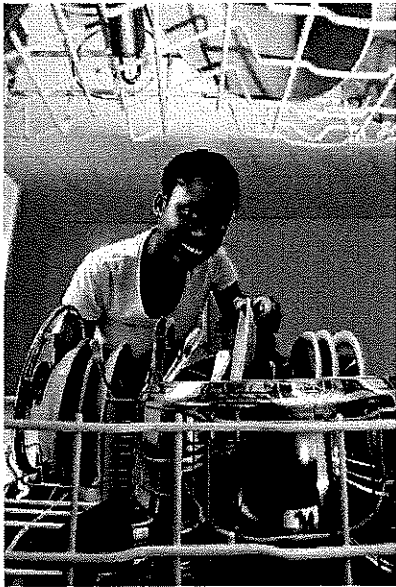


**SUBMISSION TO  
CITY OF SALEM  
REQUEST FOR BIDS FOR  
SALE OF WATER AND  
WASTEWATER SYSTEMS**



**NEW JERSEY  
AMERICAN WATER**

**WE KEEP LIFE FLOWING®**



**NEW JERSEY**  
**AMERICAN WATER**

June 19, 2023

Ben Angeli, RMC  
City Administrator/Clerk, City of Salem  
17 New Market Street  
Salem, NJ 08079

Re: City of Salem, NJ Request for Bids, Sale of Water and Wastewater Systems

Dear Ben Angeli,

Thank you for the opportunity to respond to the Request for Bids (RFB) for sale of the City of Salem's water and wastewater systems.

New Jersey American Water is uniquely positioned to provide high-quality, reliable water and wastewater services to the City of Salem. We are the largest water and wastewater utility in the state serving 2.8 million people in more than 190 communities. Our commitment to excellence and dedication to customer satisfaction have earned us a reputation as a trusted partner in the industry.

Our proposal addresses Salem's ongoing operational concerns and investment to deliver safe, reliable water to the residents and businesses of Salem. Our experience and knowledge enable us to develop a comprehensive strategy to deliver quality service that is compliant with regulations for the City.

New Jersey American Water's bid response is prepared based on the terms presented in the RFB. However, we encourage Salem to continue to pursue sale through New Jersey's Water Infrastructure Protection Act process, which would enable New Jersey American Water to customize a proposal to better meet Salem's unique needs than what is possible through the active RFB. This would include a negotiated rate schedule that would enable New Jersey American Water to solve known and unknown issues without delay. Salem's known challenges are significant, and the system would have more value to a potential buyer without several of the requirements outlined in the active RFB, specifically the prescribed five-year rate increase limitations.

Should New Jersey American Water be selected as the winning bidder, it is our intention and commitment to close this transaction by or before June 30, 2024, to enable New Jersey American Water to address Salem's challenges within the constraints outlined in the RFB. To meet this timeline, New Jersey American Water will work with the City and neighboring communities served by the system to introduce and pass the ordinances necessary for New Jersey American Water to take over operation of the systems on an expedited timeframe. The City's focus and cooperation in this effort will be essential.

We understand that financial considerations play a significant role in your decision-making process. Rest assured, our bid provides for substantial investment in the systems, and we have the resources necessary to meet Salem's funding requirements. Thank you for considering our bid. We are excited about the opportunity to work with your community and contribute to Salem's sustainable future.

Best Regards,

Mark K. McDonough, President  
New Jersey American Water

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New Jersey American Water is the largest water and wastewater service provider in the state, and we take extraordinary pride in providing solutions for communities to address their water and wastewater challenges. Customers are at the center of everything we do - from delivering safe, reliable, and affordable water and wastewater service to providing excellent customer service. Thank you for the opportunity to present our bid to acquire to the City of Salem's water and wastewater systems.

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

New Jersey American Water is an industry leader in achieving environmental compliance, providing solutions for water and wastewater challenges, and investing in necessary capital improvements to strengthen communities' infrastructure. We have the experienced management and operations teams, as well as additional relationships, to provide safe, reliable, and resilient water and wastewater service to City customers.

The many benefits the City would receive from accepting New Jersey American Water's bid include:

- **Cash payment of \$18 million** upon closing that the City can use to defease all debt associated with the water and wastewater systems and a portion of municipal debt.
- **A robust capital improvement plan, including a commitment to complete implementation of treatment to remove Per- and Polyfluoroalkyl substances (PFAS) from the drinking water**, which will stabilize and improve the City's aging water and wastewater infrastructure.
- **Short-term and long-term rate stability** with adoption and hold of the City's existing water and wastewater rates for two years, then a three percent annual increase in the following three years. As a regulated utility, we work closely with the New Jersey Board of Public Utilities (NJBPU) to set reasonable rates.
- **Operational and regulatory responsibility relief** allowing the City to focus on other priorities and reducing the environmental and financial risk to the City.
- **June 2024 closing** allowing New Jersey American Water to begin investing in needed improvements to help meet regulatory requirements expeditiously.

Water and wastewater service is ALL we do. By transferring operational and capital investment responsibilities for your water and wastewater systems to New Jersey American Water, you will forge a partnership with the state's leading and largest provider of clean, reliable service that meets or surpasses state and federal standards with the technical experience and financial resources to operate in the 21st century. Additionally, New Jersey American Water is a proud partner of communities, offering grants, educational opportunities, sponsorship of local events, and workforce development programs. Every day, New Jersey American Water employees **KEEP LIFE FLOWING** by providing water and wastewater service to our customers. It is a privilege to serve our customers and we hope the City will extend to us that same privilege to serve the residents and businesses of the City of Salem. Thank you for your consideration.



One Water Street  
Camden, NJ 08102

**BID FORM 1**

**LETTER OF QUALIFICATION**

June 14, 2023

Dear City Administrator/Clerk:

The undersigned has reviewed our Bid submitted in response to the Request for Bids (RFB) issued by City of Salem ("the City"), in connection with the sale of the City's Water and Wastewater Systems.

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

Mark K. McDonough  
SVP and President, NJAW

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Dated: June 14, 2023



One Water Street  
Camden, NJ 08102

## BID FORM 4

### LETTER OF INTENT

June 14, 2023

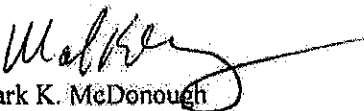
Dear City Clerk:

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

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

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

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

  
Mark K. McDonough  
SVP, President NJAWC

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Dated: June 14, 2023

**BID FORM 2****BID BOND**

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

WHEREAS, the above-named Bidder has submitted or is about to submit to the City a Bid to enter into an Agreement of Sale to purchase the City's Water and Wastewater Systems as described in the Request for Bids, dated May 8, 2023 (the "RFB"), issued by the City and covered by the Bid submitted by the Bidder in response thereto, which Bid is made a part hereof.

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

It is agreed that this Bond shall become effective on the date the Bid is submitted and will continue in full force and effect for two hundred seventy (270) days from such date of submittal (unless extended) or until terminated as hereinafter provided.

If the Bid is not accepted within such 270-day time period, or any extension thereof agreed to in writing by the City and the Bidder, then after written notice by the City of such non-acceptance, this Bond may be terminated by the Surety or Bidder upon written notice to each other and to the City by registered mail at least 10 days prior to the termination date specified in such notice. Upon the giving of such notice, the Surety shall be discharged from all liability under this Bond for any act or omission of the Bidder occurring after the date of the notice of non-acceptance.

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

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

IN WITNESS WHEREOF, the Surety and Bidder, intending to be legally bound hereby, do each cause this Bid Bond to be duly executed on its behalf by its authorized officers, agents or representatives.




Signed and sealed this 14<sup>th</sup> day of June, 2023.

SURETY  
[NAME OF SURETY]

Travelers Casualty and Surety Company of America  
Name

Annette Audinot  
Name of Authorized Signatory

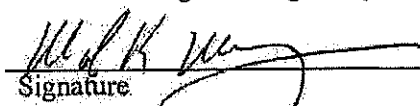
  
Signature

Attorney-In-Fact  
Title

BIDDER  
[NAME OF BIDDER]

New Jersey-American Water Company, Inc.  
Name

Mark K. McDonough  
Name of Designated Signatory

  
Signature

SVP and President, NJAWC  
Title

State of New York }  
County of Kings } ss:

On June 14, 2023, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared

Annette Audnot

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

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

My Commission Expires November 19, 2024

  
Terry Ann Gonzales-Selman Notary Public

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

**Individual Acknowledgment**

State of \_\_\_\_\_  
County of \_\_\_\_\_

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

\_\_\_\_\_  
Notary Public

**Partnership/L.L.C. Acknowledgment**

State of \_\_\_\_\_  
County of \_\_\_\_\_

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

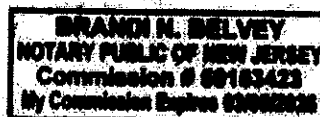
\_\_\_\_\_  
Notary Public

**Corporate Acknowledgment**

State of NEW JERSEY  
County of CAMDEN

On the 14th day of June, 2023, before me personally appeared  
Mark J. Mc Donough  
to me known, who being by me duly sworn, did depose and say the he is the  
President of the New Jersey-American Water Company, Inc  
the corporation described in and which executed the foregoing instrument that \_\_\_\_\_ he \_\_\_\_\_ knows  
the seal of said corporation, that the seal affixed to said instrument is such corporate seal, that it was so  
affixed by order of the board of directors of said corporation, and that \_\_\_\_\_ he \_\_\_\_\_ signed his  
name thereto by like order.

Brandon N. Belvey  
Notary Public





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

**POWER OF ATTORNEY**

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

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



State of Connecticut

By: *Robert L. Raney*  
Robert L. Raney, Senior Vice President

City of Hartford ss.

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

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

My Commission expires the 30th day of June, 2026



*Anna P. Nowik*  
Anna P. Nowik, Notary Public

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

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

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

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

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

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

Dated this 14th day of June 2023



*Kevin E. Hughes*  
Kevin E. Hughes, Assistant Secretary

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

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

HARTFORD, CONNECTICUT 06183

FINANCIAL STATEMENT AS OF DECEMBER 31, 2022

CAPITAL STOCK \$ 6,480,000

ASSETS		LIABILITIES & SURPLUS	
BONDS	\$ 4,788,886,790	LOSSES	\$ 1,385,257,132
STOCKS	102,639,111	LOSS ADJUSTMENT EXPENSES	133,884,803
CASH AND INVESTED CASH	20,110,068	COMMISSIONS	55,456,724
OTHER INVESTED ASSETS	5,681,540	OTHER EXPENSES	48,033,047
SECURITIES LENDING REINVESTED COLLATERAL ASSETS	25,805,872	TAXES, LICENSES AND FEES	16,807,425
INVESTMENT INCOME DUE AND ACCRUED	42,265,769	REINSURANCE PAYABLE ON PAID LOSSES AND LOSS ADJ EXPENSES	(1,738,793)
PREMIUM BALANCES	308,425,453	UNEARNED PREMIUMS	1,394,161,189
REINSURANCE RECOVERABLE	57,954,515	ADVANCE PREMIUM	3,880,400
NET DEFERRED TAX ASSET	68,131,600	POLICYHOLDER DIVIDENDS	18,122,229
CURRENT FEDERAL AND FOREIGN INCOME TAXES RECOVERABLE AND INTEREST	3,250,318	CEDED REINSURANCE NET PREMIUMS PAYABLE	73,928,911
GUARANTY FUNDS RECEIVABLE OR ON DEPOSIT	1,059,482	AMOUNTS WITHHELD / RETAINED BY COMPANY FOR OTHERS	23,588,278
RECEIVABLE FROM PARENTS, SUBSIDIARIES AND AFFILIATES	14,868,600	REMITTANCES AND ITEMS NOT ALLOCATED	5,082,055
OTHER ASSETS	963,374	PROVISION FOR REINSURANCE	8,484,384
		PAYABLE FOR SECURITIES LENDING	25,805,872
		RETROACTIVE REINSURANCE RESERVE ASSUMED	785,441
		OTHER ACCRUED EXPENSES AND LIABILITIES	188,614
		TOTAL LIABILITIES	\$ 3,190,885,707
		CAPITAL STOCK	\$ 6,480,000
		PAID IN SURPLUS	433,803,760
		OTHER SURPLUS	1,809,161,022
		TOTAL SURPLUS TO POLICYHOLDERS	\$ 2,249,444,782
TOTAL ASSETS	\$ 5,440,130,489	TOTAL LIABILITIES & SURPLUS	\$ 5,440,130,489

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

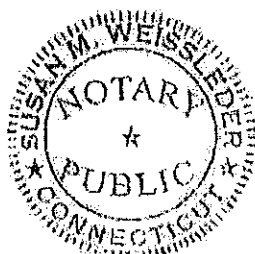
MICHAEL J. DOODY, BEING DULY SWORN, SAYS THAT HE IS VICE PRESIDENT - FINANCE, OF TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AND THAT TO THE BEST OF HIS KNOWLEDGE AND BELIEF, THE FOREGOING IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL CONDITION OF SAID COMPANY AS OF THE 31ST DAY OF DECEMBER, 2022.

