



March 27, 2024

VIA ELECTRONIC MAIL

Hon. Sherri L. Golden
Secretary of the Board
South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350

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

Dear Secretary Golden:

Enclosed please find a Petition filed on behalf of New Jersey-American Water Company, Inc. in connection with the above-referenced matter.

Kindly file the Petition and advise of the docket number assigned to this case.

Very truly yours,

A handwritten signature in blue ink that reads "S. R. Bishop". The signature is written in a cursive style and is positioned above a horizontal line.

Stephen R. Bishop
General Counsel

SRB:dlc
Enc.

cc: Attached service list (via email, w/enc.)

**I/M/O the Petition of New Jersey American Water Company, Inc. for
Approval of a Municipal Consent Granted by the
Borough of Manville, County of Somerset**

**BPU Docket No. WE2403 _____
Service List**

Mike Kammer, Director
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625
mike.kammer@bpu.nj.gov

Stacy Peterson
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625
stacy.peterson@bpu.nj.gov

Pamela Owen, DAG
Division of Law
Hughes Justice Complex
25 Market Street
P.O. Box 112
Trenton, NJ 08625
pamela.owen@law.njoag.gov

Michael Hunter
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625
michael.hunter@bpu.nj.gov

Meliha Arnautovic, DAG
Division of Law
Hughes Justice Complex
25 Market Street
P.O. Box 112
Trenton, NJ 08625
meliha.arnautovic@law.njoag.gov

Felecia Jackson-Rodgers
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
frodgers@rpa.nj.gov

Brian O. Lipman, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.nj.gov

Emily Lam, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
elam@rpa.nj.gov

Susan McClure, Esq.
Managing Attorney-Water/Wastewater
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
smcclure@rpa.nj.gov

Stephen R. Bishop, Esq.
VP and Managing General Counsel
New Jersey American Water
1 Water Street
Camden, NJ 08102
stephen.bishop@amwater.com

Christine Juarez, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
cjuarez@rpa.nj.gov

Jamie D. Hawn
Director, Rates and Regulatory
New Jersey American Water
1 Water Street
Camden, NJ 08102
jamie.hawn@amwater.com

Donna Carney
New Jersey American Water
149 Yellowbrook Road - Suite 109
Farmingdale, NJ 07727
donna.carney@amwater.com

BEFORE THE
STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF NEW JERSEY-AMERICAN WATER COMPANY, INC. FOR APPROVAL OF A MUNICIPAL CONSENT GRANTED BY THE BOROUGH OF MANVILLE, COUNTY OF SOMERSET	: : : : : : : : : : :	PETITION BPU DOCKET NO. _____
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TO: THE HONORABLE BOARD OF PUBLIC UTILITIES

Petitioner, New Jersey-American Water Company, Inc. (“NJAWC”, “Company”, or “Petitioner”), a duly organized and existing public utility corporation of the State of New Jersey, with its principal office at 1 Water Street, Camden, New Jersey 08102, hereby petitions the Board of Public Utilities (“Board”) for approval, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, and such other regulations and statutes as may be deemed applicable and appropriate by the Board, of a municipal consent ordinance (the “Municipal Consent”) adopted by the Borough of Manville, County of Somerset (the “Borough” or “Manville”). The Borough’s Municipal Consent was adopted after a sale process was conducted pursuant to the procedures set forth in N.J.S.A. 40:62-3 through 40:62-6 and approved by the voters of the Borough. In furtherance of this Petition, NJAWC states as follows:

1. NJAWC is a regulated public utility corporation engaged in the production, treatment and distribution of water and collection and treatment of sewage within its defined service territory within the State of New Jersey. Said service territory includes portions of the following counties: Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Manville, Somerset,

Union and Warren. Within its service territory NJAWC serves approximately 668,000 water and fire service customers and 64,200 wastewater service customers as of December 31, 2023.

2. The Borough encompasses approximately 2.45 square miles and has a population of approximately 10,875 people.
3. The Borough currently owns and operates a wastewater system (the “System”) which serves the residents and property owners within the geographical area of the Borough (the “Proposed Franchise Area”). The System provides wastewater service to approximately 3,729 connections in the Borough, as well as to a portion of the neighboring Township of Hillsborough.
4. By this Petition, NJAWC is seeking approval of the Municipal Consent – Ordinance No. 2024-1312 – adopted by the Borough on March 11, 2024. The Municipal Consent was introduced and adopted pursuant to N.J.S.A. 48:3-11 through 48:3-15 and N.J.S.A. 48:13-11 to permit Petitioner to construct, lay, maintain, and operate the necessary wastewater mains, pipes and appurtenances throughout the Proposed Franchise Area and to provide water and wastewater services to the Borough. A copy of the Municipal Consent is attached hereto as Exhibit A and incorporated into this Petition by reference.
5. The Municipal Consent adopted by the Borough was part of a sale process conducted in compliance with and pursuant to the procedures set forth in N.J.S.A. 40:62-3 through 40:62-6, in which the Borough sought public bids for the sale of the System. After review and analysis of the bid submitted by NJAWC, the Borough awarded the sale to NJAWC, subject to the approval of the voters and the approval of the Board.
6. Thus, the governing body of the Borough has decided that it is in the public interest for the System to be owned and operated by Petitioner. As a result of the acquisition, the

governing body realizes that the System will be operated by a company that is part of the largest provider of regulated water and wastewater services in the United States. The System will be subject to the industry practices followed by Petitioner and its parent organization; provide high quality and reliable service; and have access to the financial wherewithal to maintain and improve the System.

7. In addition to the Municipal Consent, the Borough adopted Ordinance No. 2023-1299 approving the agreement of sale between the Borough and NJAWC and authorizing the placement of the proposed sale of the System on the ballot for consideration by the voters in the next general election. (Attached hereto as Exhibit B).
8. Pursuant to N.J.S.A. 40:62-5, on November 7, 2023, the Borough held a referendum on whether to approve the acquisition of the System by Petitioner. The referendum resulted in approval of said acquisition by Borough voters.
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 System. Rather, NJAWC is seeking ratemaking recognition for the System as part of its pending general base rate proceeding docketed at WR24010056.
10. NJAWC and the Borough have executed an Agreement of Sale (the “Agreement”) for the sale and purchase of the System. The Agreement provides for the purchase of the System, subject to various contingencies, including the approval by the Board of the Municipal Consent. A copy of the Agreement is attached hereto as Exhibit C. Upon approval by the Board of the Municipal Consent, the Borough and NJAWC will complete the transaction.
11. Approval of the Municipal Consent submitted to the Board with this Petition will serve the public interest by permitting NJAWC to begin providing wastewater utility service within the Borough, and to leverage its experience, expertise and economies of scale to benefit

the customers of the Borough and of NJAWC. NJAWC's significant resources will support more efficient service as well as provide additional system reliability to the Borough.

For the reasons stated above, including the approval of the acquisition of the System by the governing body of the Borough and the approval by the residents of the Borough, the approval of the Municipal Consent will serve the public convenience and properly conserve the public interests pursuant to N.J.S.A. 48:2-14. As a result, the Board should approve the Municipal Consent, and address any ratemaking issues in the base rate case filed by Petitioner.

The Petitioner has not yet commenced wastewater service within the service area of the Borough covered by the Municipal Consent.

WHEREFORE, Petitioner respectfully requests that the Board approve Ordinance No. 2024-01 of the Borough of Manville and grant such other and further relief as the Board may deem reasonable and appropriate under the circumstances.

Respectfully submitted,

New Jersey-American Water Company, Inc.

By: 

Stephen R. Bishop, Esquire

General Counsel

Dated: March 27, 2024

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

Stephen R. Bishop
General Counsel
New Jersey-American Water Company, Inc.
1 Water Street
Camden, NJ 08102
856.955.4877
stephen.bishop@amwater.com

VERIFICATION

STATE OF NEW JERSEY

ss.

COUNTY OF CAMDEN

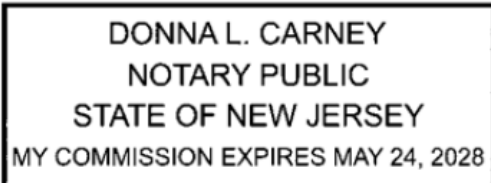
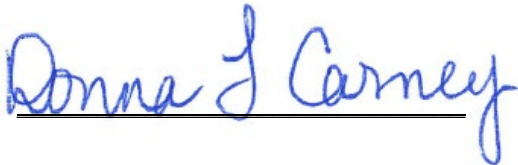
I, JAMIE HAWN, of full age, being duly sworn according to law, upon my oath depose and say:

1. I am the Director of Rates and Regulatory of New Jersey-American Water Company, Inc., the Petitioner herein, and am authorized to make this verification on behalf of said Petitioner.
2. I have read the contents of the foregoing Petition as to New Jersey-American Water Company, Inc. and hereby verify that the statements therein contained are true and accurate to the best of my knowledge and belief.



