is used in this Agreement shall include the corresponding masculine, feminine and neuter forms, and the singular shall include the plural and vice versa. Unless otherwise noted, the words “include,” “includes” and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation.” The words “agree,” “agreements,” “approval” and “consent” when used in this Agreement shall be deemed to be followed by the phrase “which shall not be unreasonably withheld or unduly delayed,” except or unless the context may otherwise specify. The words “hereof,” “hereinafter,” “hereinbefore,” and “herein” refer to this Agreement.

ARTICLE II. SALE OF SYSTEMS AND PURCHASE PRICE

Section 2.0 Sale of Systems and Purchase Price. Subject to the conditions otherwise set forth herein, Seller hereby conveys to Buyer all of its rights, title and interest in the Systems as more specifically set forth in Appendices A and B. The total purchase price or consideration of the sale of the Systems shall be Twenty Eight Million Five Hundred Thousand Dollars (\$28,500,000) (the "**Purchase Price**"), plus the sum of One Hundred and Seventy Five Thousand Dollars (\$175,000) (representing actual and reasonably anticipated expenses incurred by Seller in connection with the sale of the Systems), all of which shall be paid to Seller by Buyer in the following manner:

(a) Deposit. Upon approval of the referendum by the voters of the Borough as described in Section 3.0(a), Buyer shall submit an amount equal to the Deposit to be held in escrow as hereinafter provided in Section 2.1. Upon submission of the Deposit, the bid security shall be returned by Seller to Buyer.

(b) Balance Due at Closing. Upon Closing, the remaining balance of the Purchase Price in the amount of Twenty Five Million Six Hundred and Fifty Thousand Dollars (\$25,650,000) shall be paid to Seller by Buyer, by certified check, bank cashier's check or wire transfer.

Section 2.1 Deposit in Escrow. The Deposit shall be deposited by Seller in an interest bearing account at Republic Bank (the "**Bank**"), in the name of Seller in trust for Seller and Buyer as their interests appear hereunder (the "**Escrow**"). Upon receipt of a certification of

referendum, the Bank shall immediately release the Escrow to Seller. The Balance of the Escrow shall be released to Seller at Closing, or as otherwise provided in this Article II.

Section 2.2 Interest Earnings on Deposit. Except as set forth in Section 2.4, the interest accrued on the Deposit shall be paid to Seller upon release of the Deposit.

Section 2.3 Payment of Administrative Fees Upon Passage of Referendum. The Parties agree that upon the passage of the referendum authorizing the sale of the Systems, the Administrative Fees shall be paid directly to Seller. In the event the BPU fails to approve the application of Buyer with regard to the Municipal Consent described in Section 2.5 below for any reason not relating to Buyer's breach, Seller shall reimburse Buyer for the Administrative Fees.

Section 2.4 Effect of Seller's Breach. If the Closing does not take place for any reason relating to the fault of Seller, the Deposit and all accrued interest shall be returned to Buyer.

Section 2.5 Effect of Buyer's Breach on the Deposit. Seller and Buyer recognize that following adoption of the Municipal Consent by Seller, this Agreement requires the regulatory approval of the BPU. It shall be the responsibility of Buyer to apply for, and pursue diligently, such approval. Buyer acknowledges that its obligations under this Agreement are not contingent on approval by BPU of the inclusion of the Purchase Price in the rate base of Buyer. Buyer agrees to take all steps necessary to submit any reasonable supplements or amendments to its petition to BPU to provide for whatever portion of the Purchase Price is deemed appropriate by the BPU for inclusion in its rate base.

Buyer and Seller agree that subject to the provisions of Section 4.9 of this Agreement, 365 days from the date of adoption of the Municipal Consent is an adequate time to pursue BPU

approval. Failure of Buyer to secure BPU approval within such timeframe or any other breach of Buyer to complete the sale will give rise to Seller's right to terminate this Agreement with 30 days written notice to Buyer. Any such termination shall make this Agreement null and void and of no further force or effect. Upon termination for cause pursuant to this Section, 25% of the Deposit and all accrued interest shall be retained by Seller as liquidated damages.

ARTICLE III. INITIAL CONTINGENCIES

Section 3.0 Initial Contingencies. The performance of this Agreement is contingent upon satisfaction of all the conditions set forth below (collectively, the “**Initial Contingencies**”).