*Michael J. Doody*  
 VICE PRESIDENT - FINANCE

*Susan M. Weissleder*  
 NOTARY PUBLIC

SUBSCRIBED AND SWORN TO BEFORE ME THIS  
 17TH DAY OF MARCH, 2023

SUSAN M. WEISSLEDER  
 Notary Public  
 My Commission Expires November 30, 2027



## SURETY DISCLOSURE STATEMENT AND CERTIFICATION

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

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

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

- 1) Each surety meets the applicable capital and surplus requirements of R.S.17:17-6 or R.S.17:17-7 as of the surety's most current annual filing with the New Jersey Department of Insurance.
- 2) The capital and surplus, as determined in accordance with the applicable laws of this State, of the surety(ies) participating in the issuance of the attached bond is (are) in the following amounts as of the calendar year ended **December 31, 2021** (most recent calendar year for which capital and surplus amounts are available), which amounts have been certified by **KPMG LLP**, located at One Financial Plaza, Hartford, CT 06103-4103, in the Annual Audited Combined Financial Statements for the first eleven (11) companies below, and on a Stand-alone Annual Audited Financial Statement for the twelfth (12<sup>th</sup>) company below, all on file with the New Jersey Department of Insurance, 20 West State Street CN-325, Trenton, New Jersey 08625-0325.

<u>Surety Company</u>	<u>Capital</u>	<u>Surplus</u>
The Travelers Indemnity Company	\$ 10,790,700	\$ 7,329,631,885
St. Paul Fire and Marine Insurance Company	\$ 20,000,000	\$ 6,622,630,405
Travelers Casualty and Surety Company	\$ 25,000,000	\$ 7,829,970,720
United States Fidelity and Guaranty Company	\$ 35,214,075	\$ 882,045,585
The Standard Fire Insurance Company	\$ 5,000,000	\$ 1,384,849,805
Travelers Casualty Insurance Company of America	\$ 6,000,000	\$ 561,804,244
Farmington Casualty Company	\$ 6,000,000	\$ 289,822,423
St. Paul Mercury Insurance Company	\$ 4,230,000	\$ 113,866,199
Fidelity and Guaranty Insurance Underwriters, Inc.	\$ 13,434,900	\$ 91,712,681
St. Paul Guardian Insurance Company	\$ 4,200,000	\$ 22,784,154
Fidelity and Guaranty Insurance Company	\$ 5,000,000	\$ 18,835,835
Travelers Casualty and Surety Company of America	\$ 6,480,000	\$ 2,118,461,638

- 3) With respect to each surety participating in the issuance of the attached bond that has received from the U.S. Secretary of the Treasury a certificate of authority pursuant to 31 U.S.C. Section 9305, the underwriting limitation established therein on **July 1, 2022** (most recent calendar year available) is as follows:

<u>Surety Company</u>	<u>Limitation</u>
Travelers Indemnity Company	732,963,000
St Paul Fire and Marine Insurance Co	534,848,000
Travelers Casualty and Surety Co	782,997,000
United States Fidelity and Guaranty Co	88,205,000
Standard Fire Insurance Company	138,485,000
Travelers Casualty Insurance Co of America	56,180,000
Farmington Casualty Co	28,982,000
St Paul Mercury Insurance Co	11,387,000
Fidelity and Guaranty Insurance Underwriters, Inc	9,171,000
St Paul Guardian Insurance Co	2,278,000
Fidelity and Guaranty Insurance Company	1,884,000
Travelers Casualty & Surety Co of America	211,846,000

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

## SURETY DISCLOSURE STATEMENT AND CERTIFICATION

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

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

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

- 1) Each surety meets the applicable capital and surplus requirements of R.S.17:17-6 or R.S.17:17-7 as of the surety's most current annual filing with the New Jersey Department of Insurance.
- 2) The capital and surplus, as determined in accordance with the applicable laws of this State, of the surety(ies) participating in the issuance of the attached bond is (are) in the following amounts as of the calendar year ended **December 31, 2021** (most recent calendar year for which capital and surplus amounts are available), which amounts have been certified by **KPMG LLP**, located at One Financial Plaza, Hartford, CT 06103-4103, in the Annual Audited Combined Financial Statements for the first eleven (11) companies below, and on a Stand-alone Annual Audited Financial Statement for the twelfth (12<sup>th</sup>) company below, all on file with the New Jersey Department of Insurance, 20 West State Street CN-325, Trenton, New Jersey 08625-0325.

<u>Surety Company</u>	<u>Capital</u>	<u>Surplus</u>
The Travelers Indemnity Company	\$ 10,790,700	\$ 7,329,631,885
St. Paul Fire and Marine Insurance Company	\$ 20,000,000	\$ 6,622,630,405
Travelers Casualty and Surety Company	\$ 25,000,000	\$ 7,829,970,720
United States Fidelity and Guaranty Company	\$ 35,214,075	\$ 882,045,585
The Standard Fire Insurance Company	\$ 5,000,000	\$ 1,384,849,805
Travelers Casualty Insurance Company of America	\$ 6,000,000	\$ 561,804,244
Farmington Casualty Company	\$ 6,000,000	\$ 289,822,423
St. Paul Mercury Insurance Company	\$ 4,230,000	\$ 113,866,199
Fidelity and Guaranty Insurance Underwriters, Inc.	\$ 13,434,900	\$ 91,712,681
St. Paul Guardian Insurance Company	\$ 4,200,000	\$ 22,784,154
Fidelity and Guaranty Insurance Company	\$ 5,000,000	\$ 18,835,835
Travelers Casualty and Surety Company of America	\$ 6,480,000	\$ 2,118,461,638

- 3) With respect to each surety participating in the issuance of the attached bond that has received from the U.S. Secretary of the Treasury a certificate of authority pursuant to 31 U.S.C. Section 9305, the underwriting limitation established therein on **July 1, 2022** (most recent calendar year available) is as follows:

<u>Surety Company</u>	<u>Limitation</u>
Travelers Indemnity Company	732,963,000
St Paul Fire and Marine Insurance Co	534,848,000
Travelers Casualty and Surety Co	782,997,000
United States Fidelity and Guaranty Co	88,205,000
Standard Fire Insurance Company	138,485,000
Travelers Casualty Insurance Co of America	56,180,000
Farmington Casualty Co	28,982,000
St Paul Mercury Insurance Co	11,387,000
Fidelity and Guaranty Insurance Underwriters, Inc	9,171,000
St Paul Guardian Insurance Co	2,278,000
Fidelity and Guaranty Insurance Company	1,884,000
Travelers Casualty & Surety Co of America	211,846,000

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

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

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

and;

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

CERTIFICATE

I, **Eric B. Bruder**, as Chief Financial Officer, Bond & Specialty Insurance for the companies herein listed, corporations domiciled in Connecticut, Iowa, and Wisconsin, DO HEREBY CERTIFY that, to the best of my knowledge, the foregoing statements made by me are true, and ACKNOWLEDGE that, if any of those statements made by me are false, this bond is VOIDABLE.



(Signature of certifying agent/officer)

Eric B. Bruder

(Print name of certifying agent/officer)

Vice President, Finance

Chief Financial Officer, Bond & Specialty Insurance

(Title of certifying agent/officer)

Date: August 16, 2022

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

CERTIFICATE

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



(Signature of certifying agent/officer)

Annette Audinot

(Print name of certifying agent/officer)

Attorney-in-Fact

(Title of certifying agent/officer)

Date: June 14, 2023



## NEW JERSEY AMERICAN WATER, THE “TRUSTED SOURCE FOR EVERYTHING WATER”

New Jersey American Water is the largest investor-owned water and wastewater utility in the state. We provide service to approximately 2.8 million people in 190 communities across 18 counties. We also provide water service to 30 additional communities through bulk water purchase agreements. New Jersey American Water owns wastewater systems in more than 20 communities in New Jersey, serving more than 58,600 customer connections.

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

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

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

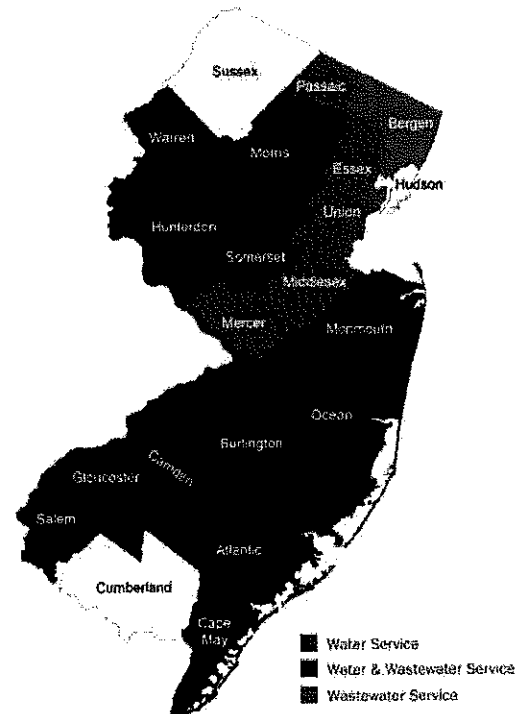
Statewide, our water and wastewater infrastructure includes:

- Seven surface water treatment plants with a combined capacity of 384 million gallons per day;
- 266 groundwater wells with a combined capacity of 173 million gallons per day; and
- 21 wastewater treatment plants with a combined capacity of 4.9 million gallons per day.

We operate and maintain:

- 9,816 miles of water and sewer pipe;
- 162 water storage facilities; and
- 200 water and wastewater pumping stations.

In 2022 alone, New Jersey American Water invested more than \$575 million to improve its water and wastewater treatment, distribution, and collection systems. Economic impact studies show that for every \$1 million invested in water infrastructure, upwards of 15 jobs are generated throughout the economy. Through our continued investments, New Jersey American Water’s 2021 and 2022 infrastructure upgrade projects supported more than 15,000 jobs each year.





New Jersey American Water employs more than 850 professionals, including water quality specialists; distribution, collection, and field service personnel; plant operators; meter readers; and engineers to carry out the company's foremost responsibility of providing high-quality, reliable water and wastewater service to our customers. Our team of experts regularly monitors, maintains, and upgrades our facilities to help keep them operating efficiently and to meet all regulatory standards.

Our team monitors and tests the water at multiple points throughout our process of drawing it from its source, treating it to meet drinking water standards, and distributing it through our pipeline systems. Statewide, we perform thousands of tests each year on the water before it leaves our treatment plants, plus a significant number of tests in the distribution system. Our

team of experts operates quality control labs within the state; plus, we have access to American Water's Central Laboratory in Belleville, Illinois, which conducts sophisticated drinking water testing and analysis.