Jamie Hawn
Director, Rates & Regulatory

Sworn to and subscribed before
me this 27th day of March 2024.





BOROUGH OF MANVILLE

Ordinance No. 2024-1312

AN ORDINANCE GRANTING CONSENT AND PERMISSION TO NEW JERSEY AMERICAN WATER, INC. TO FURNISH WASTEWATER COLLECTION AND CONVEYANCE SERVICE IN THE BOROUGH OF MANVILLE, NEW JERSEY

WHEREAS, the Borough of Manville, County of Somerset and State of New Jersey (the “Borough”), hereby grants consent and permission to New Jersey American Water, Inc. (“NJAW”), a New Jersey Corporation to furnish wastewater collection and conveyance service within the Borough; and

WHEREAS, NJAW is in the process of acquiring the wastewater system (the “System”) currently owned and operated by the Borough, which has been approved by the voters of the Borough on November 7, 2023, pursuant to N.J.S.A. §40:62-5; and

WHEREAS, the Borough is desirous of having NJAW acquire the System and the voters of the Borough of Manville approved same by passage of a referendum on November 7, 2023, by a vote of 1,552 to 325; and

WHEREAS, NJAW is a regulated public utility corporation of the State of New Jersey presently seeking the municipal consent of the Borough to permit NJAW to provide wastewater collection and conveyance service through the System; and

WHEREAS, NJAW has requested the consent of the Borough as required by N.J.S.A. §48:19-17 and §48:19-20, as amended, to lay its pipes beneath and restore such public roads, streets and places as it may deem necessary for its corporate purposes, free from all charges to be made for said privilege (except that fees for road opening permits shall be paid), provided that all said pipes installed after the date of this ordinance 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 cause or permit other than temporary damage to public or private property; and

WHEREAS, it is deemed to be in the best interests of the citizens of the Borough to provide this consent; and

WHEREAS, notice of this Ordinance was published in accordance with the requirements of N.J.S.A. §48:3-13 and N.J.S.A. §48:3-14; and

WHEREAS, the Mayor and Council of the Borough have concluded that granting of said consent shall enhance the health, safety and welfare of the citizens of the Borough.

NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE BOROUGH AS FOLLOWS:

Section 1. That exclusive and perpetual consent and permission to furnish wastewater collection and conveyance to the Borough and all residents, businesses and government buildings therein is hereby given and granted to NJAW, its successors and assigns for the maximum duration permitted by law (50 years), subject to the permission by the Board of Public Utilities of the State of New Jersey.

Section 2. That exclusive consent and permission is given to NJAW, its successors and assigns, under the provisions of N.J.S.A. §48:19-17 and N.J.S.A. §48:19-20, as amended, without charge therefore, (except fees for road opening permits which shall be paid) as the same may be required in order to permit NJAW to own and operate the System, add to, extend, replace, operate and maintain said System in the public property described herein in order to provide said wastewater collection and conveyance service. This shall include permission to lay pipes beneath the public roads, streets, public property and public places.

Section 3. That a certified copy of this Ordinance, upon final passage, shall be sent to NJAW, the New Jersey Department of Environmental Protection and the Board of Public Utilities of the State of New Jersey.

Section 4. That the consent granted herein shall be subject to NJAW complying with all applicable laws of the Borough and/or the State of New Jersey including, but not limited to, any and all applicable statutes and administrative agency rules and/or regulations and contingent upon the Borough and NJAW executing the *Agreement of Sale Between the Borough of Manville and New Jersey American Water, Inc.*, as the same may be amended from time to time.

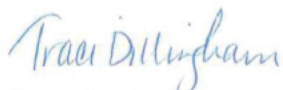
Section 5. The Mayor and the Borough Administrator are authorized to execute the documents and agreements necessary to effectuate this municipal consent.

Section 5. Each section, subsection, sentence, clause and phrase of this Ordinance is declared to be an independent section, subsection, sentence, clause and phrase, and the finding or holding of any such portion of this Ordinance to be unconstitutional, void, or ineffective for any cause, or reason, shall not affect any other portion of this Ordinance.

Section 6. All ordinances or parts of ordinances inconsistent with this Ordinance are hereby repealed to the extent of such inconsistency.

BE IT FURTHER ORDAINED, that if any portion of this Ordinance shall be declared invalid as a matter of law, such declaration shall not affect the remainder of said Ordinance; and

BE IT FURTHER ORDAINED, that this Ordinance shall take effect upon passage and publication in accordance with law.



TRACI DILLINGHAM
ACTING BOROUGH CLERK



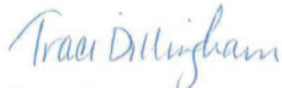
RICHARD M. ONDERKO
MAYOR

INTRODUCED this
26th day of February, 2024:

ORDINANCE # 2024-1312
FIRST READING: 2/26/2024
ROLL CALL

Introduced	Seconded	Council	Yes	No	Abstain	Absent
		Agans	x			
x		Camacho	x			
		DeVito	x			
		Madak	x			
		Puia	x			
	x	Skirkanish	x			
		Onderko				

Attest:



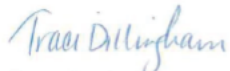
Traci Dillingham
Acting Borough Clerk

ADOPTED this
11th day of March, 2024:

ORDINANCE # 2024-1312
SECOND READING AND FINAL ADOPTION: 3/11/2024
ROLL CALL

Introduced	Seconded	Council	Yes	No	Abstain	Absent
		Agans				x
x		Camacho	x			
		DeVito	x			
		Madak	x			
	x	Puia	x			
		Skirkanish	x			
		Onderko				

Attest:



Traci Dillingham
Acting Borough Clerk

ADOPTED this 11th day of March, 2024



Borough of Manville
Ordinance # 2023-1299

AN ORDINANCE OF THE BOROUGH OF MANVILLE, IN THE COUNTY OF SOMERSET, NEW JERSEY, APPROVING AN AGREEMENT OF SALE BETWEEN THE BOROUGH AND NEW JERSEY AMERICAN WATER COMPANY, INC. FOR THE SALE OF THE BOROUGH'S WASTEWATER COLLECTION SYSTEM AND AUTHORIZING A PROPOSAL TO BE PRINTED ON THE BALLOT FOR CONSIDERATION BY THE VOTERS WITHIN THE BOROUGH AT THE GENERAL ELECTION ON NOVEMBER 7, 2023 PROVIDING FOR THE SALE OF THE BOROUGH'S WASTEWATER COLLECTION SYSTEM TO AMERICAN WATER COMPANY, INC.

STATEMENT OF PURPOSE

The purpose of this Ordinance is to provide the Voters of the Borough of Manville the opportunity to decide whether or not to approve the sale of the Borough's Sewer System to NJ American Water Company, and to establish terms and conditions for such a sale, subject to approval by the Voters, and Authorizing a Ballot Proposal for Consideration by the Voters of the Borough of Manville at the November 2023 General Election

WHEREAS, the Borough of Manville, in the County of Somerset, New Jersey (the "Borough") currently owns and operates a wastewater collection system servicing the residents and property owners (the "Customers") within the geographic boundaries of the Borough and a portion of Hillsborough Township (the "Manville Sewer System" or "the System"); and

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

WHEREAS, the Borough prepared and distributed a Request for Bids for the Sale of the Wastewater Collection System (the "RFB") dated May 15, 2023 requesting bids for the purchase of the System pursuant to N.J.S.A. §40:62-1 et seq. (the "Public Utilities Law"); and

WHEREAS, on June 26, 2023 the Borough received one bid from a regulated utility, New Jersey American Water Company, Inc., to purchase the System; and

WHEREAS, based on the review of the above referenced bid, the Borough has determined that the bid submitted by New Jersey American Water Company Inc. in the amount of \$6,500,000 was the highest responsible bid; and

WHEREAS, under the terms of the Request for Bids, the Borough would sell all of the Borough's rights and interests in the land and improvements comprising the System, provided that any purchaser of the System would continue to provide wastewater collection services to the Customers in accordance with all applicable state and local standards, make all capital improvements as required by the RFB, and meet other requirements set forth in the RFB; and

WHEREAS, the Borough and New Jersey American Water Company Inc. have agreed to the terms of the sale of the System; 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 System; 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 Somerset place the question of the sale of the System on the ballot used at the next general election in the Borough, which is scheduled for November 7, 2023; and
WHEREAS, N.J.S.A. §40:62-5 provides *that "If a majority of the legal voters voting at such election shall vote "Yes," the governing body may accept the bid of the highest responsible bidder and carry out such lease or sale as authorized by the election"*; and

WHEREAS, the Borough desires to enter into the Agreement of Sale, subject to the approval of the voters of the Borough as set forth in N.J.S.A. §40:62-5 and any other regulatory approvals set forth in the Public Utilities Law.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Council of the Borough of Manville, County of Somerset, State of New Jersey, as follows:

SECTION 1:

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

SECTION 2:

The Borough hereby approves the sale of the System to New Jersey American Water Company Inc. for \$6,500,000 in accordance with its bid and in accordance with the terms and conditions of the RFB and the Agreement of Sale, subject to the approval of the voters of the Borough as set forth in N.J.S.A. §40:62-5.

