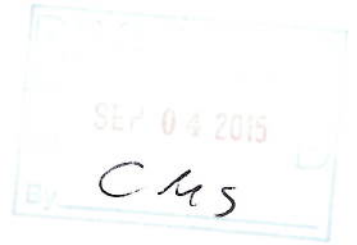




**McCARTER  
& ENGLISH**  
ATTORNEYS AT LAW



**BY FEDERAL EXPRESS WITH DELIVERY CONFIRMATION**

September 3, 2015

Ms. Irene Kim Asbury  
Secretary and Records Custodian  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

WM 15091006

Tricia M. Caliguire  
Special Counsel  
T. 973-639-2021  
F. 973-297-3700  
tcaliguire@mccarter.com

Re: Substantiation of Confidentiality Claim; In the Matter of the Joint Application of Oakwood Village Sewerage Associates, L.L.C and AION Oakwood Sewer, L.L.C. for Approval of a Transfer of Control of a Public Utility

McCarter & English, LLP  
Four Gateway Center  
100 Mulberry Street  
Newark, NJ 07102-4056  
T. 973.622.4444  
F. 973.624.7070  
www.mccarter.com

Dear Secretary Asbury:

Joint Petitioners in this matter, Oakwood Village Sewerage Associates, L.L.C. ("OVSA"), a public utility regulated by the New Jersey Board of Public Utilities, and AION Oakwood Sewer, L.L.C., the proposed new owner of OVSA (together, the petitioners are "Claimants"), hereby claim confidential treatment with respect to certain information included in the Petition and exhibits sent to the Board in this matter on September 3, 2015 (yet to be docketed).

Pursuant to the requirements set forth at N.J.A.C. 14:1-12.8 (a), petitioners submit the following to substantiate the claim of confidentiality:

1. To prevent disclosure of confidential information, neither Claimants nor the current owner of OVSA ("Seller" and together with Claimants, the "Involved Parties") have made any public announcements or issued press releases regarding the proposed transaction or its terms, and have complied with the procedure provided by the Board in the regulations at N.J.A.C. 14:1-12.1-12.18.

2. The information claimed confidential is not readily available to the general public in any materials, published in hard copy or online.

3. The information claimed confidential is not routinely available to other government agencies; those agencies that would have access to this information, such as the federal Internal Revenue Service, are bound by law to protect its confidential nature.

BOSTON  
HARTFORD  
STAMFORD  
NEW YORK  
NEWARK  
EAST BRUNSWICK  
PHILADELPHIA  
WILMINGTON  
WASHINGTON, DC

4. The only persons to whom the confidential information has been disclosed are employees or agents (attorneys, consultants, brokers) of the Involved Parties, all of whom are bound by ethical rules and/or contracts to maintain the confidential nature of any related communications, whether written or verbal.

5. Disclosure of the confidential information would harm the real estate investment management businesses of the Involved Parties, which depend on confidential business operations. Should the proposed transaction fail to be consummated, the disclosure of confidential information would prejudice the Involved Parties in subsequent dealings, whether with respect to the same properties or in other prospective transactions.

6. The confidential information includes the purchase price and other information which is not related to the proposed sale of OVSA or its operations, but rather to the sale of other property which is owned by Seller and its affiliates as part of a related transaction. This information should not be necessary for third parties, who have not signed a non-disclosure agreement with the Claimants, to provide comments to the Board in this matter.

7. Claimants request that you, as Records Custodian, treat the information as confidential for a period of ten (10) years following entry of the Board's final Order in this matter.

8. On behalf of Claimants, I have submitted a draft Non-Disclosure Agreement ("NDA") to counsel for the Board at the Department of Law and Public Safety, Division of Law and to the Director of the Division of the Ratepayer Advocate, with a copy to the Board's legal staff. Upon execution of the NDA, we will provide the signatory parties with the confidential version of the Petition and exhibits.