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

- Partnering with local government, community organizations, and schools to help educate our customers on environmental stewardship and watershed protection.
- Providing existing and new businesses the confidence to invest in a community with dependable water and wastewater systems ready to meet their business needs.
- Offering financial assistance to customers in need through New Jersey American Water's H2O Help to Others Program™. This program is available to our customers whose annual income is at or below 300 percent of the Federal Poverty guidelines. The monthly fixed service charge on the customer's water and wastewater bill is waived for those who qualify. For more than 20 years, we have been assisting customers experiencing financial hardship to help keep their water and/or wastewater services flowing. In 2022, 153 households received grants totaling \$50,943. The program is administered by New Jersey SHARES. For more information on this program, see Appendix A.

Please see Appendix A for more information about New Jersey American Water.

## OPERATIONAL EXCELLENCE

The operation of the City of Salem's water and wastewater systems would be executed by New Jersey American Water's South Operating Region in a manner that meets local, state, and federal laws and regulations.

New Jersey American Water's South Operating Region serves 61 communities in six counties – Salem, Gloucester, Camden, Burlington, Atlantic and Cape May – plus an additional 25 towns that are serviced through bulk water purchase agreements. The South Operating Region provides water service to approximately 196,000 customer connections and wastewater service to approximately 21,000 customer connections. Our service area reaches as far south as Carneys Point Township and the Borough of Penns Grove, approximately nine miles north of the City. Our intention is to station operations employees in the City to facilitate appropriate response times while additionally leveraging our existing management staff in Lawnside to manage the system.



The South Operations staff will be responsible for day-to-day operations and maintenance of the City's water and wastewater collection and treatment systems using our computerized maintenance management system, MapCall, to record and inform all our maintenance activities. The MapCall system uses industry-recognized best practices, effectively tracks equipment condition and repair history, and schedules field employees to perform preventative maintenance and repairs.

New Jersey American Water plans to replace or upgrade all existing water and wastewater facilities with Supervisory Control and Data Acquisition (SCADA) systems that will fully integrate the City's assets into the South Operating Region. The SCADA systems will allow for remote monitoring and control of the systems and provide alarm notifications for predetermined scenarios that may occur within the system. This will allow for faster response time to adverse system conditions or emergencies.

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

In the event of a water or wastewater emergency, residents would call our toll-free number to report the situation, or in MyWater, our 24-hour online customer portal. Our customer call center is staffed Monday through Friday from 7 a.m. to 7 p.m. for routine calls, while emergency, after hours calls (and online emergency reports) are routed to employees in our Field Resource Coordination Center (FRCC). The FRCC is staffed 24 hours a day, 7 days a week to respond to emergency field matters. FRCC representatives route the information directly to the crew in the field, who investigate and take the appropriate action. Wastewater emergencies are given the

highest priority because of the possible health risk exposure to customers, environmental contamination, and damage to property.

## WATER QUALITY ACCOUNTABILITY ACT CERTIFICATION

All New Jersey American Water drinking water systems comply with the Water Quality Accountability Act (WQAA), the law signed by Governor Chris Christie in 2017, which sets additional operational standards for water utilities across New Jersey and requires the following:

- **Asset Management:** The WQAA requires purveyors of public water, like New Jersey American Water, to create and implement an asset management plan designed to inspect, maintain, repair, and renew its water main infrastructure at a 150-year replacement cycle.
- **Hydrant & Valve Maintenance:** Purveyors are also required to routinely inspect, maintain, and repair valves and fire hydrants throughout the system. Additionally, purveyors are required to obtain GPS coordinates for these assets.
- **Cybersecurity Program:** Purveyors that use internet connected control systems are required to create a formal cybersecurity program, in accordance with requirements established by the NJBPU.
- **Mitigation Plan for Safe Drinking Water Act Violations:** As a supplement to the Safe Drinking Water Act, purveyors who exceed a certain number of violations within any 12-month period are required to submit a formal mitigation plan to show how the specific violation will be addressed and a timeline for implementation of the plan.

Currently, certification for compliance with the WQAA rests with the City of Salem Mayor. Under New Jersey American Water ownership, this responsibility would rest with the Vice President of Operations. One of the many benefits of selling the City's water utility is the transfer of the risk associated with this annual certification to professionals whose sole focus is the provision of water service. To date, New Jersey American Water is compliant in all the following areas, as required by the New Jersey Department of Environmental Protection (NJDEP):

COMPLIANCE REQUIREMENT	YES	NO
<b>LICENSING OF WATER SUPPLY &amp; WASTEWATER OPERATORS</b>	✓	
<b>WATER SUPPLY ALLOCATION PERMITS</b>	✓	
<b>WATER QUALITY ACCOUNTABILITY ACT*</b>		
<p><b>Hydrant &amp; Valve Maintenance:</b> New Jersey American Water has routinely inspected and maintained valves and fire hydrants throughout our system.</p> <p><b>Violations &amp; Mitigation:</b> New Jersey American Water has no systems with an NOV that requires a mitigation plan.</p> <p><b>Infrastructure Improvement Investment:</b> New Jersey American Water completes regular long-term comprehensive planning studies that drive our capital investments. We have a long track record of planning and managing needed system improvements. Each one of the individual systems as identified completed an updated Asset Management Plan.</p> <p><i>*Several elements of the WQAA have phased in compliance timelines over the next four years. The above listed requirements are those due to date.</i></p>	✓	

New Jersey American Water meets the certification criteria and has also implemented various internal corporate safety and efficiency standards that go beyond WQAA requirements. This reinforces our commitment to the safe and reliable delivery of quality water service to all our customers around the state. The City can expect the utmost level of professionalism, certification, and trust in the utility systems.

## STAFFING PLAN

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

Our team consists of professionals dedicated to customer service, production, maintenance, water quality, engineering, and many other disciplines, working together to keep water and wastewater service flowing for our customers. New Jersey American Water employs 213 employees with NJDEP water distribution licenses and 221 employees with water treatment licenses. On the wastewater side, New Jersey American Water employs 77 employees with NJDEP wastewater collection licenses, 13 employees with wastewater treatment licenses, including an S-3 license required for operating the wastewater treatment plant, and 14 employees with industrial treatment licenses.

To provide a seamless transition, New Jersey American Water would offer employment to seven existing City of Salem employees that are interested in continuing their career with New Jersey American Water, contingent on their ability to meet American Water's standards and qualifications for employment. Offering employment to existing employees and retaining their institutional knowledge is beneficial to both New Jersey American Water and the community served. These employees will be supplemented by our existing South Operating Region operations. Below are biographies for personnel that will be involved in the operation of the City's systems. Please see Appendix C for our Staffing Plan organization chart.

### David Forcinito, P.E., Sr. Director of Operations



Mr. Forcinito is responsible for the operation and maintenance of the water transmission and distribution infrastructure, water production facilities, wastewater collection systems, meters, new construction, financial results, safety, and customer relations within the South Operating Region of New Jersey American Water. He has more than 33 years of service with New Jersey American Water and in that time has held various positions in engineering and operations.

Mr. Forcinito received a Bachelor of Science degree in mechanical engineering from Widener University, and a Master of Science in water resources and environmental engineering from Villanova University. He is a licensed Professional Engineer in the State of New Jersey and holds C2 and S2 wastewater licenses and W4 and T4 water licenses from the NJDEP.

## FIELD OPERATIONS

### John Graham, Sr. Manager of Field Operations



Mr. Graham is responsible for the operation and maintenance of our water distribution systems and wastewater collection systems in Burlington, Camden, Gloucester, and Salem Counties. He has over 38 years of experience in the water and wastewater field and holds W4, C2 and T1 NJDEP licenses.

## **Donna Slack, Sr. Superintendent of Operations**



Ms. Slack manages the personnel and daily activities of our water and wastewater operations in the South Operating Region. She joined American Water in 2016 and has over 30 years of utility operations experience. Ms. Slack holds W1 and C1 NJDEP licenses and a SHRM-CP certification.

## **Thomas Eckel, Sr. Supervisor of Field Operations**



Mr. Eckel oversees the operation and maintenance of the wastewater collection and water distribution systems in the South Operating Region. He has over 23 years of experience in water system operations and maintenance and 8 years in wastewater system operations and maintenance. Mr. Eckel holds W2 and C2 NJDEP licenses.

## **PRODUCTION**

### **Gregory Rossi, Sr. Manager of Production**



Greg Rossi is the senior manager of the Production department. He is responsible for the Delaware River Regional Water Treatment Plant and New Jersey American Water ground water supply for Burlington, Camden, Gloucester, and Salem Counties. Mr. Rossi has over 28 years of experience in the water and wastewater field and holds T4, W4, C3 and N2 NJDEP licenses.

### **James Buckley, Sr Superintendent of Production**



Mr. Buckley is the senior superintendent of Operations for the Delran Production operating area. He oversees the operation and maintenance of the Delaware River Regional Water Treatment Plant, as well as supply and allocations for the four-county operating area. Mr. Buckley has 25 years of water treatment and distribution experience, as well as experience in sewer collections and industrial waste, and currently holds T-3, W-3, C-2 and N-2 licenses from the NJDEP. He has 15 years of service with New Jersey American Water where he has been the licensed operator of record for several systems.

### **Kenneth Carmack, Sr Supervisor of Production**



Mr. Carmack has been with the company more than 35 years - 26 years in the union and the last 9+ years as a Supervisor. He is currently responsible for the Gloucester and Salem Counties groundwater treatment stations. Mr. Carmack holds T-3, W-3, C-2, and N-2 licenses and is a member of the American Water Works Association (AWWA) and South Jersey Water Professionals Association (SJWPA).

## WASTEWATER OPERATIONS

### Manoj Patel P.E., PMP, Sr. Manager of Production



Mr. Patel oversees the operation of 21 wastewater systems, geographically spread across nine counties in New Jersey that include both collection and treatment, including the recent Long Hill Township wastewater acquisition in Morris County.

Mr. Patel has over 25 years of experience. He joined New Jersey American Water in 2002 and has an extensive background in civil engineering design and project management, as well as experience in sewer utility management. In his current position, Mr. Patel is responsible for ensuring safety, environmental compliance, customer satisfaction and operational efficiency of New Jersey American Water's Statewide Sewer Operation.

Mr. Patel received a Bachelor of Science degree in civil engineering and a Master of Science degree in geo-environmental engineering from New Jersey Institute of Technology. He is a licensed Professional Engineer in the State of New Jersey. He holds a C2 wastewater license as well as a Project Management Professional (PMP) certification from the Project Management Institute.

### Joseph Infante, Sr. Superintendent of Operations



Mr. Infante is the sr. superintendent of Operations for New Jersey American Water in Long Hill. As the licensed operator of record, he manages the day-to-day operation and maintenance of the treatment and collection systems in Long Hill to ensure safety and environmental compliance. In addition, he provides technical resources and expertise to the Statewide Sewer Operation that is comprised of 21 sewer treatment and collection systems. Mr. Infante has over 16 years of extensive experience in water and wastewater system operation and maintenance and holds wastewater C3/S3 and water T2/W2 licenses from the NJDEP.

## WATER QUALITY AND ENVIRONMENTAL

### Laura Norkute, Director of Water Quality and Environmental Compliance



As Director of Water Quality and Environmental Compliance, Ms. Norkute is responsible for the company's environmental initiatives and its compliance with water quality and environmental rules and regulations statewide. She also manages the company's laboratories and develops monitoring programs to ensure adherence to sampling requirements and compliance with local, state, federal, and American Water's water quality standards.

Ms. Norkute has nearly ten years of experience in the water and wastewater industry. Prior to joining New Jersey American Water, she worked for the Bureau of Water System Engineering at NJDEP. Ms. Norkute is a member of AWWA and holds a Bachelor of Science degree in chemical engineering and a Master of Business Administration degree with a focus on strategy and finance from Rutgers University. She is also a licensed W-2 water distribution operator and PMP.



## **Laura Vancho, Manager of Water Quality and Environmental Compliance**



Ms. Vancho is responsible for ensuring regulatory compliance for 13 public drinking water systems and three wastewater systems in our South Operating Region. Additional responsibilities include coordinating water quality monitoring programs, directing two state-certified analytical laboratories, managing environmental permit compliance, supporting watershed protection initiatives, and providing exemplary customer service.