SECTION 3:

The Agreement of Sale between the Borough and New Jersey American Water Company Inc. entitled "Agreement of Sale between the Borough of Manville, New Jersey and New Jersey American Water Company Inc." 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 governing body of the Borough, 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 4:

The Mayor and Council 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 subject to approval of the sale by the voters of the Borough pursuant to N.J.S.A. §40:62-5.

SECTION 5:

The Mayor and Council hereby requests and directs the Clerk of the County of Somerset to place the following question 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 Manville, in the County of Somerset, New Jersey, be authorized to sell its wastewater collection system (commonly known as the "Manville Sewer System") to New Jersey American Water Company Inc. for the sum of \$6,500,000?"

___Yes___ No

Explanation

If a majority of the legal votes cast in the Borough are "Yes", the Borough of Manville will sign an agreement with New Jersey American Water Company Inc. ("NJ American Water") for the sale of the sewer system servicing the residents and property owners within the geographic boundaries of the Borough of Manville and a portion of Hillsborough Township ("the Manville Sewer System") at a sale price of **\$6.5 Million dollars**. In addition, the agreement provides that NJ American Water will make **\$10.0 Million** in capital improvements to the Manville Sewer System over a ten-year period.

The agreement provides that New Jersey American Water Company Inc. will provide and maintain all wastewater collection services to the existing customers of the Borough's system, to the system in accordance with the terms of the Agreement of Sale approved by the Borough.

The \$6.5 Million in sale proceeds will be used to retire all outstanding Borough of Manville municipal debt, thereby eliminating future annual debt service payments on that debt, and aiding in stabilizing municipal property taxes each year. Subject to the final review and approval of the New Jersey Board of Public Utilities, the service rates to the customers of the Borough's System are proposed to be changed as follows for up to a maximum of 7 years following the sale:

Year	2024	2025	2026	2027	2028	2029	2030
Rate Increase	0%	2%	3%	3%	3%	4%	4%

Upon the completion of the rate schedule approved by the Board of Public Utilities future rate changes shall be subject to approval by the New Jersey Board of Public Utilities.

If a majority of the legal votes cast in the Borough are “Yes”, then the Mayor & Council may accept the bid of the highest responsible bidder and carry out the sale as authorized by the election; and

If a majority of the legal votes cast in the Borough are “No”, then the Borough will retain the System and will immediately begin a process to increase rates to the extent required to address the need for additional capital improvements and maintenance activities.

SECTION 6:

Authorization. The Mayor, Council, Borough Administrator, Borough Attorney, and such Borough employees and staff as the Borough Administrator may designate, are hereby authorized and directed to take such steps as are necessary to effectuate the purposes of this Ordinance.

SECTION 7:

Repealer. Any prior Ordinance of the Borough of Manville, or any article, section, paragraph, subsection, clause, or other provision of any such prior Ordinance, which is inconsistent with the provisions of this Ordinance, is hereby repealed, or temporarily repealed as applicable, to the extent of such inconsistency.

SECTION 8:

Severability. In the event that any provision of this ordinance, or the application thereof to any person or circumstance is declared invalid by any Court

of competent jurisdiction, such adjudication shall apply only to the section, paragraph, subsection, clause, or provision so adjudged, and the remainder of this ordinance shall be deemed valid and effective; such holding shall not affect any other provision or application of this ordinance which may be given effect, and, to realize this intent, the provisions and applications of this ordinance are declared to be severable.

SECTION 9:

Inconsistency with other Ordinances. Should any provision of this ordinance be inconsistent with the provisions of any other prior ordinances, or shall be inconsistent with any article, section, paragraph, subsection, clause, or other provision of any prior ordinances, the inconsistent provisions of such other prior ordinances are hereby repealed, but only to the extent of such inconsistencies.

SECTION 10:

Effective Date. This ordinance shall be effective immediately after final adoption and publication in accordance with law.

Borough of Manville,

Richard M. Onderko, Mayor

Attest:

GP Caminiti, Acting Clerk

INTRODUCED this day of July 24th, 2023

Introduced	Second	Council	Yes	No	Abstain	Absent
		Agans	x			
		DeVito	x			
	x	Lukac	x			
		Madak	x			
		Skirkanish	x			
x		Szabo	x			
		Mayor Onderko				

SECOND READING AND FINAL ADOPTION:

ADOPTED this 14th day of August, 2023:

Introduced	Second	Council	Yes	No	Abstain	Absent
		Agans		x		
		DeVito	x			
		Lukac	x			
		Madak	x			
		Skirkanish	x			
x		Szabo	x			
		Mayor Onderko				

AGREEMENT OF SALE BETWEEN

BOROUGH OF MANVILLE, NEW JERSEY

AND

NEW-JERSEY AMERICAN WATER COMPANY, INC.

March 5, 2024

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LIST OF EXHIBITS

Exhibit A	Description of the System
Exhibit B	Form of Assignment and Assumption Agreement
Exhibit C	Form of Bill of Sale
Exhibit D	Tariff/Rate Ordinance
Exhibit E	List of Written Contracts to Which Borough is a Party which Relate to the 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	List of Borough Facilities
Exhibit N	Annual Charge Payment Process

AGREEMENT OF SALE

THIS AGREEMENT OF SALE (this “**Agreement**”), dated March 5, 2024 is made and entered into by and between the **BOROUGH OF MANVILLE**, a public body corporate and politic in Somerset County, New Jersey, located at 325 N. Main Street, Manville New Jersey 08835 (the “**Borough**”) and **NEW JERSEY-AMERICAN WATER COMPANY, INC.**, a corporation of the State of New Jersey with principal corporate offices at One Water Street, Camden New Jersey 08102 (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 “**System**”), more particularly described herein, located in the Manville, New Jersey; and

WHEREAS, in connection with the proposed sale of the 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 (the “**RFB**”) on May 15, 2023; and

WHEREAS, on May 27, the Borough received one (1) bid in response to the RFB; and

WHEREAS, after review and clarifications of the Bid 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 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 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 System dated March 5, 2024, and all exhibits, attachments, and schedules hereto. 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.

“**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 System, when approved by the BPU; the Borough Consent will be in the form attached hereto as **Exhibit**

L.

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

“Buyer” means New Jersey-American Water Company, Inc.

“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 5% 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 mean Prestige Title Agency, Inc. 130 Pompton Avenue, Verona, New Jersey 07044.

“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 System, and (b) mortgages, security interests and other liens granted by the Borough and encumbering the System.

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

“Party” shall mean individually 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 System held by the owner.

“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 System issued by the Borough on May 15, 2023 and responded to by the Buyer.

“Wastewater System” shall mean the wastewater collection and conveyance System, as described in detail in Exhibit A.

“Transaction Documents” means collectively this Agreement all exhibits and attachments thereto 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. As of the Closing Date, the Borough will be the sole owner and has good and shall have marketable title to each fee parcel of real property included in the System, and leasehold interest, license or easement in all other real property necessary for ownership and operation of the System. A detailed listing of all such interests in real property is set forth on Schedule I to Exhibit F.
- (D) Assets. As of the Closing Date the Borough will have clear, good and marketable title to all of the assets comprising the System, free and clear of all encumbrances. None of the assets are leased or on loan by the Borough to a third party. The 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 System. Upon Closing, Buyer shall continue to be vested with good title in the 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 System.
- (G) No Reimbursement Obligations. To the best of the Borough's knowledge, the Borough is not a party to any 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 System.
- (H) System Compliance. The 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 System to be in effect as of the Closing Date.
- (J) Permits. **Exhibit G** sets forth a complete and accurate list of all Permits required to operate the System, 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**, or elsewhere in this Agreement (i) the Permits are all which are all the permits necessary or required under applicable Law for the ownership, operation and maintenance of the System and the assets to be conveyed to Buyer as currently or previously operated and maintained, (ii) the System are, and for the past five (5) years has been, in compliance in all material respects with all terms, conditions and requirements of all Permits (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 that are scheduled to expire within six (6) months following the date of this Agreement, any applications for renewal of such Permits have been or will be duly filed by the Borough's with the applicable Governmental Authority within the time frame required under applicable law.