(a) Municipal Approval. Seller shall adopt an ordinance pursuant to *N.J.S.A.* 40:62-5 to permit the placing of a question on the ballot for public referendum for voter approval of the sale of the Systems. Seller shall adopt the Municipal Consent, pursuant to *N.J.S.A.* 40:19-20, in substantially the same form as set forth in Appendix D annexed hereto.

(b) Customer List. Seller shall provide Buyer with the last known names and addresses of all water and wastewater service customers connected to the Systems, including water and/or wastewater service customers for which Seller does not bill for such services.

(c) Transfer of Permits. Seller shall make application for the transfer, effective at the Closing, of all water diversion, extension, operating and other water or wastewater system permits and approvals issued to Seller prior to the Closing by the DEP or any other local, State or federal agency.

(d) Bondholders. Seller shall make determinations and execute all documents as necessary to ensure that Buyer shall have no obligation to any bondholders, if applicable, relating to the Systems.

Section 3.1 Failure of Initial Contingencies. In the event that all the Initial Contingencies are not satisfied within 150 calendar days from the Date of this Agreement, Buyer may declare this Agreement terminated by giving written notice to Seller, in accordance with

Section 9.2 of this Agreement, whereupon this Agreement shall be null and void and of no further force or effect in accordance with the provisions of Section 2.4.

Notwithstanding the foregoing, if, at any time, the Initial Contingencies are satisfied prior to Buyer providing notice of termination of this Agreement, Buyer shall be bound by the terms of this Agreement and Buyer's right to terminate under this Section 3.1 shall cease to exist.

ARTICLE IV. FINAL CONTINGENCIES

Section 4.0 Final Contingencies. The performance of this Agreement is further contingent upon satisfaction of all of the conditions set forth below (collectively, the “**Final Contingencies**”).

(a) BPU Approval. Upon the adoption of the Municipal Consent, Buyer shall, at its own cost, obtain the final order of the BPU approving the Municipal Consent for Buyer to own and operate the Systems and which is effective for its expressed purposes, in the opinion of counsel for Seller and Buyer, and which has become final in that there are not then pending any: (a) applications for rehearing or reconsideration; (b) applications for stays; and/or (c) litigation seeking injunctive or other similar relief against the sale of the Systems. Such BPU approval contingency shall not include any requirement that BPU include, as part of its approval, the Purchase Price in the rate base of Buyer, such risk being the sole responsibility of Buyer.

(b) Transfer of Permits. Seller shall have received notice or approval of the transfer to Buyer, effective at Closing, of all water diversion, extension, operating and other water or wastewater system permits and approvals issued to Seller prior to Closing by the DEP or any other local, State or federal agency.

(c) Transfer of All Contract Rights for All Existing Collateral Agreements in Connection with the Systems. Seller shall execute appropriate documents to assign or transfer to Buyer all of its rights to all Existing Collateral Agreements. Notwithstanding the foregoing, Seller shall be entitled to all revenues generated by current leases of the System Facilities for existing cell phone antennae with AT&T Wireless PCS, Omnipoint Communications and Cricket

Communications, Inc., and their successors and assigns for a period of 10 years from the Closing. Buyer agrees that, to the extent necessary to facilitate the 10 year commitment and such leases do not materially interfere with the operations of the Systems, it will renew and extend such leases during the 10 year period. In the event Buyer reasonably determines to terminate or fails to renew any such lease, Buyer shall provide written notice to Seller at least 30 days in advance explaining the reason for such termination or failure to renew.

(d) Other Approvals. Seller makes no warranties that the sale of the Systems is not subject to the approval of any other local, State, or federal agencies. Buyer and Seller shall cooperate in obtaining all regulatory and other approvals deemed necessary prior to the Closing.

(e) Condition of the Systems. Seller shall operate and maintain the facilities and equipment described on Appendix A for the term of this Agreement such that at the Closing, except for normal wear and tear and the Works in Progress, there will be no significant changes in the physical condition of the Systems other than what was evident on the Date of this Agreement. Seller shall not be liable for any damage, destruction, or diminution in value of the Systems resulting from acts of God, natural disasters or unforeseen circumstances.

(f) Access to the Systems. Buyer, at Buyer's sole cost, shall have reasonable access to the Systems from the Date of this Agreement until the Closing Date for purposes including, but not limited to, examination of customer accounts, ordinances, deeds, contracts, maps and plans; inspections and tests of plant and equipment; and surveys of the Real Property and easements. Buyer hereby agrees to indemnify and hold Seller harmless from any and all claims, demands, suits, actions, damages, liabilities or expenses in respect to or arising from Buyer's access to the Systems during this period. Buyer's rights under this Section shall be

exercised during normal business hours, with reasonable notice and shall not interfere with Seller's continuing operation of the Systems. Seller shall cooperate with Buyer with respect to such access to ensure a smooth transition in ownership over the Systems.