The following persons are hereby designated to receive notices and other communications from the Records Custodian relating to matters involving this claim:


Tricia M. Caliguire, Esq.  
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September 3, 2015  
Page 3

Thank you for your assistance in this matter. Please call if you have any questions.

Sincerely,



Tricia M. Caliguire

Enc.

cc. Edward K. DeHope, Esq.

**AFFIDAVIT OF AION OAKWOOD SEWER, L.L.C.**

MICHAEL BETANCOURT, of full age, hereby certifies:

1. I am the Managing Member of Claimant and Petitioner AION Oakwood Sewer, L.L.C. ("AION"). I submit this affidavit in connection with the Substantiation of Confidentiality Claim filed with the Secretary and Records Custodian of the New Jersey Board of Public Utilities (the "Board") to support a request for confidential treatment of certain information provided to the Board in documents filed in the matter captioned "In the Matter of Joint Application of Oakwood Village Sewerage Associates, L.L.C and AION Oakwood Sewer, L.L.C. for Approval of a Transfer of Control of a Public Utility."

2. In my capacity as Managing Member of AION, I am familiar with the proposed transaction described in the above-captioned matter and all information, both confidential and public, contained in the documents filed with the Board in this matter. In particular, I am familiar with the steps taken by the Involved Parties to prevent public disclosure of the information claimed as confidential.

3. I have read the Substantiation of Confidentiality Claim and the factual statements set forth therein with respect to AION are true and correct to the best of my knowledge, information and belief.

4. The foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

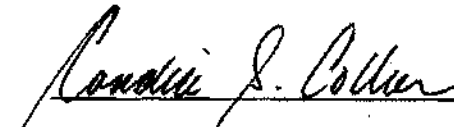


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MICHAEL BETANCOURT

Signed and sworn before me this

3<sup>rd</sup> day of September, 2015.



Notary Public

CANDICE S. COLLIER  
Notary Public, State of New York  
No. 01CO6188349  
Qualified in Bronx County  
Commission Expires June 9, 2016

AFFIDAVIT OF EAST COAST OAKWOOD APARTMENTS SEWAGE, L.L.C.

TIMOTHY BARRY, of full age, hereby certifies:

1. I am the Vice President of Oakwood Village Sewerage Associates, L.L.C. ("OVSA"). I submit this affidavit in connection with the Substantiation of Confidentiality Claim filed with the Secretary and Records Custodian of the New Jersey Board of Public Utilities (the "Board") to support a request for confidential treatment of certain information provided to the Board in documents filed in the matter captioned "In the Matter of Joint Application of Oakwood Village Sewerage Associates, L.L.C and AION Oakwood Sewer L.L.C. for Approval of a Transfer of Control of a Public Utility."
2. In my capacity as Vice President of OVSA, I am familiar with the proposed transaction described in the above-captioned matter and all information, both confidential and public, contained in the documents filed with the Board in this matter. In particular, I am familiar with the steps taken by the Involved Parties to prevent public disclosure of the information claimed as confidential.
3. I have read the Substantiation of Confidentiality Claim and the factual statements set forth therein with respect to OVSA are true and correct to the best of my knowledge, information and belief.
4. The foregoing statements made by me are true to the best of my knowledge, information and belief. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE JOINT : BPU DOCKET NO. \_\_\_\_\_  
APPLICATION OF OAKWOOD :  
VILLAGE SEWERAGE :  
ASSOCIATES, L.L.C. AND AION : PETITION  
OAKWOOD SEWER, L.L.C. FOR :  
APPROVAL OF A TRANSFER OF :  
CONTROL OF A PUBLIC :  
UTILITY :  
:

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

INTRODUCTION

Oakwood Village Sewerage Associates, L.L.C. and AION Oakwood Sewer, L.L.C. (referred to jointly as "Petitioners"), submit this Petition for approval of the Board of Public Utilities (the "Board" or "BPU") of the transfer of ownership and control of Oakwood Village Sewerage Associates, L.L.C. ("OVSA"), a public utility regulated by the Board and operating in accordance with a tariff approved by the Board's Order issued on December 19, 2002 in BPU Docket No. WE00120986, along with any related required approvals. This request is brought before the Board pursuant to N.J.S.A. 48:2-51.1, N.J.A.C. 14:1-5.14 and N.J.S.A. 48:3-10 and N.J.A.C. 14:1-5.10.