- (K) Environmental. 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 as same relates to the System. 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 System.
- (i) 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 System.
 - (ii) To the best of the Borough's knowledge, there are no hazardous materials, except those used in connection with the operation of the System present on or in the 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.
 - (iii) To the best of the Borough's knowledge, none of the following exists at the 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.
 - (iv) The Borough has delivered to the 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 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 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 System on an "as-is, where-is" basis. The Buyer has satisfied itself on all aspects, of the 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 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 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's 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 System "as is", and that the Buyer will have no recourse against the Borough with respect to any condition of the 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 System to the extent that the Buyer deemed necessary and has made such examination of the 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 the Buyer will buy from the Borough, all of the Borough's rights, title, and interest in the 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 System include personal property, office equipment, office supplies, vehicles, cash, securities, and the accounts receivable of the Borough relating to the 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 SIX MILLION FIVE HUNDRED THOUSAND DOLLARS (\$6,500,000.00) (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 System, including, but not limited to, administrative, outside attorneys (including the law firms DeCotiis FitzPatrick Cole & Giblin LLP, and Maciag Law LLC), 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 System and authorizing the voter referendum process, 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 remainder 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 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;
- (D) provide the customers of the System with safe and reliable service in accordance with applicable laws and regulations, and the Buyer’s tariff as approved by the BPU;
- (E) maintain or expand the System in conformance with existing Borough land use and zoning ordinances, master plan, and historic district standards, as applicable;
- (F) make the required capital improvements pursuant to Section 8.4; and
- (G) make application, with the assistance of the Borough, for the transfer, effective at the Closing, of all Permits and approvals issued 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 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 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 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, ordinances, instruments, affidavits and documents as may be reasonably necessary to effectuate the transaction;
 - (xii) Such other documents necessary to satisfy the requirements of Section 7.2(F).
- (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 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);
- (x) Such other documents, resolutions, instruments, affidavits and documents as may be reasonably necessary to effectuate the transaction; and

Section 4.8 APPORTIONMENTS. At the Closing, real estate taxes, if any, for the fee parcels constituting System assets to be transferred to the Buyer and all other operating expenses for the System allocable to periods before and after the Closing Date, including adjustments necessary pursuant to Section 5.1.(I), shall be apportioned for the 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 legal 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 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 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 System issued 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 System. The Borough will:
 - (i) continue to operate and maintain the System in compliance with all local, state and federal rules and regulations;
 - (ii) maintain the 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 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 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's 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 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 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 System from the date of this Agreement through the Closing Date. In event that the

condition of the 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 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 customers or the System.
- (J) 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.
- (K) 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.
- (L) Buyer Access. The Borough shall provide the Buyer, at the Buyer's sole cost, reasonable access to the 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 System and easements. In addition, Buyer shall have ninety (90) days from the date of the Agreement to complete and be satisfied with the results of any Phase I and Phase II environmental site assessment or other environmental assessment performed with respect to the real property. If Buyer determines that it is not satisfied with the environmental assessments, Buyer shall notify the Borough prior to the expiration of the Evaluation Period. The Borough shall then have fifteen (15) days from the date of its receipt of the notice to exercise the Borough's right to either remedy the environmental issue prior to Closing or to advise Buyer that the Borough is unable or unwilling to remedy the environmental issue. If the Borough notifies Buyer that it is unable or unwilling to remedy the environmental issue, then Buyer may elect

to (1) terminate the Agreement, in which case the Deposit shall be returned to Buyer, (2) propose an adjustment to the Purchase Price, and if accepted by the Borough, accept the Real Property and proceed to Closing or (3) accept the real property as is and proceed to Closing (provided all other contingencies have been satisfied) with no adjustment in purchase price. 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 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 System. The Borough shall cooperate with the Buyer with respect to such access to ensure a smooth transition in ownership of the System.

- (M) Confidentiality. Any information provided by the Borough to the Buyer regarding the Borough's customers and the System that is not generally available to the public shall remain confidential except as required by law.
- (N) 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 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 System upon the Closing Date and shall assist in those activities described in Section 8.13.
- (O) Referendum Education Campaign. The Buyer shall provide reasonable assistance to the Borough in connection with its public referendum education campaign.
- (P) Hillsborough Consent. The municipality of Hillsborough Township ("Hillsborough") shall have granted its consent for the Buyer to provide wastewater service to those residents in the municipality that are currently served by the Borough via municipal consent ordinance in form and substance reasonably acceptable to the Buyer. The Borough shall notify Hillsborough of the necessity of said consent and shall cooperate with the Buyer in obtaining the municipal consent from Hillsborough as soon as reasonably possible, but no later than prior to the Closing Date.

ARTICLE VI TITLE AND CONDITION OF SYSTEM

Section 6.1 TITLE. Good and marketable title to the System, including the real property comprising same, including valid licenses and/or easements necessary to own, operate and access all assets constituting the 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 System;
- (D) rights of way and easements that do not materially interfere with the existing use of the real property comprising the System;
- (E) zoning and other governmental restrictions; and
- (F) taxes, assessments and other public charges on real property comprising the 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 System, Buyer may within 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 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) 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 costs for curing any title defects; 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.

If the Borough is unable to deliver easements necessary for the ownership and operation of the System prior to Closing, then the Borough may choose to either (i) delay Closing until such time that the Borough can deliver said easements; (ii) continue to close with a mutually agreed upon portion of the purchase price equivalent to the amount necessary to obtain said easements placed in escrow for the Borough or the Buyer to draw upon for costs associated in obtaining said easements; or (iii) continue to close with Buyer taking responsibility for the missing easements with a mutually agreed upon purchase price adjustment equivalent to the cost of obtaining said easements.

Section 6.2 PROPERTY INFORMATION MATERIALS. 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

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 relieve the Borough of its obligations pursuant to Section 6.1.

Section 6.3 CONDITION OF THE SYSTEM. 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 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 System. The Buyer has satisfied itself on all aspects, without limitation, of the 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 System through the Closing Date in compliance with all Permits, approvals, 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 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 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 Buyer 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 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 approve a resolution that provides for: (A) the defeasance and redemption of any outstanding debt/bonds issued by the Borough on the System, if any, (which debt/bonds principal amount is \$0.00 as of December 31, 2023) and reimburse any other capital expenditure in connection with the System (which is \$0.00 as of December 31, 2023); (B) the repayment of all grants issued to the Borough related to the System that must be repaid due to the sale of the System (the amount of which is estimated to be \$0.00 as of December 31, 2023); and (C) the defeasance and redemption of any outstanding debt/bonds issued by the Borough for any reason, if any, (which debt/ bonds principal amount is \$4,028,459.37 as of December 31, 2023 through May 1, 2028, and any interest and redemption premium thereon). At Closing, the Borough shall provide (i) a written confirmation that it has created a separate escrow account wherein a portion of the Purchase Price will be deposited in an amount sufficient to satisfy items (A), (B) and (C) above, (ii) a sufficiency report or verification report certifying that the portion of the Purchase Price deposited in said escrow account will be sufficient to satisfy items (A), (B) and (C) above, and (iii) an opinion of the Borough's bond counsel addressed to the Borough and the Buyer that based solely on the sufficiency report or verification report that item (A) will be "deemed paid" as of the date of closing. For the avoidance of all doubt the parties acknowledge that the obligations set forth in items (A), (B) and (C) above are the sole legal responsibility of the Borough. Based upon the Borough's actions described here, the Buyer shall acquire title to the System without any liens or claims against it arising from the debt/bonds and any grant of the Borough as set forth in (A) and (B) above. For avoidance of doubt, no debt or obligation referenced in this Section 7.2(F) shall be considered a Permitted Encumbrance.

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 Borough 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, return the Deposit to the Buyer, 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 and authorizing the vote referendum process.

ARTICLE VIII POST-CLOSING OBLIGATIONS OF BUYER AND BOROUGH

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

Closing obligations.

Section 8.1 CONTINUATION OF SERVICES. The Buyer shall continue to provide services in accordance with the Customer Service Standards and the Customer Service Plan described in **Exhibit J** to the customers of the System in a manner that meets the requirements of the Buyer's tariff and all local, state, and federal laws and regulations relating to such services and shall operate and maintain the 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 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 System and shall conduct predictive, preventive, and corrective maintenance of the System as required by applicable law.