Ms. Vancho has 28 years of experience in Water Quality and Environmental Compliance, joining New Jersey American Water in 1995 as a laboratory technician and progressing to supervisory and managerial roles. She maintains professional memberships in the National and New Jersey Section of AWWA, the American Chemical Society and New Jersey Water Association. She holds a T-3 Water Treatment License from NJDEP. Ms. Vancho earned a Master of Science degree in environmental science and engineering from the University of North Carolina at Chapel Hill, and a Bachelor of Science degree in environmental science from Rutgers University. In addition to graduate research and thesis, Laura conducted undergraduate research as a George H. Cook Scholar. Both her research and academic study focused on water and wastewater treatment.

## **Timothy Martin, Environmental Program Lead**



Mr. Martin is responsible for ensuring compliance with Air Permitting, Hazardous Waste Disposal, Hazardous Material Transportation, National Pollution Discharge Elimination Systems, Well Permitting, EPA Risk Management Plans, EPA Spill Prevention Control and Countermeasures Plans, and NJDEP Discharge Prevention Programs in eight counties in New Jersey. Additional responsibilities include submitting for Water Allocation Permits and Water / Wastewater Licensed Operator of Record Changes.

Mr. Martin has 26 years of industry experience, joining New Jersey American Water in 2006 as a technician in the Engineering Department. He moved to the Water Quality and Environmental Compliance Department in 2014 and has progressed through various roles of increasing responsibility. Mr. Martin maintains professional membership in AWWA and the Institute of Hazardous Materials Management. He earned a bachelor's degree in environmental studies from the University of North Carolina at Wilmington and a Certified Hazardous Materials Management Certification from the Institute of Hazardous Materials Management. He currently holds T-3, W-3, and C-2 licenses from the NJDEP.

## **HEALTH AND SAFETY**

### **Mark Iannarella, Director of Health and Safety**



Mr. Iannarella is the director of Health and Safety for New Jersey American Water. In this role, Mr. Iannarella focuses on enhancing workplace behaviors, practices, and training to achieve the company's goal of zero incidents. He oversees a team of six safety professionals across New Jersey. Mr. Iannarella came to New Jersey American Water in 2019 as a senior safety specialist and was promoted to his current position in December 2021. Prior to joining the company, he had been a safety professional for more than ten years, serving in different roles for Patriot's Point Authority and Dominion Energy. He also previously served for 13 years as a career firefighter, specializing in

technical rescue, and he currently volunteers as a member of the New Jersey American Water's Firefighter and EMS Grant Committee.

## **Jamison Walsh, Health & Safety Specialist**



Mr. Walsh is responsible for managing the day-to-day safety activities for the South Operating Region. In this role he conducts safety training, job and facility inspections, hazard analysis, injury prevention, behavioral safety process, manages injury investigations and workers compensation, contractor activities and specializes in changing safety culture.

Mr. Walsh joined New Jersey American Water in 2021 as a lead Health and Safety specialist for the Coastal Region. Prior to joining New Jersey American Water, Mr. Walsh spent 10 years in the fall protection field, designing, fabricating, installing and consulting on all aspects of elevated work surfaces which included elevations of 1700+ feet. Mr. Walsh holds a Bachelors of Science from West Chester University; is a Board Certified Safety Professional-Associate Safety Professional; and holds several OSHA certifications. He is currently studying to obtain a Certified Safety Professional certification.

## **PROJECT MANAGEMENT**

### **Gary Gehringer, P.E., PMP, Project Manager**



Mr. Gehringer is a project manager for the South Operating Region. He coordinates all integration activities and logistics including coordinating tasks, resources, stakeholders, and any other project elements. Mr. Gehringer has over 10 years of water utility engineering and project management experience. He is an active member of AWWA serving on several committees and is a member of a charity group that raises money for the non-profit Water for People.

Mr. Gehringer holds a Bachelor of Science degree in civil engineering from the University of Pittsburgh. He is a licensed professional engineer in the State of Delaware and is a certified PMP.

## **COMMUNITY OUTREACH AND CUSTOMER SERVICE**

### **Jasmine Mungo, Major Accounts Manager**



Ms. Mungo began her career with American Water in 2008 and has served in various operational roles in both Field Services and T&D for New Jersey American Water. In 2017, she relocated to Kentucky American Water as the senior superintendent of Operations and then accepted a new position as a Customer Accounts manager. She moved into her current role in 2020 as the Major Accounts manager for the South Operating Region of New Jersey American Water, where she serves as a primary point of contact for major account customers and ensures the customers' needs are heard and satisfied. Ms. Mungo earned a Bachelor of Science degree in business administration from the University of Maryland.

## **Chelsea Kulp, Sr. Manager of Government and External Affairs**



Ms. Kulp oversees community and municipal outreach efforts, customer education and media relations. She joined the company in January 2015 as External Affairs specialist and was promoted to manager in 2018, and to her current role in 2022. Ms. Kulp is an active member of AWWA, where she was recently elected to serve on the board of the New Jersey section. She also participates on the young professionals and public information committees and serves as vice chair of the Water For People committee. Ms. Kulp has an environmental policy background and represents the company on the Barnegat Bay Partnership and is an active member of its communication and education committee. Prior to joining New Jersey American Water, she was Project Manager for the Marine Trades Association of N.J. She earned a Bachelor of Science degree in environmental policy, institutions, and behavior from Rutgers University.

## **ENGINEERING AND ASSET PLANNING**

### **Donald C. Shields, PE, Vice President and Director of Engineering**



Mr. Shields oversees a staff of over 50 professionals including construction managers, engineers, planners, and geographic information systems (GIS) specialists. He is directly responsible for delivering New Jersey American Water's capital investment program of more than \$400 million per year.

Mr. Shields has more than 25 years of industry experience, joining American Water in 2001. Prior to his current role, he served as Engineering Director of New Business Development for American Water's Corporate Engineering Group. While there, he supported American Water's regulated and market-based businesses, offering technical guidance and expertise for project development and execution, including large water, wastewater, and solids digestion/management/handling/energy production. He also spent ten years at American Water's former subsidiary, Applied Water Management, where he managed a team of 30 construction managers and engineers. He has significant experience with designing, building, and commissioning membrane bio reactors, a key technology used in water reclamation and reuse.

Mr. Shields is a licensed Professional Engineer in New Jersey and earned a Bachelor of Science degree in Mechanical Engineering from Villanova University.

### **Alan W. Sleeper, PE, Sr. Planning Engineer**



Alan Sleeper is a senior planning engineer in New Jersey American Water's Asset Planning Group. In this role, Mr. Sleeper is responsible for the long-range capital planning for the water and wastewater systems in the southwest part of New Jersey. Mr. Sleeper joined American Water in 2006 in New Jersey American Water's Asset Planning Group. At that time, he was responsible for capital planning in the northern part of New Jersey and successfully completed planning studies that identified and recommended numerous capital improvements needed at several strategically located but aging water treatment plants. These recommendations have led to the construction of large capital projects that will ensure sustainable, high quality potable water for our customers.

Mr. Sleeper earned a bachelor's degree in civil engineering from the University of Delaware and is a registered Professional Engineer in New Jersey, Pennsylvania, and California.

## Patrick Westhoven, PE, Engineering Manager – Project Delivery South



Mr. Westhoven has over 30 years of design and management experience in the water and wastewater field. He joined American Water in 2017. Prior to joining New Jersey American Water, he managed teams for the design and construction of potable water distribution systems, supply wells, treatment plants, and storage facilities. He has also managed teams for wastewater collection, treatment, and transmission facilities. Mr. Westhoven was the Engineer of Record for several New Jersey water/wastewater authorities and was involved in analysis and investigation planning of existing and new water treatment plants and pump stations.

Mr. Westhoven is a licensed Professional Engineer in New Jersey and earned a Bachelor of Science degree in construction engineering from the University of Maine.

## REGULATORY COMPLIANCE

New Jersey American Water has an exceptional track record when it comes to water quality and drinking water regulatory compliance. Our water quality and treatment plant operators perform thousands of tests every day for about 100 regulated contaminants at our five quality control labs. Plus, we have access to American Water's Central Laboratory – one of the most advanced water quality labs in the country.

We also look beyond existing drinking water regulations to identify, prioritize and seek solutions for treating new and emerging contaminants. New Jersey American Water works cooperatively with the NJDEP and its Drinking Water Quality Institute to help establish drinking water standards and new regulations that benefit our customers and communities across the state. Five of our water treatment plants have been nationally recognized with Directors Awards from the U.S. EPA's Partnership for Safe Water program for surpassing federal and state drinking water standards.

Water quality and environmental compliance are central to our mission. We have developed and leveraged new technologies to track our compliance requirements, installed new treatment to help remove emerging contaminants before they are regulated, and positioned the company as a leader in water quality metrics.

New Jersey American Water has not received any material violations of any applicable regulatory requirements, including any that resulted in fines over \$50,000. New Jersey American Water takes a proactive approach to maintaining compliance by leveraging permit management tools and internal tracking systems designed to continuously improve operations. Compliance requirements are actively managed through the execution and utilization of Environmental Management Plans.

### NEW JERSEY AMERICAN WATER'S EXPERIENCE WITH PER- AND POLYFLUOROALKYL SUBSTANCES (PFAS)

One of the most rapidly changing landscapes in drinking water contamination is the detection and regulation of many of the Per- and Polyfluoroalkyl substances (PFAS), class of contaminants. PFAS are synthetic chemicals manufactured for industrial applications and commercial household products such as: non-stick cookware; waterproof and stain resistant fabrics and carpets; firefighting foam and cleaning products. The properties that make these chemicals useful in so many of our everyday products also resist breaking down and therefore persist in the environment. Exposure may be from food, food packaging, consumer products, house dust, indoor and outdoor air, drinking water and at workplaces where PFAS are made or used.

We have invested time and effort in our own independent research, as well as engaged and continue to engage with experts in the field to understand PFAS occurrence, fate, and transport in the environment. We also regularly assess treatment technologies that can effectively remove PFAS from drinking water, because we believe that investment in research is critical for addressing this issue.

The science and regulation of PFAS is evolving, as demonstrated by the U.S. EPA's April 2023 proposal of the first-ever national drinking water standard to limit six PFAS. New Jersey established maximum contaminant levels, or MCLs, for PFNA (13 ng/L), PFOA (14 ng/L) and PFOS (13 ng/L) in 2020, which have stressed many utilities across the state with the challenge of treating for these contaminants.

While these contaminants and the regulations may be new to many, New Jersey American Water is intimately familiar with them. In fact, we have been treating for PFAS as far back as 2014, long before the New Jersey MCLs were established, at our Ranney Station Water Treatment Plant in Carney's Point, Salem County. More recently, we implemented treatment to achieve compliance at several of our facilities in preparation for when

the newly established NJDEP standards would become effective. New Jersey American Water systems successfully meet or surpass NJDEP MCLs, and the Company is providing increased bulk water service to other communities that are experiencing supply challenges due to these new regulations.

Please see Appendix A's PFAS one-pager for additional information on our experience on this topic and Section IV for more details on New Jersey American Water's plan to address the presence of PFAS in the City of Salem's drinking water supply.

## ACQUISITION EXPERIENCE

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

In the last nine years, New Jersey American Water has successfully closed nine transactions totaling more than \$132 million in water and wastewater systems acquisitions, transitioning more than 39,800 new customers into our service areas. In addition, we are in the process of acquiring the wastewater system assets of Somerville in Somerset County. Please see below and Appendix B for more information on New Jersey American Water's recent acquisition experience.

### EGG HARBOR CITY, ATLANTIC COUNTY

In partnership with Egg Harbor City, New Jersey American Water completed the first acquisition in New Jersey under the Water Infrastructure Protection Act (WIPA) legislation on June 1, 2023. New Jersey American Water acquired Egg Harbor City's water and wastewater assets for a purchase price of \$21.8 million and a capital investment commitment of \$14 million in the first ten years of ownership. This \$35.8 million commitment is coupled with rate stability measures.