The acquisition of the public utility by AION Oakwood Sewer, L.L.C. ("AION") is part of a much larger transaction involving thirteen (13) residential rental properties owned by East Coast Oakwood Village L.L.C. and affiliated entities. The majority of these rental properties are located in New Jersey, including Oakwood Village Apartments, a 1224-unit complex located in Mount Olive Township, Morris County, which receives sewer service from OVSA.

Petitioners also request the Board's approval of a mortgage agreement that will be executed as of closing of the proposed transaction pursuant to N.J.S.A. 48:3-7, to the extent the

## CONFIDENTIAL

Board deems such approval necessary.

Finally, the OVSA tariff, approved by the Board's Order issued on December 19, 2002 in BPU Docket No. WE00120986, has not been changed or updated since 2002. Petitioners request the Board's approval of the revised tariff, to be effective as of the date of the Board's approval, modified to reflect minor changes, including addresses, names and citations, with no changes in the sewer service rates charged by OVSA to its customers.

In support of the foregoing, Petitioners state as follows:

### I. THE JOINT PETITIONERS

1. Oakwood Village Sewerage Associates, L.L.C. ("OVSA"), is a limited liability company of the state of New Jersey, with its principal office at 32 Old Slip, 28<sup>th</sup> Floor, New York, NY 10005. OVSA maintains a local office at 77 Oakwood Village, #9, Flanders, NJ 07836. East Coast Oakwood Apartments Sewage L.L.C. ("East Coast"), a limited liability company of the state of Delaware, is the owner of OVSA.
2. In 2007, the Board issued an Order approving East Coast's acquisition of one hundred percent (100%) ownership of OVSA from Oakwood Apartments, L.L.C. I/M/O THE Application of East Coast Oakwood Apartments Sewage L.L.C. for Approval of a Transfer of Control of Oakwood Village Sewerage Associates, L.L.C., Docket No. WM07070535 (September 12, 2007).
3. AION is a limited liability company of the state of Delaware, with its principal office at 11 East 44<sup>th</sup> Street, Suite 1000, New York, NY 10017. AION is wholly-owned by AION Oakwood Venture, L.L.C., a limited liability company of the state of Delaware, the members of which are DC Oakwood, Inc., a Delaware corporation, owning eight-five percent (85%), AION Oakwood, L.L.C., a limited liability company of the state of Delaware, owning fifteen percent (15%), and AION Oakwood Sponsor, L.L.C., a limited liability company of the state of Delaware, owning zero percent (0%).

## II. BACKGROUND AND HISTORY OF OPERATIONS

4. In 1972, the sewage treatment plant was built on a 40-acre tract on Route 206 in Flanders, Lot 11, Block 4600, Mount Olive Township, Morris County, to provide sewage treatment services for the Oakwood Village apartments, located on the same tax block.
5. On or about 1973, Oakwood Apartments, L.L.C. completed construction of Oakwood Village, a 1224-unit apartment complex in Flanders, Lot 11, Block 4600, Mount Olive Township, Morris County, New Jersey. Oakwood Apartments, L.L.C. owned the apartments, the sewage treatment plant and a system of sewage collection transmission mains serving the apartments until September 2007 when they were acquired by East Coast Oakwood Village, L.L.C., a Delaware limited liability company.
6. On or about 2000, the Mount Olive Township Planning Board approved Westminster Development's application to build Dara Estates, a 34-unit single family housing subdivision, on Lots 6.01 through 6.34, 10, and a portion of 11, Block 4600 in Flanders (the "Service Area"). The Planning Board set a condition that the proposed homes be served by a central sanitary sewage collection and treatment system. At the time, the only sewage treatment plant available to serve Dara Estates was the plant serving Oakwood Village Apartments. At that time, and continuously since, Mount Olive Township supplied the apartment complex and the housing subdivision with water service.
7. Mount Olive Township further required Westminster Development to construct gravity wastewater collection and transmission mains, a force main and a wastewater pump station.
8. On November 21, 2000, Mount Olive Township issued a Municipal Consent to OVSA<sup>1</sup> "to acquire, construct, operate, maintain and manage a sewage collection, treatment and disposal plant and system . . . to the Apartments and the residential units developed and constructed on [the Service Area] . . . [and] to use . . . the roads, streets, avenues and ways . . . within and adjacent to the Service Area." Mount Olive Township, NJ.