Section 8.3 RATE STABILIZATION COVENANT. Upon Closing, the Buyer shall adopt the sewer rates as defined in the Borough's Code, and as set forth in **Exhibit D**, which Exhibit details the specific sections of the Borough's Code that will be adopted by the Buyer. Subject to the Borough's representation in Section 8.10 below, the Buyer shall hold said rates for a minimum of One (1) year. Thereafter, the sewer rates for the customers within the Borough shall increase by no more than two percent (2%) in year two of the Buyer's ownership. Thereafter, the sewer rates for the customers within the Borough shall increase by no more than three percent (3%), compounded annually, for the following three (3) years. Thereafter the sewer rates for the customers within the Borough shall increase by no more than four percent (4%) per year, compounded annually, for the next two (2) years. Thereafter, any future base rate increases shall be included in the 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 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 rates as described above, all other fees as provided in Buyer's tariff, and the terms and conditions of said tariff, shall apply as of the Closing Date.

Section 8.4 REQUIRED CAPITAL IMPROVEMENTS. The Buyer agrees to invest TEN MILLION DOLLARS (\$10,000,000.00) in capital improvements to the System within ten (10) years of the Closing, FIVE MILLION DOLLARS (\$5,000,000.00) of which the Buyer covenants to invest within the first five (5) years follow the Closing. **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 M** to this Agreement at no cost to the Borough for a period of two (2) years from the Closing Date, at the same volume levels as existed as of the Closing Date; provided however the period of no cost service for the Borough-owned facilities shall be determined by the BPU and the Buyer shall commence charging for the service at the applicable rates at the end of the approved period.

Section 8.6 SERVICE LINE RESPONSIBILITY. The term "Service Line" shall mean the lateral service line that connects the 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 System, or to the clean-out or curb stop, 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 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 issues related to the System.

Section 8.9 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 Buyer will provide curb-to-curb pavement restoration for all Buyer-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.

Section 8.10 SERVICE AGREEMENTS BETWEEN THE BOROUGH AND THE SRVSA DATED 1990 and 1994. The Parties acknowledge that the Borough will be in contract with the Somerset Raritan Valley Sewerage Authority ("SRVSA"), pursuant to the Services Agreements between the Borough and SRVSA, dated 1990 and 1994 (the "**Services Agreements**"). The Borough, even post sale of the Wastewater System, must remain a party to the Services Agreement. As an inducement to the Buyer to fulfill the Borough's obligations under the Services Agreement the Borough represents that there are no financial obligations owed by the Borough to the SRVSA other than as represented by and included in the Annual Charge assessed by the SRVSA. In order to address this requirement and effectuate the sale of the Wastewater System to the Buyer, the Parties agree as follows:

- (A) Post-closing, the Services Agreement shall remain between the Borough and the SRVSA;

- (B) Every year post-closing, the Buyer shall be responsible for paying the Annual Charge (as defined in the Services Agreement) to the Borough in accordance with the procedure for payments more specifically set forth in **Exhibit N**;
- (C) The Borough agrees to formalize a process via a resolution of the Mayor and Council through which it will regularly meet with the Buyer to discuss issues and matters related to SRVSA fees, financial decisions, operations issues and capital improvements with the intent to generate a uniform opinion concerning such matters that will be conveyed by the Borough to the SRVSA Board.
- (E) Post-closing, subject to the affirmative representations made by the Borough in this Section 8.10 with respect to; the lack of any other existing monetary obligations of the Borough to the SRVSA other than as set forth in the Service Agreement and subject to the Borough's indemnity obligations as set forth in Section 12.2 herein the Buyer agrees to fully indemnify and defend the Borough for all obligations, requirements, terms and conditions, including but not limited to all financial obligations, requirement, terms and conditions, limited to those specifically set forth in the Services Agreement while operating and maintaining the Wastewater System.

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 and authorizing the voter referendum process 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 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 Indemnatee**"), 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 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 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:

Borough Administrator
Borough of Manville
325 N. Main Street
Manville, NJ 08835
(908) 725-9478

Copies to:

R. Scott King, Esq.
DeCotiis, FitzPatrick, Cole & Giblin, LLP
61 South Paramus Road, Suite 250
Paramus, NJ 07652

And:

Thaddeus R. Maciag, Esq.
Maciag Law, LLC
475 Wall Street
Princeton, NJ 08540

If to Buyer:

Vice President, Operations
New Jersey – American Water Company, Inc.
1 Water Street
Camden, NJ 08102

Copy to:

General Counsel
New Jersey – American Water Company, Inc.
1 Water Street
Camden, NJ 08102

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 and authorizing the voter referendum process (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.

WITNESS/ATTEST:



BOROUGH OF MANVILLE

By: RICHARD M. ONDERKO
Name: Richard M. Onderko
Title: MAYOR

**NEW JERSEY-AMERICAN WATER
COMPANY, INC.**

By: _____
Name: _____
Title: _____

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

WITNESS/ATTEST:

BOROUGH OF MANVILLE

By: _____

Name: _____

Title: _____

**NEW JERSEY-AMERICAN WATER
COMPANY, INC.**

Stephen R Bishop
Stephen R Bishop
Secretary

By: Mark K McDanough

Name: Mark K McDanough

Title: President

EXHIBIT A

DESCRIPTION OF THE SYSTEM

The Manville sewer collection system consists of approximately 30 miles of sewer mains, 75 percent of which are believed to be clay pipe and 25 percent transite pipe. The system includes two lift stations – the South Arlington Pump Station and the Cortland Lift Station. The South Arlington Pump Station conveys wastewater to an 18” force main which delivers wastewater to the Somerset Raritan Valley Sewerage Authority system across the Raritan River for treatment.

The Manville sewer system provides service to approximately 3,289 homes and businesses within the Borough and 440 homes and businesses in Hillsborough Township.

A copy of the Lee T. Purcell Associates map showing the sewer system within the Manville Borough boundaries is attached hereto.

LEE T. PURCELL ASSOCIATES MAP OF THE MANVILLE SEWER SYSTEM
WITHIN THE MANVILLE BOROUGH BOUNDARIES

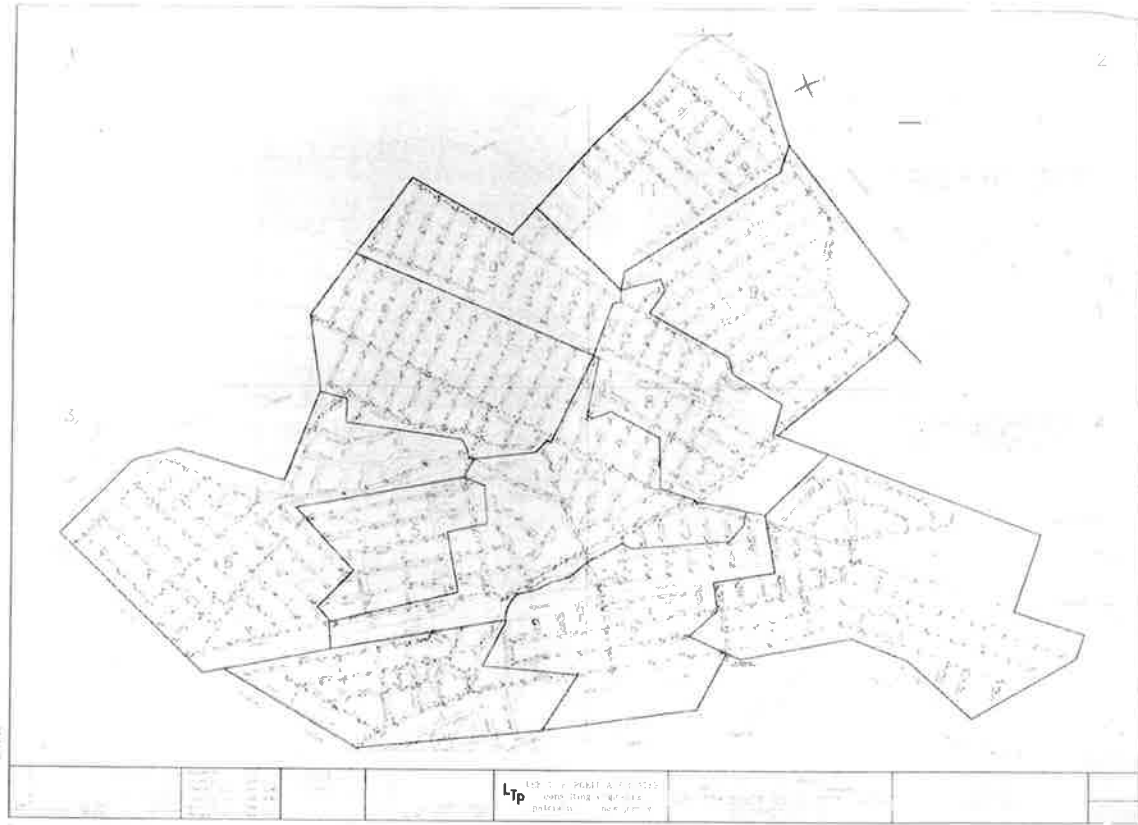


EXHIBIT B

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 **Borough of Manville**, a public body corporate and politic in Somerset County in the State of New Jersey (the “**Assignor**”) and **New-Jersey American Water Company, Inc.**, a New Jersey Corporation with principal corporate offices at One Water Street, Camden New Jersey 08102 (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 _____, 2024 (the “**Agreement**”), providing for the sale by the Assignor of the assets constituting the 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 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.