The purchase agreement approved by all parties, including the Comptroller's office and the NJBPU, noted that New Jersey American Water would adopt the Township's rates for water service upon close of the transaction. These rates will remain in effect until New Jersey American Water's next rate case, at which time the NJBPU will consider proposed rates to incorporate Egg Harbor City customers into New Jersey American Water's existing tariff.

Capital improvements projects identified include a valve and hydrant replacement program; converting chlorine gas to safer hypochlorite disinfection; water treatment and storage improvements; an inflow and infiltration study of the wastewater system; wastewater pump station improvements and replacements; and a water and sewer main replacement program.

### BOROUGH OF SOMERVILLE, SOMERSET COUNTY

In February 2023, New Jersey American Water signed an agreement to acquire the wastewater collection system of the Borough of Somerville for \$7 million and we anticipate closing this transaction in the fall of 2023. This municipally owned system serves approximately 3,800 customers, most of whom already receive water service from New Jersey American Water. Acquisition of Somerville's wastewater system by New Jersey American Water is a win-win for the Borough and its residents - removing the risk of

**“**

**The sale of our city's water and wastewater systems to New Jersey American Water will provide nearly \$22 million to help the city pay off existing debt while leaving additional money to assist in other areas of the city's budget. Additionally, the company is committed to investing \$14 million into much-needed system improvements. All told, this means better infrastructure, stable water rates and millions in funds for the city, none of which would be possible without the sale of the systems.**

**Lisa Jampetti**  
Mayor  
Egg Harbor City

an aging collection system from Borough ownership and securing a \$16.5 million total investment in the Borough. Residents agreed, with 75 percent of voters voting in favor of the referendum to sell the wastewater system in the November 2022 General Election. In addition, New Jersey American Water presented a seven-year rate plan, with a two-year rate hold after closing, to stabilize rates for customers while making the robust investment in the Borough's infrastructure.



**I am grateful to the voters for recognizing that selling the system to New Jersey American Water is the best solution for our town. The sale proceeds will enable us to pay down the Borough's municipal debt and stabilize, or even potentially reduce, property taxes for our residents.**

**Bob Fazen**  
Former Mayor  
Bound Brook Borough

## **BOROUGH OF BOUND BROOK, SOMERSET COUNTY**

New Jersey American Water acquired Bound Brook's wastewater collection system in August 2022, for \$5 million, following a voter referendum in which nearly two-thirds of Bound Brook voters approved the sale of the system to New Jersey American Water.

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

## **LONG HILL TOWNSHIP, MORRIS COUNTY**

After more than a century of providing water service to the Long Hill community, in 2017, local officials supported a plan to transfer ownership and operation of the Township's wastewater collection system and 1.25 million gallon per day wastewater treatment plant to New Jersey American Water. In a November 2017 referendum on the sale, voters rejected the measure by a slim margin.

Shortly after voters chose not to approve the sale, the Township's elected leaders were forced into dramatic rate increases to improve the aging system. Rates increased 20 percent in 2018 and 16 percent in 2019, with additional significant increases planned for the next two years. Residents in Long Hill were soon clamoring for another attempt at sale. In 2019, New Jersey American Water again submitted a proposal to acquire the system, which included a \$12.7 million purchase price with a commitment to invest \$13 million in the first five years of ownership, plus stabilized rates via a two-year rate hold and commitment to no more than three percent annual increases for the following three years. Voters overwhelmingly approved the measure in a November 2019 referendum by a 2-to-1 margin. The transaction closed in October 2020. For more information on the Long Hill system post-close, visit Appendix B.





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

**Michael "Traz" Tovinsky**  
Mayor, Mt. Ephraim Borough

Water System Acquired 2007 –  
Wastewater System Acquired 2019

## BOROUGH OF MOUNT EPHRAIM, CAMDEN COUNTY

The Borough of Mount Ephraim sold their municipal water system to New Jersey American Water in 2007. A decade later, the Borough decided to sell its wastewater system as well. The bid process to sell the wastewater system was initiated in 2018, and New Jersey American Water was the successful bidder with a purchase price of \$1.4 million plus a commitment to invest \$4 million in the first four years of owning the Borough's wastewater system. A public referendum was held in November of 2018, and voters overwhelmingly approved the measure by a margin of 79 to 21 percent. New Jersey American Water began operating the wastewater system in July 2019.

New Jersey American Water adopted the Borough's existing rates and agreed to hold those rates for two years, pending approval of the NJBPU. Thereafter, increases would be limited to three percent per year for the next three years of a five-year rate plan.

## REFERENDUM EXPERIENCE

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

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


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

Municipality	Year	Result
Haddonfield Water and Wastewater	2014	Success - 67% Yes, 33% No
Mount Ephraim Wastewater	2018	Success - 79% Yes, 21% No
Long Hill Wastewater	2019	Success - 67% Yes, 33% No
Bound Brook Wastewater	2021	Success - 62% Yes, 38% No
Somerville Wastewater	2022	Success - 75% Yes, 25% No

events, door-to-door outreach, and more. Here are snapshots of content used in the successful 2022 Somerville and 2021 Bound Brook wastewater system acquisition referendums.

"I strongly support selling our sewer system to New Jersey American Water. They have provided us with reliable, quality water service for the last century and I am confident they will provide that same service with our sewer system."


— Deb Raczaj  
Mayor of Bound Brook



**VOTE YES**  
BOUND BROOK SEWER REFERENDUM

FOR MORE INFORMATION OR TO ASK A QUESTION ABOUT THE REFERENDUM, VISIT [WWW.VOTEYESBOUNDBROOK.COM](http://WWW.VOTEYESBOUNDBROOK.COM)

DON'T FORGET TO VOTE YES WHEN YOU CAST YOUR BALLOT! IF YOU VOTE IN PERSON, THE SEWER SALE QUESTION WILL BE ON THE RIGHT SIDE OF YOUR BALLOT.



Community Leaders Agree That Voting YES on the Sewer Sale is the Right Choice for Somerville!

FOR MORE INFORMATION, OR TO ASK A QUESTION VISIT [VOTEYESSOMERVILLE.COM](http://VOTEYESSOMERVILLE.COM)

**VOTE YES**  
SOMERVILLE

**Vote Yes Bound Brook**  
Sponsored - Paid for by New Jersey American Water

Votar sí en la venta del alcantarillado resultará en una inversión de \$16 millones en Bound Brook y también estabilizará los impuestos inmobiliarios y las tarifas del sistema de alcantarillado.

**VOTE YES**  
EL MARTES  
2 DE NOVIEMBRE  
VOTE SÍ A LA VENTA DEL ALCANTARILLADO


[VOTEYESBOUNDBROOK.COM](http://VOTEYESBOUNDBROOK.COM)  
Vote el martes, 2 de noviembre.  
Vote sí a la venta del alcantarillado.

Learn More

VOTING YES on the sewer sale means reducing debt for Bound Brook.

**VOTE YES**

LEARN MORE!

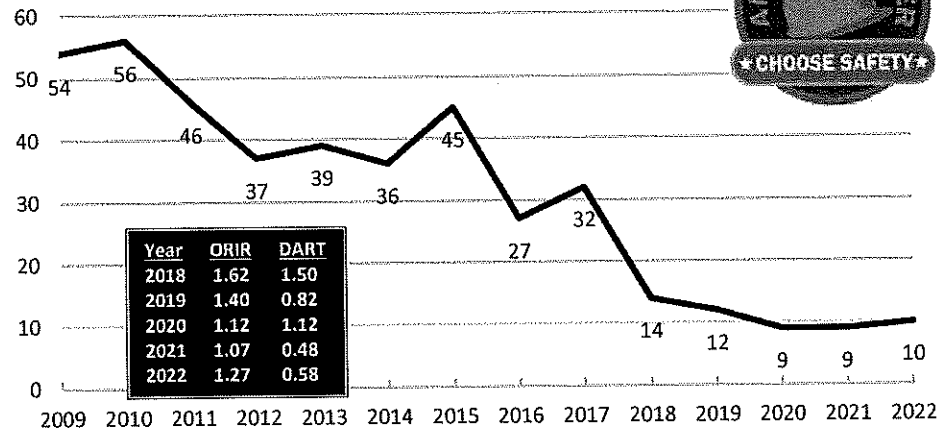


**BOUND BROOK**

## SAFETY

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

New Jersey American Water  
OSHA Incidents | 2009 - 2022



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

## COMMUNITY ENGAGEMENT



At New Jersey American Water, we take pride in giving back to the communities we serve and the neighborhoods in which our employees live.

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

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

- **FIRST RESPONDER GRANT PROGRAM**

This program provides grants of up to \$2,500 each to volunteer firefighter and emergency responder organizations in our service areas for the purchase of protective gear, lifesaving equipment, tools, training, and related activities/materials.

- **ENVIRONMENTAL GRANT PROGRAM**

The Environmental Grant Program provides grants of \$1,000 to \$10,000 for community-based projects that improve, restore, and help protect our source water and surrounding watersheds. This grant opportunity is open to any 501c3 organization in our service areas.

- **WORKFORCE DEVELOPMENT PROGRAM**

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

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

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

- **AMERICAN WATER CHARITABLE FOUNDATION**



Through the American Water Charitable Foundation, New Jersey American Water and American Water support employees in their own charitable endeavors, provide support for targeted disaster relief efforts, and provide funding for higher-level initiatives related to clean water, conservation, education, and sustainability. Since 2012, the American Water Charitable Foundation has invested more than \$12 million in funding through grants and matching gifts that are important to our employees and our communities. Each year, we continue to expand and strengthen our community partnerships, furthering our charitable purpose in communities served by American Water.

- **SPEAKERS' BUREAU**

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

- **COMMUNITY SERVICE & VOLUNTEER EFFORTS**



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

- **EMPLOYEE VOLUNTEER AND MATCHING GIFT PROGRAM**

Since its inception, the program has matched approximately \$2.6 million to public charities that are important to American Water employees across the nation and clocked more than 54,000 hours of volunteer time. In New Jersey for 2022, over \$132,000 has been matched and more than 2,700 hours of volunteer time tracked.

- **UNITED WAY**

Over the past eleven years, New Jersey American Water employees have provided more than \$340,000 to the United Way organization and graciously contributed their time to the cause.

- **WATER FOR PEOPLE**

For more than a decade, American Water and its employees across the nation supported the organization's goal of providing access to clean water for everyone. New Jersey American Water employees have donated more than \$235,000 to the organization over the last 11 years.

## MAJOR ACCOUNTS PROGRAM

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

## ENVIRONMENT, SOCIAL AND GOVERNANCE

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



## INCLUSION, DIVERSITY AND EQUITY

### Beautifully Different



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

In May 2022, American Water issued the second annual ID&E Report followed by the 2022 ID&E summary with key metrics in March 2023. The report highlights the efforts American Water has undertaken, and the strides we have made, in advancing our commitment to building an inclusive workplace. The report can be accessed by visiting our ID&E website at <https://diversityataw.com/>.

Our ID&E Annual Report shares the strategies, practices, policies, and programs from across the business. It includes more than 100 data points related to our culture of inclusion and caring. The data demonstrate that we still have work to do to drive diversity and inclusion at all levels of the organization. For 2023, American Water additionally established targets related to increasing women and ethnic and racial diversity in management roles.

**BID FORM 3**

**PURCHASE PRICE**

1. Total Purchase Price: Bidder hereby proposes a total Purchase Price in accordance with the RFB for the System and assets described therein at an amount set forth in words as follow:

Eighteen Million Dollars (USD)

and in dollars as follows:

\$ 18,000,000.00

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

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

YES (check or initial)

3. Binding 10-year Rate Schedule: Bidder shall attach to this Bid Form 3 a minimum of a 10-year binding Rate Schedule to be implemented for the first 10 years following the sale of the System. Proposed rates shall not exceed a maximum rate increase of 5% in any year for ten years following the Closing with an average rate increase of 3% over the ten years. Bidder's acknowledge that pursuant Section 4.0 of the RFB, the initial 10 years of the binding Rate Schedule submitted by a Bidder shall be used by the Borough to determine the Highest Responsible Bidder.