(g) Extension of Agreements. Except as may be required for Works in Progress, Seller will not, after the Date of this Agreement, enter into any extension of service agreements for water or wastewater service or in connection with any of the Existing Collateral Agreements without the written consent of Buyer.

(h) Capital Improvements. In addition to those improvements or repairs otherwise required for the operation of the Systems under law and subject to DEP permit regulations and schedules, Buyer covenants to invest at least \$6,500,000 in capital improvements to the Systems within 12 months of the Closing. Buyer further covenants to invest an additional \$9,500,000 in capital investments to the Systems within 5 years of the Closing. As part of its initial capital improvement plan, Buyer will address the replacement of the sewer main behind the Wedgewood Swim Club, the reconstruction of the Roberts Avenue pump station and the necessary process improvements to attenuate the odor issue at the Euclid Pump Station. Buyer's investment of capital improvements shall not be contingent on rate approval by the BPU, but shall remain subject to DEP regulations and schedules.

(i) Water Rate Freeze. Buyer agrees and covenants to freeze the Borough's water rates in effect at the Closing for 3 years commencing as of the Closing Date. Any future base rate increases would be included in Buyer's base rate cases periodically filed with the BPU. Buyer's water rate freeze covenant shall not be contingent on rate approval by the BPU. The Parties acknowledge that the sewer rates will not be subject to a rate freeze. Further, after the

Closing, Buyer will replace the Borough's sewer rates with Buyer's two-tiered service rates (consisting of a fixed fee component and a volumetric component) for all sewer usage within the Borough.

(j) Senior Discount Program. Buyer covenants that it will continue the Borough's current subsidy of the Camden County Municipal Utilities Authority treatment and sewer collection charges for currently eligible senior citizens. Buyer shall continue this subsidy for all ratepayers who meet the Borough's eligibility requirements as of March 1, 2015 for a period of 10 years from Closing. Further, Buyer acknowledges and affirms that Borough ratepayers will be permitted to apply for Buyer's Low Income Payment Program and H₂O Help to Others program, if eligible.

Section 4.1 Failure of Final Contingencies. In the event that all Final Contingencies are not satisfied within 365 calendar days from the date of adoption of the Municipal Consent due to the fault of Buyer to reasonably and diligently undertake and pursue the obligations of Buyer hereunder, this Agreement may be terminated by Seller in accordance with the provisions of Section 2.5.

Section 4.2 Risk of Loss. In the event that the condition of the Systems is materially diminished from the Date of this Agreement to the Closing Date by acts of God, natural disasters or unforeseen circumstances, Seller and Buyer may mutually agree, in writing, to a reduction in the Purchase Price or other consideration as compensation for the significant change in the Systems. If Seller and Buyer cannot reach agreement within 60 days of receipt of notice of the event, both Parties may agree to submit to binding arbitration in accordance with State Board of Mediation Rules, as to a level of reduction of the Purchase Price. In the event Seller and Buyer

cannot reach agreement on the Purchase Price adjustment or whether to commit to binding arbitration, either party has the option to terminate this Agreement with 30 days written notice, in which case the Deposit shall be returned to Buyer and 50% of the accrued interest shall be retained by Seller and 50% shall be returned to Buyer.

Section 4.3 Cooperation of Parties. (a) This Agreement has been submitted to the voters of the Borough and has received public approval as required by law. Buyer shall be responsible for obtaining BPU review and approval of the Municipal Consent. The Parties agree to cooperate with each other in obtaining such respective approvals.

(b) After the Closing, Buyer shall provide for a smooth, uninterrupted transition of service from Seller to Buyer and the Parties shall cooperate with each other to facilitate the transition.

(c) After the Closing and the integration of the Systems to the Buyer's facilities and infrastructure, Buyer shall work proactively with Seller to seek a reduction in the Borough's Insurance Service Office (ISO) rating for firefighting purposes.

ARTICLE V. CLOSING

Section 5.0 Closing. The transfer of the Systems from Seller to Buyer shall take place at the Closing which shall occur and be governed by the terms hereof.

Section 5.1 Closing Date. The Closing hereunder shall take place within 30 days of receipt of BPU approval of the Municipal Consent at the offices of Seller or its attorney, unless changed by written consent of Seller and Buyer, subject to the satisfaction of all contingencies enumerated in Articles III and IV herein.