Witness/Attest

BOROUGH OF MANVILLE

By: _____

Name: _____

Title: _____

**NEW-JERSEY AMERICAN WATER
COMPANY, INC.**

By: _____

Name: _____

Title: _____

SCHEDULE I
TO ASSIGNMENT AND ASSUMPTION AGREEMENT

All obligations relating to the 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 _____, 2024 from the Borough of Manville, a public body corporate and politic in Somerset County in the State of New Jersey (the “**Borough**”) and New-Jersey American Water Company, Inc., a New Jersey Corporation with principal corporate offices at One Water Street, Camden New Jersey 08102 (the “**Buyer**”).

WITNESSETH

WHEREAS, by an Agreement of Sale, dated _____, 2024 (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 “**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 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 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 SYSTEM AS IS**. Except as specifically set forth in the Agreement, the 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 System. The Buyer is hereby thus acquiring the 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 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 Manville, 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

[], 202_.

[BUYER]

By: _____

SCHEDULE I
TO EXHIBIT C INCLUDED ASSETS

All assets that comprise the System as described in **Exhibit A** to the Agreement of Sale. 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 Borough relating to the System up to and including the Closing Date.

EXHIBIT D
TARIFF/RATE ORDINANCE

Ordinance #2020-1234
An Ordinance To Provide For An Increase In
Sewer Rates And Amending Ordinance #741

Statement of Purpose

The purpose of this Ordinance is to increase sewer rates.

BE IT ORDAINED by the Mayor and Council of the Borough of Manville in the County of Somerset as follows:

WHEREAS, the Mayor and Council determined that there was a need for a comprehensive study of the Borough Utility's Sewer Rates; and

WHEREAS, Resolution #2019-204 authorized a Professional Services Agreement with Phoenix Consulting Group, and

WHEREAS, the Mayor and Council, in Consultation with Phoenix Consulting Group have concluded that due to increased costs and billing of sewage treatment by the Somerset Raritan Valley Sewerage Authority and utilities passed on to the Borough of Manville, sewer rates must be increased.

NOW, THEREFORE BE IT ORDAINED AS FOLLOWS:

1. Section II, Paragraph 1 of Ordinance No. 741, as thereafter amended by Ordinance No. 764, Ordinance No. 819 and Ordinance No. 2006-1040, is hereby further amended to read as follows:
 - a. All residential, commercial, retail, industrial, governmental and charitable users shall be charged \$220.00 per dwelling unit (or equivalent dwelling unit) per year, plus \$ 4.03 per each 1,000 gallons, or a fraction thereof, of water used. In the case of commercial, retail, industrial, governmental, multi-family, residential or charitable users, the charge shall be based upon equivalent dwelling units.
2. This Ordinance shall be construed in accordance with the Laws of the State of New Jersey and the Laws of the United States.
3. All prior Ordinances or parts of Ordinances inconsistent with or in conflict with this Ordinance are hereby repealed to the extent of such conflict or inconsistency.
4. This Ordinance shall take effect upon its final adoption and publication in accordance with the law.

Borough of Manville



Richard M. Onderko, Mayor

ORDINANCE #2020-1234

FIRST READING:

ROLL CALL

Introduced	Seconded	Council	Yes	No	Abstain	Absent
		MAGNANI				✓
		LUKAC	✓			
	✓	MAEDER	✓			
✓		PETROCK	✓			
		SZABO			✓	
		ZAMORSKI	✓			
		MAYOR ONDERKO				

INTRODUCED this 13th day of April, 2020

Attest:



Wendy Barras, Borough Clerk

SECOND READING:

ROLL CALL

Introduced	Seconded	Council	Yes	No	Abstain	Absent
		MAGNANI	✓			
	✓	LUKAC	✓			
		MAEDER	✓			
		PETROCK	✓			
✓		SZABO	✓			
		ZAMORSKI	✓			
		MAYOR ONDERKO				

[ADOPTED] [DEFEATED] this 27TH day of April, 2020

Attest:



Wendy Barras, Borough Clerk

EXHIBIT E

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

None (except for the Borough's agreement with SRVSA) which is addressed separately in the Agreement.

EXHIBIT F

**FORM OF ASSIGNMENT AND GRANT OF EASEMENTS,
RIGHTS OF WAY, AND OTHER PROPERTY**

THIS ASSIGNMENT is made this day of _____, 202_ between the **BOROUGH OF MANVILLE**, a public body corporate and politic in Somerset County in the State of New Jersey (the “**Grantor**”), and **New-Jersey American Water Company, Inc.**, a New Jersey Corporation (the “**Grantee**”), having an address at One Water Street, Camden New Jersey 08102.

WHEREAS, pursuant to an Agreement of Sale (the “**Agreement**”) dated _____, 2024 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 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 System and laying, relaying, installing, operating, inspecting, maintaining, repairing, altering, removing, renewing, and replacing the 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 MANVILLE, a public body corporate and politic in Somerset County in the State of New Jersey

Attest: _____

By: _____

Name: _____

Title: _____

STATE OF NEW JERSEY)

: ss.

COUNTY OF SOMERSET)

On this, the ____ day of _____ 202_, before me, a Notary Public in and for said County, personally appeared _____, who acknowledged himself to be the _____ of the Borough of Manville, 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 Borough of Manville. [The Borough and the Buyer agree to work cooperatively to identify all easements necessary for the Buyer to own and operate the System and which the Borough shall transfer to the Buyer pursuant to its obligations under the Agreement. A list of said easements will be agreed to by the parties and attached hereto post execution of this Agreement.

EXHIBIT G

FORM OF GENERAL ASSIGNMENT

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT, dated _____, 2024, by and between the **BOROUGH OF MANVILLE**, a public body corporate and politic in Somerset County in the State of New Jersey (the “**Assignor**”) and **New-Jersey American Water Company, Inc.**, a New Jersey corporation having a mailing address at One Water Street, Camden New Jersey 08102 (the “**Assignee**”).

WHEREAS, Assignor and Assignee entered into an Agreement of Sale dated _____, 2024 (the “**Agreement**”) for the sale and purchase of the 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 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 MANVILLE, a public body corporate and politic in Somerset County in the State of New Jersey

Accepted this ____ day of _____, 2024

By: _____
Name: _____
Title: _____

Witness

ASSIGNEE:

NEW JERSEY-AMERICAN WATER COMPANY, INC.

By: _____

By: _____
Name: _____
Title: _____

SCHEDULE I TO EXHIBIT G

LIST OF ASSIGNED RIGHTS

PERMITS:

See attached NJPDES Form 1290 Permit



State of New Jersey

PHILIP D. MURPHY
GOVERNOR

DEPARTMENT OF ENVIRONMENTAL PROTECTION

SHAWN M. LATOURETTE
COMMISSIONER

SHEILA Y. OLIVER
LT. GOVERNOR

Mail Code 401-04Q
Division of Water Supply & Geoscience
Water System Operations Element
Bureau of Water System Engineering
401 E. State Street - P.O. Box 420
Trenton, New Jersey 08625-0420
Tel #: (609) 292-2957 - Fax #: (609) 633-1495
<https://www.nj.gov/dep/watersupply/>

ePERMIT*

The New Jersey Department of Environmental Protection grants this permit in accordance with your application, attachments accompanying same application and applicable law and regulations. This permit is also subject to further conditions and stipulations enumerated in the supporting documents which are agreed to by the permittee upon acceptance of the permit.			
Permit No. WPC230002	Issuance Date July 20th, 2000	Effective Date April 1st, 2023	Expiration Date March 31st, 2024
Name and Address of Applicant Manville Borough Water & Sewer Department 325 North Main Street Manville, NJ 08835		Location of Activity/Facility Manville Boro, Somerset County	
Physical Connection ID No. 1290		Type of Permit Renewed Physical Connection Permit	Statute(s) NJSA 58:11-9.1 et seq. & NJSA 58:12A-1 et seq.

This permit grants permission to: Maintain, own and operate a Physical Connection between an approved Public Community Water System and an Unapproved Water Supply at the named location(s) considering the NJDEP Online electronically submitted Permit Application received January 6, 2023.