NEW JERSEY-AMERICAN WATER COMPANY, INC.

Name of Bidder

  
Signature

President

Title

# FINANCIAL QUALIFICATIONS & RATE PLAN



## A sale of the City's water and wastewater systems to New Jersey American Water offers the following benefits:

- A long-term solution to the challenges and risks of owning and operating water and wastewater systems in the 21<sup>st</sup> century.
- The transfer of day-to-day operational responsibility and risk to the largest water and wastewater service provider in the state and an organization with personnel licensed in water and wastewater operations.
- Expertise in rapid deployment of water treatment infrastructure to meet developing regulations, coupled with routine, consistent capital investment delivered by an in-house engineering team who oversees and administers timely and proactive improvements to the City's aging water and wastewater systems.
- Financial stability through a cash purchase price sufficient to pay off all water and wastewater utility debt and a portion of City debt.
- Rate stability through a proposed rate schedule, including a two-year hold of current rates, followed by a three percent annual increase for the next three years, plus long-term stability from a team of professionals focused on operational efficiency to maintain affordable water and wastewater service.
- Customer service that starts with timely and accurate monthly volumetric billing of both water and wastewater service on the same bill with quality assurance measures that help minimize billing issues and customer confusion, as well as first-call service resolution when a customer does need to call.
- Financial assistance to customers whose annual income is at or below 300 percent of the Federal Poverty guidelines through New Jersey American Water's H2O Help to Others Program™, administered by New Jersey SHARES.

## FINANCIAL STRENGTH

New Jersey American Water is the state's largest water and wastewater service provider with total assets of \$6.0 billion and annual revenues of \$909 million reported in 2022. In addition to its own financial resources, New Jersey American Water also has access to capital through American Water, the largest and most geographically diversified, publicly traded water and wastewater utility company in the U.S., with a market capitalization of approximately \$30 billion, total assets of \$27.8 billion, and annual revenues of \$3.8 billion as reported in its [2022 10-K filing](#). As required in the RFB, three years of annual audited financial reports of New Jersey American Water operations are included in Appendix E and noted as Confidential Information.

## CONFIDENTIAL INFORMATION

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



# FINANCIAL QUALIFICATIONS & RATE PLAN



Water's expense) to take any legal action to prevent any public disclosure of the Confidential Information under such Open Records Law.

## ABILITY TO RAISE CAPITAL

American Water's financial capabilities are well-known in the debt and equity investment community. American Water is covered by various independent investment financial analysts who provide equity research and credit ratings on American Water's stock to investment firms. New Jersey American Water and American Water carry strong corporate credit ratings and have access to the following sources of capital funding:

- New Jersey American Water carries a corporate credit rating of "A3" from Moody's Investors Services ("Moody's") and an "A" rating from Standard and Poor's ("S&P") Rating Services.
- American Water carries a credit rating of "Baa1" from Moody's and an "A" rating from S&P.
- Lines of Credit. New Jersey American Water has sufficient liquidity through a \$384 million line of credit through American Water. American Water has access to a \$2.6 billion revolving credit facility.
- Debt Capital Markets. American Water accesses the debt capital markets, including the commercial paper market, primarily through American Water Capital Corp., a wholly owned subsidiary of American Water. American Water has a \$2.6 billion commercial paper program and regularly accesses the debt capital markets, most recently raising \$800 million of senior unsecured notes in 2022, \$1.1 billion in 2021, and \$1.0 billion in 2020.
- Low-cost State Funding. To keep customer bills as low as possible, New Jersey American Water also uses low-cost financing through the New Jersey Infrastructure Bank (formerly known as the New Jersey Environmental Infrastructure Trust, or NJEIT).

## PENDING LITIGATION; CONFLICTS OF INTEREST

As required by Section 1.9 of the RFB, New Jersey American Water is not:

- (1) a party to, or otherwise involved in, any pending litigation, investigation, financial foreclosure or other action, or any other procedure that would in any way impair its ability to perform its responsibilities under the anticipated contract;
- (2) affiliated with, owned by, or otherwise engaged with any other firms that could pose a real or potential conflict of interest with City of Salem;
- (3) in arrears to City of Salem for any taxes, fees, or other obligations; and
- (4) found guilty of, either as an organization and/or on the part of its owned, principals, or executives, any illegal activities that preclude it from establishing contracts with government entities.

# FINANCIAL QUALIFICATIONS & RATE PLAN

## CAPITAL INVESTMENT

New Jersey American Water will implement a robust capital improvement plan that includes completion of treatment to address the presence of PFAS in the water supply.

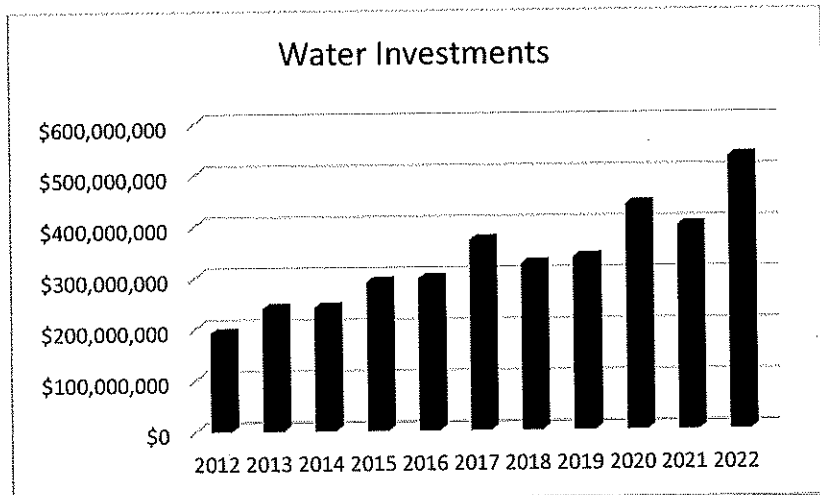
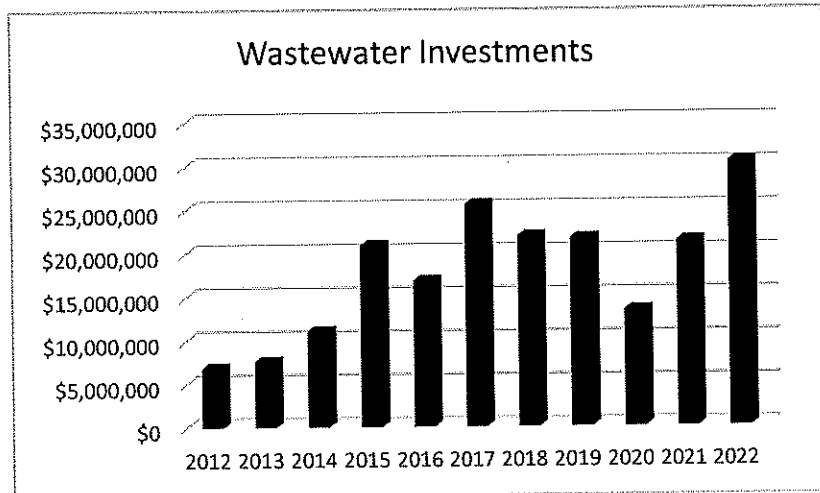
New Jersey American Water has significant financial resources that we deploy via prudent capital investments into the water and wastewater systems that we own, operate, and maintain. New Jersey American Water's mission of serving the community, providing customers with excellent service, and acting as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

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

a clear and objective view of long-term system needs. This allows for prioritization and systematic planning of capital investments to avoid reactive investments which could cost customers more in the long run.

If selected, New Jersey American Water would execute a robust capital improvement plan that includes:

1. **Completion of installation of Granular Activated Carbon treatment initiated by the City of Salem to remove PFAS** from the drinking water supply, as outlined in the Remedial Measures report, to deliver safe, reliable drinking water service to City customers that meets all federal, state and local drinking water standards;
2. **Repairs and upgrades to the Wastewater Treatment Plant** to deliver reliable service that is compliant with all regulations;



# FINANCIAL QUALIFICATIONS & RATE PLAN



3. **Rehabilitation of the Elkinton Dam** to reduce risk associated with this infrastructure, which has been previously classified by NJDEP as a Class 1 High Hazard Structure;
4. **Upgrades to pump stations and wells** to secure reliable water supply;
5. **Inspection and replacement of lead service lines** to comply with NJDEP lead service line replacement requirements and improve water service quality for City residents;
6. **Timely replacement of aging water and sewer mains** throughout the water and wastewater systems;
7. And a **robust, comprehensive analysis of the entire water and wastewater systems** to inform future capital investment needs. Based on the site visit and materials provided, NJAW anticipates that the City of Salem systems could require more than \$50 million of capital over 10 years.

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

New Jersey American Water will collaborate with the city to evaluate the condition of any water and sewer main that falls within the limits of a road reconstruction project initiated by the City. If the company elects to replace or rehabilitate the water or wastewater assets, the work would be coordinated with the City ahead of the planned road reconstruction project.

## PLAN TO ADDRESS PFAS

In response to Sections 3.11 and 5.7.1 of the RFB, New Jersey American Water proposes the following plan to address the presence of PFAS in the City of Salem's water supply. Details of this proposed plan are based on information provided by the City during the RFB process, specifically the Remedial Measures Report Form provided with Addendum No. 3.

To address the presence of PFAS in the City of Salem's source water, New Jersey American Water commits to completing the installation of Granular Activated Carbon treatment initiated by the City of Salem to remove PFAS, as outlined in the Remedial Measures report. New Jersey American Water would see the permitted design through completion, as well as utilize best practices to systematically assess the source of detection and address any additional treatment needs of the system.

The company has experience in implementing PFAS treatment through the following steps:

1. Evaluate all groundwater wells and surface water sources for detections of PFAS above NJDEP MCLs, as well as the U.S. EPA's proposed limits;
2. Immediately shut down, if not shut down already, any supply source exceeding the NJDEP MCLs;
3. Maximize flow from any supply source that are below the NJDEP MCLs;
4. Design, permit and deploy the appropriate treatment technology, such as a Granular Activated Carbon filtration system.

# FINANCIAL QUALIFICATIONS & RATE PLAN



As demonstrated by the City prior to Closing, water demand can be met with supply sources not impacted by the presence of PFAS above the NJDEP MCL. New Jersey American Water would continue to keep any impacted supply offline while treatment is installed.

Based on the Remedial Measures Report provided by the City and the milestones and proposed completion date, New Jersey American Water assumes that design and permitting for PFAS treatment at the Water Treatment Plant will be complete upon an anticipated Closing in June 2024, and New Jersey American Water is prepared to finalize construction of the designed and permitted project upon taking ownership.

## CUSTOMER SERVICE

Customer service is at the heart of what we do, and New Jersey American Water seeks to continuously provide the best experience for our customers. The company's goal is to make it easier for our customers to contact us in a manner they prefer. We offer customers the ability to manage their account(s) online, speak to a live customer care agent, or utilize our voice activated phone system. We also provide the flexibility of multiple payment options and paperless communication. New Jersey American Water wants our customers to enjoy doing business with us.

Our team delivers excellent, cost-effective customer services including:

- First-Contact Resolution – Timely response to customer inquiries improves satisfaction and reduces customer effort.
- Timely and Accurate Billing – Accuracy is our primary focus. Quality assurance measures help ensure we deliver accurate billing and avoid customer confusion.
- Outstanding Collection Performance – We work with customers to manage their account balances and have proven processes to assist customers in identifying payment solutions including payment assistance programs, budget billing, and installment plans as well as establishing low-income discount tariffs.
- Language Translation Options (Spanish and 200+ additional) – We offer language translation as well as ADA-compliant services to better accommodate our diverse customer base.
- Technology Advancements – We strive to expand our technical tools to provide the best experience for our customers. Recently implemented features include a virtual assistant for handling frequently asked questions, a customer call scheduling tool, and our upgraded customer website.
- Leveraging Customer Feedback – Customer feedback and internal reviews help us identify and focus on the right opportunities to improve customer experience.