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<sup>1</sup> OVSA was organized as a limited liability company of the state of New Jersey in October 2000.



Ordinance 41-2000 (Nov. 21, 2000). The Ordinance is attached as Exhibit A.

9. Conditions attached to the Municipal Consent included that OVSA “shall be formed and organized pursuant to N.J.S.A. 48:13-1 et seq.<sup>2</sup> to acquire, construct, operate, maintain and manage the sewage collection, treatment and disposal plant and system [and OVSA] shall petition the [BPU] for approval of this [Consent].” Ordinance 41-2000, p. 2.
10. The final condition attached to the Municipal Consent stated that “all Sewer Service provided by [OVSA] shall be limited and restricted to the Apartments and the residential units developed and constructed on the Subject Properties within the Service Area, and no sewer service shall be provided by [OVSA] to any other lands which are situated outside the Service Area.” Ordinance 41-2000, p. 4.
11. By petition filed December 27, 2000, and amended August 20, 2002 and October 11, 2002, OVSA requested Board approval of (1) the Municipal Consent, in the form of Ordinance 41-2000, for the provision of wastewater service by OVSA to the apartments owned by Oakwood Apartments, L.L.C. and the homes to be developed within the Dara Estates subdivision; (2) the organization of OVSA and the issuance of one hundred percent (100%) of its ownership interest to Oakwood Apartments, L.L.C.; and (3) OVSA’s initial tariff.<sup>3</sup>
12. By Order issued on December 19, 2002 in BPU Docket No. WE00120986, attached as Exhibit B, the Board approved (1) the consent granted by the Township of Mount Olive to OVSA to provide sewage service to the Service Area; (2) the organization of OVSA as proposed and the issuance of one hundred percent (100%) ownership interest to Oakwood Apartments, L.L.C.; and (3) the initial tariff with specific annual rates for wastewater service.
13. On July 1, 2003, Oakwood Apartments, L.L.C. and Dara Estates Homeowners Association, Inc. entered into an Operating Agreement for OVSA outlining their mutual

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<sup>2</sup> At the time of Ordinance 41-2000, much of Chapter 13, regarding sewerage companies, had been repealed, including the sections related to authorization of formation.

<sup>3</sup> See I/M/O the Application of Oakwood Village Sewerage Associates, L.L.C. for Approval of (A) Service Area, (B) Issuance of Equity Interests, and (C) Initial Tariff, Docket No. WE00120986 (December 18, 2002), at 2.

obligations to OVSA. Oakwood Apartments, L.L.C. would own one hundred percent (100%) of OVSA; the Dara Estates Homeowners Association would be a non-equity member of OVSA with a zero percent (0%) ownership interest in OVSA. Further, Oakwood Apartments, L.L.C. would make all capital contributions to OVSA; contributions for operating expenses would be made to OVSA by both contracting parties. The Operating Agreement is attached as Exhibit C.