Type and Size of Backflow Preventer Valves Permitted:

Subject Item No.	Local Name	Size	Manuf.	Model No.	Serial No.	Type	BP	DC
WSPC000000661	South Arlington Avenue Pump Station	1.25 in	Watts	909	239463	Reduced Pressure Zone	N	
WSPC0000997088	Courtland Pump Station	1.5 in	Watts	909 M1	84046	Reduced Pressure Zone	N	

Location and supply details

Subject Item No.	Location - Address	Lot	Block	Public Supply PWSID	Local Administrative Authority	Unapproved supply	Comments	Vault
WSPC000000661	South Arlington Avenue, Manville	303	13	2004002	Somerset County DEpt. of Health	Wastewater		X
WSPC0000997088	325 North Main Street, Manville	17	9	2004002	Somerset County Dept. of Health	Wastewater		X

Approved by the Authority of:

Kristin Tedesco

Shawn M. LaTourette
Commissioner
Department of Environmental Protection

Kristin Tedesco, Bureau Chief
Bureau of Water System Engineering

* The word permit means approval, certification, registration etc.

QPCTMR

Physical Connection Permit No: 1290

WPC:



NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
Quarterly Physical Connection Test & Maintenance Report

1 st Quarter <input type="checkbox"/> 01/01-03/31	2 nd Quarter <input type="checkbox"/> 04/01-06/30	3 rd Quarter <input type="checkbox"/> 07/01-09/30	4 th Quarter <input checked="" type="checkbox"/> 10/01-12/31
--	--	--	---

Instructions: This form is to be completed for each test of each approved valve. It is to be mailed to the Supplier of Water and Local Administrative Authority within 5 Days of each test and Inspection performed by a Certified Tester. These forms shall be kept at the facility and be exhibited upon request, and are to be submitted with the Physical Connection Renewal Application.

Date of test 11 / 06 / 2023

To:

From: (Name of Permit Holder)

Borough of Manville
Department of Public Works
325 North Main Street
Manville, NJ 08835

The backflow prevention device identified below has been tested and inspected as required by N.J.A.C.7:10-10.6 and is certified to be in compliance with this regulation.

Description of Valve

Location of Valve

Manufacturer: Watts
Model Number: 909 RPZ DCVA
Serial Number: 239463 Size 1 1/4 in.
Comments and Notations: Time: 10:20 am Line Pressure: 65 psig
Test Gauge: MAK0 MK5 S/N: 02AC22040154 Cert. Date: 03/13/2023

South Arlington Pump Station
South Arlington Avenue
Manville, NJ 08835

Tested by:
Smart Water Inc.
1 Beekman Rd.
Kendall Park, NJ
732-735-8318

	PRESSURE TEST			INTERNAL INSPECTION	
	REDUCED PRESSURE ZONE ASSEMBLY			DOUBLE CHECK VALVE ASSEMBLY	
	DOUBLE CHECK VALVE				
	1 st Check	2 nd Check	Relief Valve	1 st Check	2 nd Check
Initial Test	Closed Tight <input checked="" type="checkbox"/> at <u>9.7</u> psid	Closed Tight <input checked="" type="checkbox"/> at <u>2.3</u> psid	Opened at <u>4.1</u> psid	OK <input type="checkbox"/>	OK <input type="checkbox"/>
Passed <input checked="" type="checkbox"/>	Leaked <input type="checkbox"/>	Leaked <input type="checkbox"/>		Failed <input type="checkbox"/>	Failed <input type="checkbox"/>
Failed <input type="checkbox"/>	No. 2 Shut-off Valve Closed Tight <input checked="" type="checkbox"/> Leaked <input type="checkbox"/> By-pass used <input type="checkbox"/>		Did Not Open <input type="checkbox"/>		
Repairs & Materials Used			Returned to Service		
Test After Repair & Assembly	Closed Tight <input type="checkbox"/> ____ psid	Closed Tight <input type="checkbox"/> ____ psid	Opened at ____ psid	OK <input type="checkbox"/>	OK <input type="checkbox"/>

The Results Shown Above are Certified to be True

Witnesses to test and inspection

Certified Testers Name: Drew Chafey

Name: _____ Title: _____

Certified Testers Signature: Drew Chafey

Representing: _____

Certifying Authority: ASSE

Name: _____ Title: _____

Cert. ID#: 40934 Exp. Date: 09/30/2024

Representing: _____

Physical Connection Permit No:

WPC:



STATE OF NEW JERSEY
DEPARTMENT OF ENVIRONMENTAL PROTECTION
Contaminated Site Remediation and Redevelopment
Bureau of Case Assignment and Initial Notice
UST Registration & Billing Unit
P.O. Box 420
Mail Code 401-05H
Trenton, New Jersey 08625-0420
Phone: (609) 292-2943



**UNDERGROUND STORAGE TANK SYSTEMS
REGISTRATION CERTIFICATE**

The Department of Environmental Protection hereby grants this registration to operate and maintain the Underground Storage Tank System(s) described below in accordance with the laws and regulations of the State of New Jersey. This registration is revocable with due cause and is subject to the limitations, terms and conditions pursuant to N.J.A.C. 7:14B.		Approval Date: 08/09/2023						
		Expiration Date: 09/30/2024						
Facility ID: 023410 Registration Activity ID: UST230001	Facility Contact (Operator): VINCE LO MEDICO (908)725-5512	Total Number of Tanks: 1 Total Capacity (Gallons): 1000						
Facility Address: SOUTH ARLINGTON ST PUMP STATION S Arlington St & Lincoln Ave MANVILLE BORO, NJ 08835		Owner: VINCE LO MEDICO BOROUGH OF MANVILLE 325 MAIN ST N MANVILLE, NJ 08835						
Approved Tanks and Products Stored: <table border="1"> <thead> <tr> <th>TANK No.</th> <th>TANK CAPACITY</th> <th>TANK CONTENTS</th> </tr> </thead> <tbody> <tr> <td>E001</td> <td>1000</td> <td>Medium Diesel Fuel (No. 2-D)</td> </tr> </tbody> </table>			TANK No.	TANK CAPACITY	TANK CONTENTS	E001	1000	Medium Diesel Fuel (No. 2-D)
TANK No.	TANK CAPACITY	TANK CONTENTS						
E001	1000	Medium Diesel Fuel (No. 2-D)						
This Registration Must Be Available for Inspection at the Facility AT ALL TIMES								

EXHIBIT H

DISCLOSURE SCHEDULE TO THE AGREEMENT OF SALE

BETWEEN THE MANVILLE BOROUGH AND NEW JERSEY-AMERICAN WATER COMPANY, INC.

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

None

Schedule 2.1(B)

Authorization of Transaction

None

Schedule 2.1(C)

Title

None

Schedule 2.1(D)

Assets

None

Schedule 2.1(E)

Litigation

None

Schedule 2.1(F)

Default

None

Reimbursement Obligation

None

Schedule 2.1(G)

System Compliance

None

Schedule 2.1(H)

Tariff/Rate Ordinance

None

Schedule 3.1(A)

Organization of Buyer

None

Schedule 3.1(B)

Authorization of Transaction

None

Schedule 3.1(C)

Litigation

None

Schedule 3.1(D)

Warranties

None

Schedule 3.1(E)

Right to Inspect

None

Schedule 3.1(F)

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

None

Schedule 3.1(G)

Source of Funds

None

Schedule 3.1(H)

Blocked Person

None

EXHIBIT I

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of _____, 2024 (this “**Escrow Agreement**”), by and among **Borough of Manville**, a public body corporate and politic in Somerset County in the State of New Jersey (the “**Borough**”), **New-Jersey American Water Company, Inc.**, a New Jersey corporation (the “**Buyer**”), and **Prestige Title Agency, Inc.**, a _____ corporation (the “**Escrow Agent**”).

WITNESSETH

WHEREAS, the Buyer has executed and delivered to the Borough an Asset Agreement of Sale, dated as of _____, 2024 (the “**Agreement**”), pursuant to which the Buyer will purchase from the Borough, and the Borough will sell to the Buyer, the 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 5% 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.