Section 5.2 Conditions of Title to Real Property. (a) With the exception of those easements identified on Appendix B attached hereto, which shall be assigned by separate documents, the Real Property, as described in Appendix B attached hereto, shall be conveyed by bargain and sale deed with covenants against Seller's acts. Title shall be good and marketable and shall be deemed so if said title is insurable by a title company licensed to do business in the State. Title shall be subject to the following exceptions: (i) survey exceptions, provided that no survey exceptions shall adversely affect the components of the Systems located on the Real Property; (ii) the exceptions set forth on Appendix E; (iii) the easements, covenants, declaration and restrictions, annexed hereto as Appendix E; and (iv) applicable zoning and government regulations. To the extent that good and marketable title cannot be conveyed, Seller shall use its best efforts to quiet title.

(b) Buyer agrees and acknowledges that Seller shall retain ownership of the real property listed on Appendix K for Seller's ongoing use and operation for municipal functions.

Seller shall provide a permanent access easement to Buyer for its operation of the Systems, which easement shall be granted by an easement agreement in the form agreed to by the Parties.

(c) To the extent, at the Closing, there are any parcels of land that are used as part of or in furtherance of the operations of the Systems for which Seller cannot convey good and marketable title or an easement, Seller and Buyer shall work in good faith to resolve any title issues to the satisfaction of Buyer.

Section 5.3 Satisfaction of Liens. If, at Closing, there may be any liens or encumbrances which Seller is obligated to pay and discharge, Seller may use any portion or all of the Purchase Price to satisfy same, provided that Seller shall simultaneously deliver to Buyer, at the time of Closing, instruments in a recordable form and sufficient to discharge such liens and encumbrances of record together with the cost of recording or filing said instruments. If a request is made within a reasonable time prior to the time of Closing, Buyer agrees to provide, at the time of Closing, separate certified checks, if requested, aggregating the amount of the balance of the Purchase Price to facilitate the discharge of any such liens or encumbrances.

Section 5.4 Realty Adjustments. Taxes, charges for utilities or other assessments, and items identified in Buyer's title report, if applicable, shall be adjusted as of the Closing Date. The State realty transfer taxes, if applicable, shall be paid by Seller. Expenses associated with surveys, inspections, examination of title and title insurance shall be paid by Buyer.

Section 5.5 Assessments. If, at the time of Closing, the Real Property shall be or shall have been affected by an assessment or assessments which are then payable in full or which are payable in annual installments of which the first installment is then due or has been paid, then, those which are to become due and payable after the delivery of the deed(s), shall be deemed to

be due and payable at time of Closing and to be liens upon Real Property and shall be paid and discharged by Seller at or before the time of Closing. Seller represents that it has no knowledge of any existing or potential assessments. For the purpose of this Section only, the term "assessments" shall not include charges for connection to utilities.

Section 5.6 No Sale of Personalty. Personalty shall not be conveyed by Seller as part of the sale of the Systems.

Section 5.7 Effective Date of Adjustments. Closing adjustments will be effective for billing purposes on the Closing Date. Seller and Buyer shall conduct a joint reading of all meters for all of Seller's customers on or immediately before the Closing Date and Seller shall render final bills to all customers based upon said meter readings. Buyer understands that Seller will pursue collection of past due accounts prior to Closing. Buyer will cooperate in remitting to Seller, any and all payments forwarded to Buyer by customers for services rendered prior to and including the Closing Date. Seller is entitled to revenues for service rendered up to and including the Closing Date and is likewise responsible for all operating expenses up to and including the Closing Date. Buyer is entitled to revenues for services rendered subsequent to the Closing Date and is similarly responsible for operating expenses subsequent to the Closing Date.

Section 5.8 Operation of the Systems. Upon Closing, Buyer will operate the Systems at its own cost and expense and in accordance with applicable local, State and federal laws, rules and regulations, including the Customer Service Standards.

Section 5.9 Post Closing Agreement. The Parties recognize that certain undertakings set forth in this Agreement, exclusive of the Final Contingencies, may not be capable of being fully performed on or before the Closing Date and such items shall be addressed in an agreement

to be executed by both Parties at Closing, which shall identify such items and the respective responsibilities thereto.

ARTICLE VI. SELLER'S REPRESENTATIONS

Section 6.0 Seller's Representations. Seller represents and warrants to Buyer that: (a) Seller is a municipality properly created under the laws of the State; (b) Seller is the owner of the Systems; and (c) Seller has the full right and authority to execute this Agreement and consummate all of the transactions here contemplated, subject to the contingencies hereunder and all applicable State laws.