### III. CURRENT OPERATIONS

14. The OVSA sewage treatment plant is located on Route 206 in Flanders on a 40 acre property. It is a Tertiary Wastewater Treatment Plant with spray irrigation overland flow. OVSA serves only the Oakwood Village apartment complex and the 34-unit Dara Estates subdivision, now known as "Millbrook Estates at Flanders." OVSA has no plans nor any intention to expand the sewer system, nor to request an expansion of the service territory or the persons eligible for service.
15. In 2007, the Board approved the transfer of ownership and control of OVSA from Oakwood Apartments, L.L.C. to East Coast Oakwood Apartments Sewage, L.L.C. ("East Coast"). I/M/O the Application East Coast Oakwood Apartments Sewage L.L.C. for Approval of a Transfer of Control of Oakwood Village Sewerage Associates, L.L.C., Docket No. WM07070535 (September 12, 2007) ("2007 Order"). The 2007 Order is attached as Exhibit D.
16. East Coast owns one hundred percent (100%) of OVSA. The Millbrook Estates at Flanders Homeowners Association (successor to the Dara Estates Homeowners Association) is a non-equity member of OVSA with a zero percent (0%) ownership interest in OVSA.
17. OVSA has a ninety-nine (99) year lease, dated July 1, 2003, between OVSA as tenant and East Coast Village Oakwood, L.L.C. (as assignee of Oakwood Garden Associates, L.L.C., as assignee of Oakwood Apartments, L.L.C.). The lease demises to OVSA the sewerage treatment plant, including the building and plant equipment, the septic fields, appurtenant parking and access, and the right to flow sewerage to the plant through the

existing sewerage mains in Oakwood Village Apartment Complex 6. This lease is attached as Exhibit E.

18. OVSA has a ninety-nine (99) year lease, dated July 1, 2003, with Millbrook Estates at Flanders Homeowners Association, Inc. (as successor to Dara Estates Homeowners Association) authorizing OVSA to operate a pump station, force main and related facilities for delivery of sewage from the 34-unit housing development to the treatment plant. This lease is attached as Exhibit F.
19. Applied Water Management, Inc. (“AWM”), a subsidiary of Natural Systems Utilities, L.L.C., has for many years operated and maintained the Oakwood Village treatment plant. On February 1, 2013, AWM and East Coast Oakwood Village L.L.C. entered into an “Operations and Maintenance Contract for Operations and Maintenance of the Oakwood Village WWTP” (the “O/M Contract”), which is attached as Exhibit G. The O/M Contract is for a period of three (3) years, continuing until January 31, 2016; AION has begun discussions with AWM to extend the O/M Contract following Closing.

#### **IV. THE PROPOSED TRANSFER**

20. Pursuant to a Purchase and Sale Agreement dated September 2, 2015 (“PSA”), attached as Exhibit H, entities including East Coast Oakwood Village L.L.C. agreed to sell to AION Real Estate II, L.L.C. land on Route 206 South, in Mount Olive Township, County of Morris, New Jersey, described more fully on Exhibit I, attached; improvements thereon; all tangible personal property thereon; all leases, licenses, and occupancy agreements covering the land and improvements; all related third-party operating agreements; the lease for the OVSA treatment plant, described in Paragraph 17, above; and OVSA’s interest in the lease with the Millbrook Estates at Flanders Homeowners Association, described in Paragraph 18, above.
21. Prior to Closing, AION Real Estate II, L.L.C. will assign its interest in and obligations under the PSA to AION Oakwood Venture, L.L.C., a limited liability company of the state of Delaware. AION Oakwood Venture, L.L.C. is the one hundred percent (100%)

owner of two entities, both of which are limited liability companies of the state of Delaware: AION Oakwood Village, L.L.C. and AION Oakwood Sewer, L.L.C. (Joint Petitioner herein and defined as “AION” above). An organizational chart showing the Post-Closing structure and addresses of these entities, and a chart showing the Pre-Closing structure of the East Coast entities, are attached as Exhibit J.