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:

Vice President, Operations
New-Jersey American Water Company, Inc.
1 Water Street
Camden, NJ 08102

With a copy to:

General Counsel
New-Jersey American Water Company, Inc.
1 Water Street
Camden, NJ 08102

If to the Borough:

Borough of Manville
325 N. Main Street
Manville New Jersey 08835
Attn: Borough Administrator

Copy to:

R. Scott King, Esq.
DeCotiis, FitzPatrick, Cole & Giblin, LLP
61 South Paramus Road
Suite 250
Paramus, NJ 07652
rking@decotiislaw.com

And:

Thaddeus R. Maciag, Esq.
Maciag Law, LLC
475 Wall Street
Princeton, NJ 08540

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 Borough Administrator 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 MANVILLE, Borough

NEW-JERSEY AMERICAN WATER COMPANY, INC., Buyer

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**PRESTIGE TITLE AGENCY, INC.,
Escrow Agent**

By: _____

EXHIBIT J

CUSTOMER SERVICE STANDARDS AND CUSTOMER SERVICE PLAN

1. The Buyer shall maintain the Wastewater System laterals from mains to curb line of property and shall undertake all necessary capital improvements, maintenance, repairs, and replacement to the Wastewater System as shall be required from time to time. Such undertaking shall be made in accordance with prudent industry standards.
2. The Buyer shall maintain buildings and property in a neat and orderly appearance consistent with community standards and shall undertake reasonable measures to protect the health, safety, and welfare of the public with respect to the Wastewater System.
3. The Buyer shall operate the Wastewater System in a manner to minimize odors, dust, spills, and other nuisances. The Buyer shall provide appropriate customer service staffing and response times for any complaints about nuisances or service problems.
4. The Buyer's employees shall provide qualified staff and experienced employees and third-party contractors who have direct experience in operating similar systems. The Buyer shall maintain the necessary number of employees, staff, and third-party contractors to operate, maintain, and manage the Wastewater System.
5. The Buyer shall implement a plan of action protocol for emergency events which shall include notices to the Borough and other regulating entities having jurisdiction and for measures which facilitate coordinated emergency response actions, as needed. The Buyer shall maintain a toll-free 24-hour telephone number where users of the Wastewater System can report emergencies.
6. The Buyer shall provide monthly billing and add wastewater service charges to the existing Manville resident water bill, providing customers with one monthly bill that clearly identifies the charges associated with water service and the charges associated with wastewater service. The Buyer shall offer payment options, including by mail, in-person, by phone or online, including an in-person payment location in the Borough – Manville Walmart Supercenter, 100 North Main St.

EXHIBIT K

CAPITAL IMPROVEMENTS

The following is a list of capital improvements the Buyer intends to make as part of its ten (10) year \$10,000,000.00 commitment in Section 8.4 of the Agreement. The list is subject to revision based upon further due diligence conducted post-Closing.

Flood prevention measures at the Cortland Pump Station to increase resiliency of this important system component during flood events.

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

Complete operational review and analysis of the South Arlington Pump Station resulting in a capital expense plan to upgrade this important facility.

A robust, comprehensive analysis of the entire wastewater system to inform future capital investment needs.

Further, New Jersey American Water 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.

EXHIBIT L

BOROUGH CONSENT

BOROUGH OF MANVILLE

Ordinance No. 2024-01

AN ORDINANCE GRANTING CONSENT AND PERMISSION TO NEW JERSEY AMERICAN WATER, INC. TO FURNISH WASTEWATER COLLECTION AND CONVEYANCE SERVICE IN THE BOROUGH OF MANVILLE, NEW JERSEY

WHEREAS, the Borough of Manville, County of Somerset and State of New Jersey (the “Borough”), hereby grants consent and permission to New-Jersey American Water, Inc. (“NJAW”), a New Jersey Corporation to furnish wastewater collection and conveyance service within the Borough; and

WHEREAS, NJAW is in the process of acquiring the wastewater system (the “System”) currently owned and operated by the Borough, which has been approved by the voters of the Borough on November 7, 2023, pursuant to N.J.S.A. 40:62-5; and

WHEREAS, the Borough is desirous of having NJAW acquire the System and the voters of the Borough of Manville approved same by passage of a referendum on November 7, 2023, by a vote of 1,552 to 325; and

WHEREAS, NJAW is a regulated public utility corporation of the State of New Jersey presently seeking the municipal consent of the Borough to permit NJAW to provide wastewater collection and conveyance service through the System; and

WHEREAS, NJAW has requested the consent of the Borough as required by N.J.S.A. §48:19-17 and §48:19-20, as amended, to lay its pipes beneath and restore such public roads, streets and places as it may deem necessary for its corporate purposes, free from all charges to be made for said privilege (except that fees for road opening permits shall be paid), provided that all said pipes installed after the date of this ordinance 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 cause or permit other than temporary damage to public or private property; and

WHEREAS, it is deemed to be in the best interests of the citizens of the Borough to provide this consent; and

WHEREAS, notice of this Ordinance was published in accordance with the requirements of N.J.S.A. §48:3-13 and N.J.S.A. §48:3-14; and

WHEREAS, the Mayor and Council of the Borough have concluded that granting of said consent shall enhance the health, safety and welfare of the citizens of the Borough.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE BOROUGH AS FOLLOWS:

Section 1. That exclusive and perpetual consent and permission to furnish wastewater collection and conveyance to the Borough and all residents, businesses and government buildings therein is hereby given and granted to NJAW, its successors and assigns for the maximum duration permitted by law (50 years), subject to the permission by the Board of Public Utilities of the State of New Jersey.

Section 2. That exclusive consent and permission is given to NJAW, its successors and assigns, under the provisions of N.J.S.A. §48:19-17 and N.J.S.A. §48:19-20, as amended, without charge therefore, (except fees for road opening permits which shall be paid) as the same may be required in order to permit NJAW to own and operate the System, add to, extend, replace, operate and maintain said System in the public property described herein in order to provide said wastewater collection and conveyance service. This shall include permission to lay pipes beneath the public roads, streets, public property and public places.

Section 3. That a certified copy of this Ordinance, upon final passage, shall be sent to NJAW, the New Jersey Department of Environmental Protection and the Board of Public Utilities of the State of New Jersey.

Section 4. That the consent granted herein shall be subject to NJAW complying with all applicable laws of the Borough and/or the State of New Jersey including, but not limited to, any and all applicable statutes and administrative agency rules and/or regulations and contingent upon the Borough and NJAW executing the *Agreement of Sale Between the Borough of Manville and New Jersey American Water, Inc*, as the same may be amended from time to time.

Section 5. The Mayor and the Administrator of the Borough are authorized to execute the documents and agreements necessary to effectuate this municipal consent.

Section 6. Each section, subsection, sentence, clause and phrase of this Ordinance is declared to be an independent section, subsection, sentence, clause and phrase, and the finding or holding of any such portion of this Ordinance to be unconstitutional, void, or ineffective for any cause, or reason, shall not affect any other portion of this Ordinance.

Section 7. All ordinances or parts of ordinances inconsistent with this Ordinance are hereby repealed to the extent of such inconsistency.

BE IT FURTHER ORDAINED, that if any portion of this Ordinance shall be declared invalid as a matter of law, such declaration shall not affect the remainder of said Ordinance; and

BE IT FURTHER ORDAINED, that this Ordinance shall take effect upon passage and publication in accordance with law.

TRACI DILLINGHAM,
Borough Clerk

RICHARD M. ONDERKO,
Mayor

EXHIBIT M
LIST OF BOROUGH FACILITIES

BLOCK	LOT	PROPERTY LOCATION	EXEMPT FACILITY NAME
17	9	325 NO. MAIN ST	MUNICIPAL BUILDING
39.01	1.01	1100 BROOKS BOULEVARD	HIGH SCHOOL
52	21	169 NO. 8TH AVE.	FIRE HOUSE
58	1	410 BROOKS BOULEVARD	ROOSEVELT SCHOOL
86	1	2 SO 3RD AVE	RESCUE SQUAD
86	9	20 SO 3RD AVE	FIRE HOUSE
99	3	WASHINGTON AVE/13TH AVE	FIRE HOUSE
104	1	100 SOUTH 10TH AVE	LIBRARY
126.01	1.04	00 COLORADO AVE	PUBLIC POOL
150	1	RAILROAD PL. & WILLIAM ST	MAINTENANCE BLDG.
155.01	1	10 GLADYS AVE.	PUBLIC WORKS OFFICE
166	4	SO WEISS	OEM CIVIL DEFENSE
192	1	BOESEL AVE. & COOPER ST.	RECREATION CENTER
204.01	1.01	600 NEWARK AVE.	WESTON SCHOOL
311.01	1.01	2 NO. MAIN ST.	POLICE STATION

EXHIBIT N
ANNUAL CHARGE PAYMENT PROCESS

	Action	Date
1	Borough receives estimated Annual Fee for following year	November of each year
2	Borough to deliver estimated Annual Fee to Buyer	November of each year.
3	Buyer shall provide the Borough with a payment equal to 105% of the estimated Annual Fee to be held by the Borough in escrow and utilized to make quarterly payments to the SRVSA	By December 15 of each year
4	Borough to make quarterly payments	2/15, 5/15, 8/15 and 11/15 of each year.
5	Borough receives notification from SRVSA that actual Annual Fee is more or less than the estimated Annual Fee ("SRVSA True-up Notice")	
6	Borough to provide SRVSA True-up Notice to Buyer	
7	Buyer to provide additional payment to the Borough if SRVSA True-up Notice reflects that the actual Annual Fee is more than the estimated Annual Fee	

Or

Borough to provide Buyer with a credit for the amount of the estimated Annual Fee that exceeds the actual Annual Fee