Section 6.1 Indemnification. Seller represents that Seller will indemnify and save harmless Buyer from any and all claims, demands, suits, actions, damages, liabilities or expenses in respect to or arising out of the operation of the Systems prior to Closing.

Section 6.2 Title to Assets. Seller represents that, except as noted on Appendix B attached hereto, title to all assets of the Systems are good and marketable and, at the time of Closing, will be free and clear of all liens and encumbrances, except for those items listed in Appendix E.

Section 6.3 No Warranties. Seller represents that the Systems are being sold "as is" and Seller has not made, is not making and will not make any statement, representation or warranty, express or implied, regarding the condition of the Systems.

Section 6.4 No Complaints. Seller represents, to the best of Seller's knowledge, that there are no formal complaints and no litigation, either at law or in equity, nor any proceedings before any commission or regulatory body pending, or threatened against Seller, in any way pertaining to the Systems.

Section 6.5 No Default. Seller represents, to the best of Seller's knowledge, that Seller is not in default of any provisions of law, character, 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 Systems.

Section 6.6 No Reimbursement Obligations. Seller represents, to the best of Seller's knowledge, that Seller is not a party to any water or wastewater extension agreement or other contract which, if assigned to Buyer, would obligate Buyer by rebate, reimbursement or other payment to return moneys to third party by reason of installation of some portion of the Systems.

Section 6.7 System Compliance. Seller represents that, except as otherwise disclosed to Buyer, as of the Closing Date the Systems are in compliance with all State, federal and local laws and regulations and there have been no environmental violations of a continuing nature that have not been addressed by Seller.

Section 6.8 Tariff. Seller represents that the municipal tariff, attached as Appendix G, represents the true rates of the Systems and are in effect as of the Closing Date.

Section 6.9 Works in Progress. Seller shall use due diligence to complete all Works in Progress prior to the Closing Date

Section 6.10 Survival. All warranties and representations contained in this Article VI shall survive Closing.

ARTICLE VII. BUYER'S REPRESENTATIONS

Section 7.0 Buyer's Representations. Buyer represents and warrants to Seller that: (a) Buyer is a duly organized public utility corporation, validly existing and in good standing under the laws of the State; (b) Buyer has the authority to execute this Agreement and perform Buyer's obligations under this Agreement, has been duly authorized by all necessary corporate action and does not conflict with any provision contained in its charter, rules, regulations or by-laws or in any instrument to which Buyer is a party or by which Buyer is bound; and (c) Buyer will furnish to Seller a certified copy of the resolution of Buyer authorizing Buyer to consummate this Agreement and enter into the transactions provided herein.

Section 7.1 Indemnification. Buyer represents that Buyer will indemnify and hold harmless, including paying all attorneys fees, Seller from and against any and all claims, demands, suits, actions, damages, liabilities or expenses in respect to or arising out of operation of the Systems subsequent to the Closing Date.

Section 7.2 No Warranties. Buyer represents that Buyer is purchasing the Systems "as is" as represented by Seller in Section 6.3 of this Agreement, and that Buyer will have no recourse against Seller in any respect as to any condition of the Systems that might be discovered after the Closing.

Section 7.3 Right to Inspect. Buyer represents that, prior to the Effective Date, Buyer has been afforded the opportunity to inspect and has inspected the Systems to the extent that Buyer deemed necessary and that Buyer has the continuing right to continue such inspections pursuant to Section 4.7 of this Agreement.

Section 7.4 Other Limitations of Local, State and Federal Laws and Regulations.

Buyer accepts the terms of this Agreement subject to the terms and limitations of all applicable local, State and federal laws, statues, rules and/or regulations.

Section 7.5 Assumption of Contracts. Buyer agrees to assume all outstanding contractual obligations of Seller arising on or after the Closing with the Existing Collateral Agreements set forth in Appendix C hereto for the remaining term of such contracts.

Section 7.6 Customer Service Standards. Buyer covenants and agrees to provide the customers of the Systems with continuous service including the supply of potable water for at least forty (40) consecutive years and to operate the Systems in a manner at least equivalent to the Customer Service Standards and in accordance with the Buyer's tariff as approved by the BPU

Section 7.7 Land Use Regulation. Buyer agrees that any maintenance or expansion of the Systems will be done in conformance with existing Borough land use and zoning ordinances, master plan and historic district standards, if applicable.