Understanding the changing preferences of our customers, our self-service customer portal, MyWater, allows our customers to manage their account 24/7/365. Customers can utilize MyWater to:

- View and pay their bill.
- Turn service on or off or make additional service requests.
- Manage their communication and billing preferences, including signing up for paperless billing and auto-pay, as well as customer notifications for non-emergency work.
- Apply for customer payment assistance programs (i.e., Budget billing, assistance grants, etc.).
- View water use history and request leak adjustments.
- Report an emergency.

American Water provides comprehensive and centralized customer service to 1,600 communities in 14 states with 3.4 million active customers who are served by our regulated water and wastewater utilities nationwide.

# FINANCIAL QUALIFICATIONS & RATE PLAN



Our strategy is to staff our customer service organization in areas near our regulated service territories. Currently, we support our customers with 400 remote and geographically diverse employees located in Illinois, Indiana, Kentucky, Missouri, New Jersey, Pennsylvania, West Virginia, and Florida. The geographic spread of our team provides resiliency and allows us to proactively address weather related emergencies. Our customer care agents offer around-the-clock service that includes:

- Emergency assistance (24/7).
- Customer service support (Monday thru Friday, 7am-7pm local time), including:
  - Field service requests
  - Water and wastewater billing and collections inquiries
  - Payment processing and reporting
  - Additional non-emergency customer service requests

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

## RESPONDING TO CUSTOMER EMERGENCIES

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

## CUSTOMER BILLING

If selected as the winning Bidder, New Jersey American Water would implement the following billing structure for City of Salem customers, while maintaining the rate stabilization covenant detailed in Section IV – Rate Plan. New Jersey American Water would provide customers with one monthly bill that clearly identifies the charges associated with water service and the charges associated with wastewater service.

For water service, the billing structure would primarily include a meter charge based on meter size, a flat rate, and a volumetric rate based on monthly water consumption, plus possible inclusion of NJBPU approved recovery surcharges. For wastewater service, billing structure would primarily include a flat rate plus a volumetric rate calculated from the monthly water usage, plus possible inclusion of NJBPU approved recovery surcharges.

Our billing plan will alter the frequency of which City residents pay for water and wastewater service to monthly. Monthly billing provides customers with smaller bills and makes it easier, especially for those on fixed incomes, to include the cost of water and wastewater service into their monthly household budget.

New Jersey American Water offers several convenient payment options, including by mail, in-person, by phone or online. For those customers who prefer to make their payments in-person, American Water partners with

# FINANCIAL QUALIFICATIONS & RATE PLAN

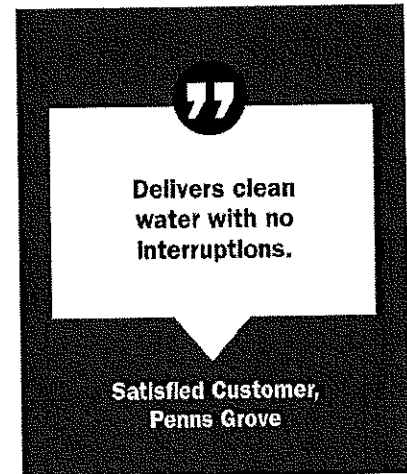
established payment centers to offer this option, including retail grocery stores and other established sites, such as Walmart, and will do so to offer this service within the City of Salem. To give customers the flexibility to pay how they prefer, payments are also accepted electronically with a credit card or through direct debit, so there are no checks to write, and no stamps required.

## CUSTOMER SATISFACTION

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

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

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



# FINANCIAL QUALIFICATIONS & RATE PLAN



## RATE PLAN

New Jersey American Water proposes to adopt the City's current rate amounts, as established by Ordinance 23-07 effective July 2023, for water and wastewater service upon close of the transaction and hold the City's rates steady for two years. The Company would then implement a three percent annual increase over the next three years, providing short-term rate stability for the community.

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

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

## PROPOSED FIVE YEAR RATE SCHEDULE

Year	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Proposed Increase on Water and Wastewater Rates</b>	0%	0%	3%	3%	3%

New Jersey American Water engages in and regularly completes robust capital investment planning that addresses water quality issues and strengthens the water and wastewater systems which will support development in the City. Under New Jersey American Water ownership, the necessary capital improvements and operational expenses can be spread over a large state-wide customer base, limiting the immediate impact upon City residents. As outlined in the rate impact analysis conducted by the City, the City would be required to raise rates 68% to finance the required and needed infrastructure improvements if the City maintained ownership of the systems.

A comparison of rates should the City decide to sell to New Jersey American Water versus keep the systems under City ownership and invest 50 percent of New Jersey American Water's proposed capital investment is presented in the following charts. We strongly believe that by partnering with New Jersey American Water, City residents will be assured of strong and resilient water and wastewater systems that deliver clean, safe, reliable service at significant savings over time compared to what City rates would need to be.

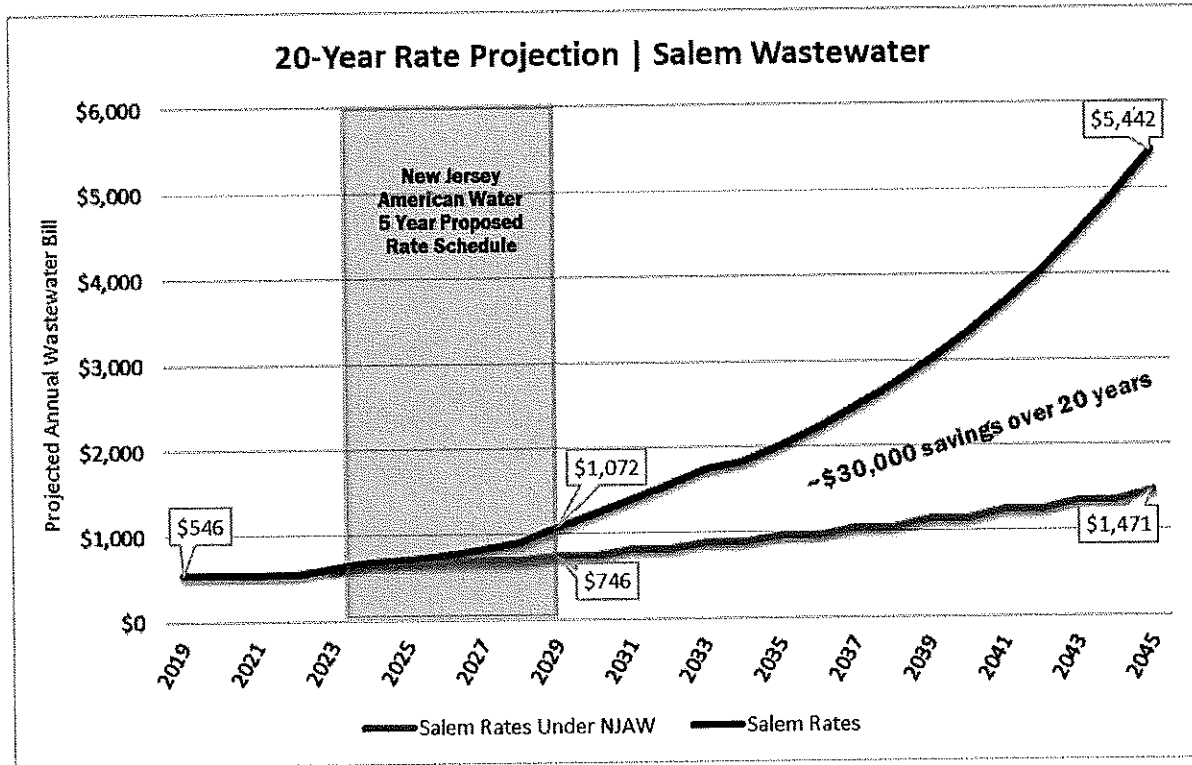
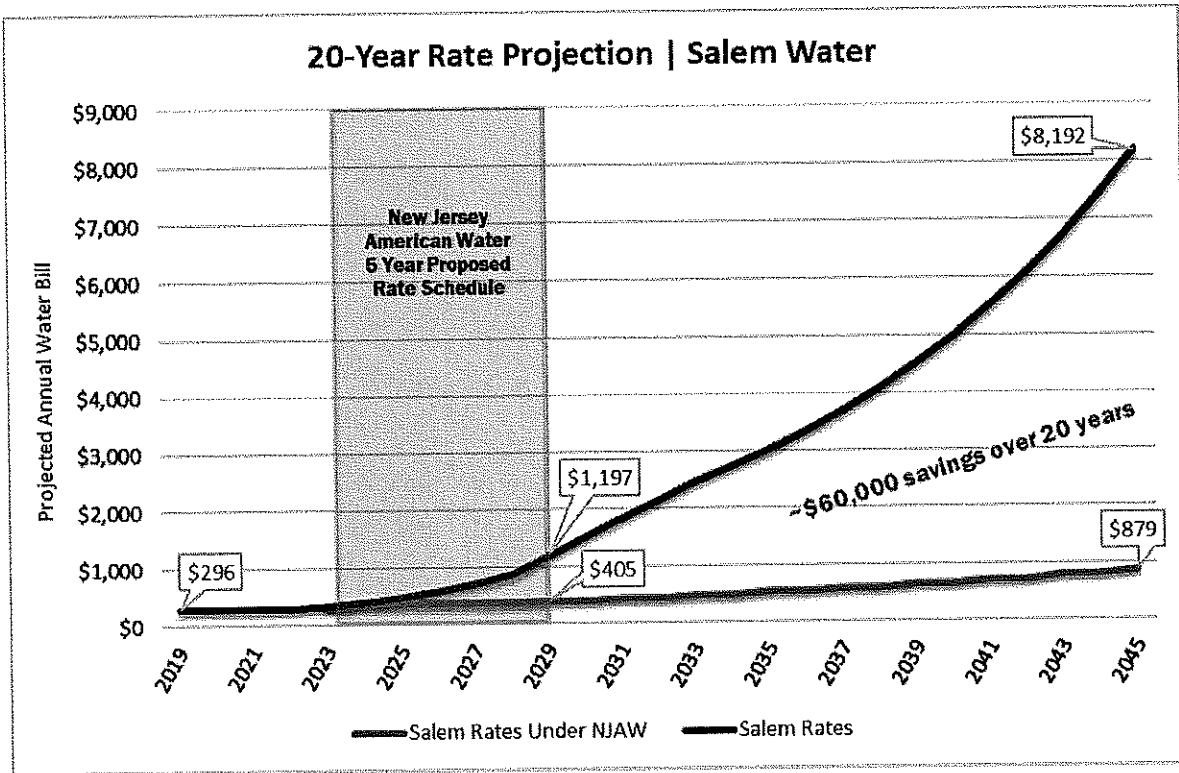
### 20-Year Rate Projection Chart Assumptions

Salem Rates Under NJAW: Assumes adoption of existing City rates, two-year rate hold, 3% annual increase for years 3 through 5, and approx. 5% annual increases through the 20-year horizon for water rates and approx. 4% annual increases through the 20-year horizon for wastewater rates before settling into NJAW's approximately 2-3% annual increase of historical water and wastewater rates.

Salem Rates: Borough would implement 1/2 of the NJAW 10-year CapEx Plan (assume lower investment levels and/or grant monies); Borough would finance CapEx annually via Bond Anticipation Notes (BANs) w/ a 5% cash deposit and 5% annual interest rate; Borough would roll the BANs into long-term debt issuances every 5 years w/ a 20-year amortization of principal & 5% annual interest rate. Years 10 thru 20 assume rates increase ~3% annually, or 1/2 of the average annual increase for the first 10 years.