22. At Closing, AION Oakwood Village, L.L.C. would take title to the Oakwood Village apartment complex, the sewage treatment plant, and the property on which the treatment plant is located, and would become the assignee of the landlord’s interest under the OVSA lease.
23. At Closing, AION would acquire the one hundred percent (100%) ownership interest in OVSA, a public utility regulated by the Board.
24. At Closing, AION would assume East Coast’s obligations under the Operating Agreement, described in paragraph 13, above.
25. After Closing, AWM would continue to operate and maintain the sewer system and treatment plant in accordance with the O/M Contract, which provides for assignment by East Coast Oakwood Village L.L.C. with AWM’s prior written consent, which consent shall not be unreasonably withheld.
26. After Closing, OVSA will remain a public utility subject to the Board’s jurisdiction, operating in accordance with its revised tariff, to be effective as of the date of Closing, modified to reflect minor changes, including addresses, names and citations, with no changes in the sewer service rates charged by OVSA to its customers.
27. Pursuant to the PSA, the transaction contemplated by the PSA and the obligations of the Seller entities, including East Coast, and the Purchaser entities, including AION, to consummate the transaction are conditioned on the approval of the Board of the transfer described in this Petition.
28. AION Oakwood Village, L.L.C. is contemplating placement of a fixed-rate loan from a local regional bank to purchase all assets described in the PSA. It is anticipated that the

treatment plant and the property upon which it is located, which will be owned by AION, Oakwood Village, L.L.C. will be subject to this mortgage.

**V. STATUTORY AND REGULATORY REVIEW OF THE PROPOSED TRANSFER**

29. The Petitioners request Board approval of their proposal to transfer ownership and control of OVSA, a public utility regulated by the Board, from East Coast to AION. The controlling statute, N.J.S.A. 48:2-51.1, provides in pertinent part:

[N]o person shall acquire or seek to acquire control of a public utility directly or indirectly . . . without requesting and receiving the written approval of the Board of Public Utilities. [I]n considering a request for approval of an acquisition of control, the board shall evaluate the impact of the acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates.

30. The proposed acquisition of control of OVSA by AION will have no impact on competition. There is no other provider of sewer service to the impacted OVSA customers. OVSA will remain a stand-alone sewer utility with a new owner. The new owner, AION, does not own and has no intention to purchase any other sewage treatment plants.
31. The proposed acquisition of control of OVSA by AION will have no impact on rates charged to OVSA customers. OVSA will continue to operate under the tariff dated December 26, 2001, with minor Board-approved modifications.
32. The proposed acquisition of control of OVSA by AION will have no impact on the employees of OVSA as OVSA has no employees. AWM will continue to operate and maintain the treatment plant and collection system in accordance with the February 1, 2013 O/M Contract. AION will take over management responsibility of OVSA from East Coast, and Millbrook Estates at Flanders Homeowners Association will continue as a non-equity member of OVSA with a zero percent (0%) ownership interest in OVSA.
33. The proposed acquisition of control of OVSA by AION will have no impact on the

provision of safe and adequate utility service at just and reasonable rates. AWM has more than thirty (30) years' experience in the water and wastewater industry. The company is well qualified to continue operating the OVSA plant and to carry out the utility's obligation to render safe, adequate and proper service to the OVSA customers. As described above, there will be no discernible change in the operation, maintenance, and management of the OVSA treatment plant and sewer collection service. Rates, previously deemed by the Board as "just and reasonable," will not change.

34. AION will not make changes in OVSA policies with respect to finances, operations, accounting, rates, depreciation, operating schedules, maintenance and management affecting the public interest.
35. In addition to the statutory requirements described above, the regulations, N.J.A.C. 14:1-5.14(c), provide:

The Board shall not approve a merger, consolidation, acquisition and/or change in control unless it is satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1.
36. In the 2007 proceeding involving this public utility, the Board found that the OVSA customers and the State of New Jersey would benefit when East Coast acquired OVSA on the basis of East Coast's capitalization and the assurance East Coast was therefore capable of funding any needed repairs and improvements to the treatment plant and sewerage collection system. 2007 Order, at 8.
37. Similarly, OVSA customers and the State of New Jersey will benefit from the acquisition of OVSA (and the served apartment complex) by AION, which shall continue operation and maintenance of the sewer treatment plant and collection system pursuant to the O/M Contract and the requirements of the Board. AION is fully capable of funding any repairs or improvements necessary for OVSA to provide safe, adequate and proper service to its customers. OVSA customers will benefit from AION's commitment to fiscally prudent stewardship of OVSA.
38. N.J.S.A. 48:3-10 requires a public utility to acquire Board approval before making or

permitting a transfer:

“to be made upon its books to any . . . person . . . the result of which . . . transfer . . . shall be to vest in such . . . person a majority in interest of the outstanding capital stock of such public utility corporation[.]”

39. OVSA is a limited liability company, not a corporation, but will be transferring on its books all of its membership interests from East Coast to AION if the proposed transaction is consummated. Should the Board determine that Board approval of the proposed transaction is required under this statutory provision, as well as under N.J.S.A. 48:2-51.1, such approval is requested.

## **VI. STATUTORY AND REGULATORY REVIEW OF THE PROPOSED MORTGAGE FINANCING**

40. Petitioners request that, should the Board deem such approval necessary, the Board approve the proposed mortgage under which AION Oakwood Village, L.L.C. is contemplating placement of a fixed-rate loan from a local regional bank to purchase all assets described in the PSA. It is anticipated that the treatment plant and the property upon which it is located, which will be owned by AION Oakwood Village, L.L.C., will be subject to this mortgage.
41. N.J.S.A. 48:3-7 provides, in pertinent part:

“No public utility shall, without the approval of the board, sell, lease, mortgage or otherwise dispose of or encumber its property, franchises, privileges or rights, or any part thereof [.] Where, by the proposed sale, lease or other disposition of all or a substantial portion of its property, any franchise or franchises, privileges or rights or any part thereof . . . it appears that the public utility . . . may be unable to fulfill its obligation to any employees thereof . . . the board shall not grant its approval unless the public utility seeking the board’s approval for such sale, lease or other disposition assume such responsibility as will be sufficient to provide that all such obligations. . . will be satisfied[.]”

42. The public utility, OVSA, will not be encumbering its property, as it owns neither the sewer plant nor the land upon which the plant is located. The ownership of the sewer plant and the land on which it is located will transfer from East Coast to AION Oakwood Village, L.L.C, which will also assume all obligations of East Coast under the lease.

43. The mortgage will not adversely impact OVSA as OVSA's involvement is incidental to the much larger real estate transaction.
44. The mortgage will have no impact on employees of the public utility, as OVSA has no employees.

## **VII. THE PROPOSED TARIFF MODIFICATIONS**

45. The initial OVSA tariff was approved by the Board on December 19, 2002 in BPU Docket No. WE00120986. OVSA has operated continuously since then under the original tariff.
46. Since 2002, the Board has moved from Newark to Trenton, ownership of OVSA has changed (with Board approval), and the regulations governing operations of water and sewer treatment plants have been revised. Working with Board staff, AION has modified the OVSA tariff to reflect these changes; AION proposes no changes in the sewer service rates charged by OVSA to its customers. The tariff with proposed modifications is attached as Exhibit K.
47. Petitioners submit the revised tariff for review and request the Board's approval of the tariff as modified, to be effective as of the date of Closing.

## **VIII. ADDITIONAL REGULATORY REQUIREMENTS**

48. As required under N.J.A.C. 14:1-5.14(b) (1-14), Petitioners provide the following additional documents:

- (1) Copies of the resolutions of the members of each company authorizing the proposed transaction are attached as Exhibit L.

- (2) The 2014 OVSA annual report (filed with the Board this past May), which includes OVSA's balance sheet and income statement as of December 31, 2014, is attached as Exhibit M.

- (3) The members of AION are described in paragraph 3, above, and with more detail on Exhibit J.