Section 7.8 Survival. All warranties and representations contained in this Article VII shall survive Closing.

ARTICLE VIII. PUBLIC SERVICE

Section 8.0 Services to Borough Facilities. Buyer agrees to provide water and wastewater services at no cost to the Borough facilities listed in Appendix I (the “**Municipal Facilities**”) at the same volume levels as existed at the time of Closing. To the extent that after Closing any service volumes for the Municipal Facilities exceed those that existed at the time of Closing, the increased volumes shall be charged to Seller at the rates in effect from time to time by Buyer for all other services throughout the Borough.

Section 8.1 Fire Protection Services. After Closing, Buyer shall provide and Seller agrees to pay for Public Fire Hydrant services for public fire protection services, at rates approved by the BPU. Public Fire Hydrant services shall be provided at all Public Fire Hydrants conveyed to Buyer in the same volumes and level of service as provided by Seller. Buyer shall maintain the Systems and Public Fire Hydrants in a manner to retain the Borough’s Existing Insurance Services Organization rating.

Section 8.2 Future Facilities. As requested from time to time by Seller, by municipal resolution, Buyer, at its own cost, shall install Public Fire Hydrants at any other locations or remove Public Fire Hydrants from any existing locations within Buyer’s Water System that exists or is contemplated at the time the request is made by Seller, and in accordance with Buyer’s tariff approved by the BPU.

ARTICLE IX. ADDITIONAL REPRESENTATIONS AND UNDERSTANDINGS

Section 9.0 No Broker. Buyer and Seller represent to one another that this sale has been effectuated without the aid or assistance of any real estate broker or finder and that no commission or finder's fee is due to anyone by reason of any act on the part of Buyer or Seller.

Section 9.1 No Recordation. It is understood and agreed that this Agreement shall not be recorded in the Camden County Clerk's Office, or elsewhere; however, the Parties acknowledge that all transfers of title to real estate and other interest in properties will be so recorded.

Section 9.2 Notices. No notice, request, consent, approval, waiver or other communication under this Agreement shall be effective or deemed to have been given, unless the same is in writing and is personally delivered and acknowledged by signature of addressee, or authorized agent at the office address, or by express mail, or federal express, or telefax (provided the addressee sends a telefax confirmation that the notice has been received), or mailed by certified mail, return receipt requested. All the above should be addressed to the Parties at the addresses noted below:

To Seller:	Borough of Haddonfield, in the County of Camden 242 Kings Highway E P.O. Box 3005 Haddonfield, New Jersey 08033 Attention: Borough Administrator
With a copy to Special Counsel:	McManimon Scotland & Baumann, LLC 75 Livingston Avenue, Suite 200 Roseland, New Jersey 07068 Attention: Jong Sook Nee

To Buyer: New Jersey American Water Company, Inc.
1025 Laurel Oak Road, Voorhees, New Jersey 08043
Attention: Michael A. Sgro

Section 9.3 Applicable Law. This Agreement and the performance hereof shall be governed, interpreted, construed and regulated by the laws of the State.

Section 9.4 Counterparts. This Agreement may be executed in several counterparts, each of which shall be original, but all of which shall constitute one and the same instrument.

Section 9.5 No Assignment. This Agreement may not be assigned by any party without the prior written consent of the other party.

Section 9.6 Entire Agreement. This Agreement, together with all Appendices, sets forth all of the promises, agreements, conditions and understandings between the Parties hereto relative to the subject matter hereof, and there are no promises, agreements, conditions or understandings, either written or oral, expressed or implied between them other than as herein set forth. Except as herein otherwise specifically provided, no subsequent, alterations, amendments, changes or additions to this Agreement shall be binding upon either party, unless reduced to writing and signed by all Parties.

Section 9.7 Survival. Only those covenants, agreements, representations and warranties herein made which expressly provide for post-closing survival shall survive the Closing.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their proper corporate officers and their proper corporate seals to be hereto affixed, the day and year first above written.

ATTEST:

SELLER:

BOROUGH OF HADDONFIELD

By: Deanna Bennett
Borough Clerk

By: Jeffrey S. Kasko
JEFFREY S. KASKO
MAYOR

ATTEST:

BUYER:

NEW JERSEY AMERICAN WATER
COMPANY, INC.

By: [Signature]
Vice President General
Counsel + Secretary

By: [Signature]
President

Please note that pages 31 – 735 of Exhibit C can be found on the CD that accompanied the Petition.