- (4) The Petitioners will publish a public hearing notice, in the form attached



as Exhibit N or as modified by Board staff and/or by agreement with Rate Counsel, in newspapers of wide circulation, on the Oakwood Village Apartments website, and will provide a copy to the Township of Mount Olive for display and/or publication on its website.

(5) No other state or federal regulatory agency has jurisdiction to approve the proposed transaction. A list of all submissions that will be made to the New Jersey Department of Environmental Protection after Closing in connection with transfer of permits issued for the treatment plant is attached as Exhibit O.

49. Certain documents described in N.J.A.C. 1-5.10 (b) are not applicable to the proposed transaction. Petitioners will not submit the certificate of membership for East Coast as the structure of the limited liability company will continue; only the assets of the company will be acquired in the proposed transaction. Further, there will be no shares of capital stock issued in connection with the proposed transaction and the proposed transaction does not involve an exchange of stock. Finally, the franchise cost will not be capitalized on the books of the surviving company.

#### **IX. PRAYER FOR RELIEF**

50. Petitioners respectfully request that the Board approve the proposed change of ownership and control of OVSA to AION and, if necessary, approve OVSA's transfer on its books of all its membership interests to AION, that the Board approve the proposed mortgage to the extent the Board deems such approval necessary, that the Board approve the tariff as modified, and that the Board issue any and all other approvals that the Board deems necessary and appropriate in connection with the proposed transactions.

#### **X. CONCLUSION**

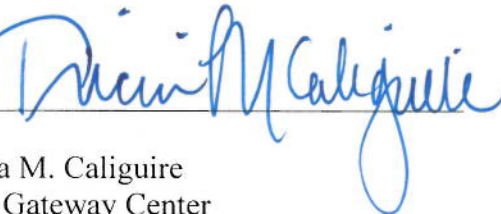
For all of the reasons set forth herein, the Petitioners respectfully request review and approval of this Petition and that the Board issue an Order approving the change in ownership and control of OVSA from East Coast to AION including, if necessary, the transfer by OVSA of all its membership interests to AION, approving the proposed mortgage, and approving the submitted minor modifications to the OVSA tariff.

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

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**VERIFICATION OF AION OAKWOOD SEWER, L.L.C.**

MICHAEL BETANCOURT, of full age, hereby certifies:

1. I am the Managing Member of Petitioner AION Oakwood Sewer, L.L.C. I submit this Verification in connection with the Petition captioned "In the Matter of the Joint Petition of Oakwood Village Sewerage Associates, L.L.C. and AION Oakwood Sewer, L.L.C. for Approval of a Transfer in Control of a Public Utility" (the "Petition"). In my capacity as Managing Member of AION, I am familiar with the proposed transaction described in the Petition and in particular with the intention of AION to acquire and operate the wastewater treatment plant and sewerage collection system located on Route 206 in Flanders, Township of Mount Olive, Morris County, New Jersey, as described in the Petition.

2. I have read the Petition and the factual statements set forth therein with respect to AION are true and correct to the best of my knowledge, information and belief.

3. The foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

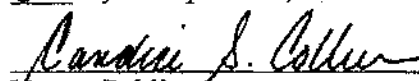


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MICHAEL BETANCOURT

Dated: September <sup>3<sup>rd</sup></sup> 2015

Signed and sworn before me this  
<sup>3<sup>rd</sup></sup> day of September, 2015.

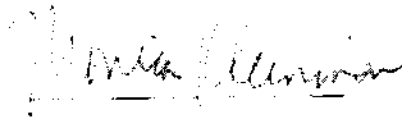
  
Notary Public

CANDICE S. COLLIER  
Notary Public, State of New York  
No. 01CO6188349  
Qualified in Bronx County  
Commission Expires June 9, 2016

  
TIMOTHY BARRY

Signed and sworn before me this

3 day of September, 2015.



Notary Public

MONICA KLEINMAN  
Notary Public, State of New York  
No. 01KL6211588  
Qualified in Kings County | 7  
Commission Expires 9/21/20  
Certificate Filed in New York County