# FINANCIAL QUALIFICATIONS & RATE PLAN



# FINANCIAL QUALIFICATIONS & RATE PLAN



## **PUBLIC FIRE PROTECTION SERVICE RATES, PROPERTY TAXES AND EXISTING CELLULAR ANTENNA LEASES**

Like all regulated water utilities in New Jersey, New Jersey American Water charges a NJBPU approved monthly hydrant fee for the availability of water at sufficient flow and pressure to meet fire flows during emergencies. The rates of flow required during major fires can exceed 2,000 gallons per minute, significantly more than the flow required under normal operating circumstances. The fee is often characterized as a “standby fee” to cover the cost of providing fire protection service to communities. This fixed monthly rate is all the City would pay for fire protection services – the actual quantities of water utilized for fighting fires, testing fire hydrants or training by the fire department will not be billed volumetric rates.

New Jersey American Water proposes to bring the City onto New Jersey American Water’s Tariff M-8 public fire service rate of \$37.80 per month, which is the existing public fire service tariff for customers in Salem County.

It is important to consider that any real property ultimately transferred to and owned by New Jersey American Water would become subject to New Jersey State real property tax. Simply put, New Jersey American Water would become a property taxpayer in the City, contributing dollars to the local government that could be used to offset expense associated with the public fire protection fees. If New Jersey American Water is selected as the successful Bidder, the Company will conduct an analysis of the real property and provide the City with an estimate of new property taxes that the City would receive.

Based on information provided by the City, New Jersey American Water understands that the City entered into a lease agreement (“Lease”) with a cellular provider to allow for the installation of cellular equipment on the City’s water tower located at 20 North Third Street, as well as a portion of that property for installation of the cellular provider’s equipment building. New Jersey American Water is willing to work out an arrangement whereby the City will continue to receive rental payments directly from the cellular provider for the leasing rights through the automatic extension periods of the Lease (as provided in Section 4 of the Lease). Thereafter, New Jersey American Water shall determine whether it will renew the Lease. The City and New Jersey American Water will work together to effectuate the assignment of the Lease at closing to ensure that all the parties are abiding by the terms of the Lease and to ensure that the cellular equipment does not interfere with utility operations. New Jersey American Water reserves the right to work with the City and the other parties to seek alternative arrangements to optimize its operations consistent with the interests of the City and the cellular providers.

# FINANCIAL QUALIFICATIONS & RATE PLAN



## AGREEMENT OF SALE

New Jersey American Water looks forward to reaching a mutually agreeable Agreement of Sale with the City based on the mark-up of the Agreement provided during the RFB question period and included in this Proposal, and consistent with the other terms of its Proposal. The final Agreement would incorporate the negotiation of various terms and conditions identified in the mark-up, the Proposal, and, if New Jersey American Water is selected, additional issues that may arise following the award. Please see Appendix D for the Draft Agreement of Sale Markup.

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

- Get To Know Us
- Experts in Wastewater
- H2O Help To Others
- Community Impact Report
- PFAS Treatment Experience

## **APPENDIX B: Acquisition Experience**

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

## **APPENDIX C: Staffing Plan**

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

## **APPENDIX E: Audited Financials**

## **APPENDIX F: Bid Forms**

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



NEW JERSEY  
AMERICAN WATER

WE KEEP LIFE FLOWING<sup>®</sup>

## SERVING ABOUT ONE OUT OF EVERY THREE PEOPLE IN NEW JERSEY

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



### CUSTOMER SERVICE

**1-800-272-1325**

#### Hours:

M-F, 7 a.m. to 7 p.m.

#### For emergencies:

We're available 24/7

Customers also have around the clock access to our mobile-friendly, self-service website **MyWater** to view and pay their bill online, track water use history, sign up for paperless billing and more. Register today at [mywater.amwater.com](http://mywater.amwater.com).

# GET TO KNOW US



New Jersey American Water is the largest water service provider in the state, serving approximately 2.8 million people in 190 communities. We also provide water service to 30 additional communities through bulk purchase water agreements. More than 850 highly-skilled professionals including water quality specialists, distribution and field service personnel, plant operators, meter readers, and engineers, carry out the company's foremost priority of providing safe, reliable water and wastewater service to our customers.

### INVESTED IN OUR FACILITIES

Our team of experts regularly monitor, maintain and upgrade our facilities to continue to operate efficiently and meet regulatory standards. This requires investing millions each year in our infrastructure, including treatment plants, tanks, pump stations, pipes, fire hydrants and metering equipment. We do this because we care about our customers as much as we care about water. **Statewide, we invested more than \$575 million in 2022 to improve the water treatment and pipeline systems.**



### HIGH-QUALITY WATER SERVICE

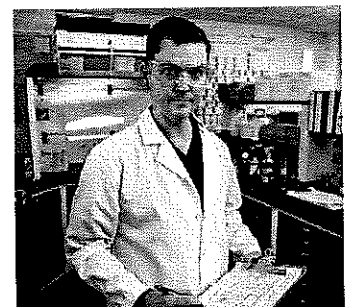
Our team monitors and tests your water at multiple points throughout our process of drawing it from its source, treating it to meet drinking water standards, and distributing it through our pipeline systems. Statewide, we perform thousands of tests each year on the water before it leaves our treatment plants, plus a significant number of tests in the distribution system.



Our team of experts operates quality control labs within the state. Plus, we have access to American Water's Central Laboratory in Belleville, Illinois, which conducts sophisticated drinking water testing and analysis.

### PARTNERSHIP FOR SAFE WATER AWARDS

We've earned five Directors Awards from the U.S. EPA's Partnership for Safe Water program for surpassing federal and state drinking water standards.





## NEW JERSEY AMERICAN WATER FACTS AT A GLANCE

- **COMMUNITIES SERVED**  
190 communities in 18 counties. We also provide water service to 30 additional communities through bulk purchase water agreements.
- **CUSTOMERS SERVED**  
Approx. 662,000 water customers (91% residential, 7% commercial and industrial); 58,600 wastewater service customers
- **EMPLOYEES**  
More than 850
- **TREATMENT FACILITIES**  
**Water:** Seven surface water treatment plants with a combined capacity of 384 million gallons of water a day (MGD). 266 wells with a combined capacity of 173 MGD  
**Wastewater:** 21 sewer treatment plants with a combined capacity of 4.9 MGD
- **MILES OF PIPELINE**  
9,293 miles of water main and 523 miles of sewer main
- **STORAGE AND TRANSMISSION**  
162 water storage tanks; 132 water booster pumping stations and 68 sewer lift stations
- **SOURCE OF SUPPLY**  
74% surface water, 24% groundwater and 2% purchased water
- **VALVES**  
202,167
- **FIRE HYDRANTS**  
47,557

## LENDING A HELPING HAND

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

- **Grants:** up to \$500
- **Service Charge Discounts:** 100 percent discount on the monthly fixed service charge for water. Service charge discounts are also available for our wastewater customers.
- **Water-saving Devices and Education**

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

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



## COMMUNITY PARTNER

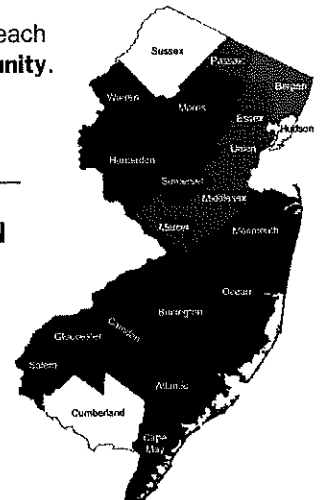
Here are just a few ways we take an active part in our communities:

- **Environmental Grant Program:** Provides grants of up to \$10,000 for community-based projects that improve, restore and protect our source water and surrounding watersheds.
- **Speakers' Bureau:** We provide presentations on water-related topics for all ages.
- **Volunteer Firefighting Support Grants:** Provides a limited number of grants of up to \$2,500 each to assist volunteer emergency service organizations in our service areas.
- **Protect Our Watershed Art Contest:** Open to sixth graders, the contest encourages students to utilize their artistic talents to express the importance of protecting our water resources.

For more information about our community outreach programs, visit [newjerseyamwater.com/community](http://newjerseyamwater.com/community).

## PROVIDING SERVICE TO CUSTOMERS IN 190 COMMUNITIES IN 18 COUNTIES

- Water Service
- Water & Wastewater Service
- Wastewater Service





**NEW JERSEY  
AMERICAN WATER**

WE KEEP LIFE FLOWING®

## WASTEWATER SYSTEMS AT A GLANCE

- **Total Wastewater Customers Served:** More than 58,600
- **Wastewater Treatment Facilities:** 21
- **Investment in Wastewater Systems:** More than \$108 million over the last five years
- **Lift Stations:** 67



## FOR MORE INFORMATION

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

# EXPERTS IN WASTEWATER

New Jersey American Water is the largest water service provider in the state, serving approximately 2.8 million people in 190 communities. We provide wastewater service for more than 58,000 customers, many of whom are our water customers. More than 850 highly-skilled professionals including water quality specialists, distribution and field service personnel, plant operators, meter readers, and engineers, carry out the company's foremost priority of providing safe, reliable water and wastewater service to our customers.

## Investing in Our Systems

New Jersey American Water invested more than \$575 million in 2022 to make improvements to our infrastructure across the state. With 662,000 customer accounts serving 2.8 million people statewide, New Jersey American Water has a large customer base over which to spread investments into our systems. Our significant expertise in managing and operating water and wastewater systems, with great economies of scale, provides greater levels of efficiency in operations and pricing for purchasing, engineering and construction.

**As the sewer service provider for more than 58,600 customers statewide, we've invested more than \$108 million over the last five years to continue to provide reliable service.**

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



## Wastewater Expertise

New Jersey American Water is a wastewater solutions provider that delivers valuable, cost-efficient and environmentally sound solutions for municipalities and organizations requiring a partner with experience, resources and proven expertise. We currently own 29 wastewater systems with 21 wastewater treatment plants, 67 lift stations and more than 537 miles of sewer main. Over the last five years, we have invested over \$108 million into our wastewater system assets, including wastewater mains, treatment plants and lift stations, to continue to provide reliable and environmentally sound service that complies with federal and state wastewater environmental regulations.

**SERVICE.  
ONE MORE WAY  
WE KEEP LIFE FLOWING.**



## EXAMPLES OF OUR EXPERTISE IN MANAGING WASTEWATER SYSTEMS IN NEW JERSEY

### Haddonfield Borough

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



### Ocean City

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

### Lakewood Township

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

### Adelphia Wastewater Collection System

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

### Statewide Wastewater Operation

In addition to the above systems, New Jersey American Water owns and operates an additional 20 wastewater systems in what is known as our "Statewide Wastewater Operation." These systems serve more than 4,600 customer connections via 35 miles of sewer main, 1,300 manholes and 19 wastewater treatment plants that treat and discharge a combined 2.2 million gallons of treated effluent per day.

### Environmental Disposal Corporation

This system in Somerset County provides wastewater collection and treatment for the residents of the Hills Development, a planned community located in Bedminster and Bernards Townships, serving approximately 5,400 homes with a contiguous collection system. In addition, the wastewater treatment plant provides bulk-wastewater treatment for three municipalities (Bedminster, Far Hills and Peapack-Gladstone). Placed in service in 1984, the EDC wastewater treatment plant has a design capacity of 2.1 MGD and today has a combined average flow of 1.4 MGD. The EDC collection system is comprised of approximately 56 miles of mains, 1,186 manholes, and 9 lift stations.

## SYSTEMS MANAGED UNDER A CONTRACT OPERATIONS AGREEMENT

### Elizabeth Water and Wastewater Systems

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



NEW JERSEY  
AMERICAN WATER

WE KEEP LIFE FLOWING™



## H2O HELP TO OTHERS™

One way we do this is through our customer assistance programs. If you're experiencing financial hardship, please reach out to us. We may be able to assist. Here are programs we offer to help keep your life flowing:

### FINANCIAL ASSISTANCE

Through our H2O Help to Others Program™, we offer financial assistance for water and wastewater customers who qualify.

- **Grants:** Customers who qualify may receive a grant of up to \$500 to help pay their water bill for indoor water use only. This would not apply to water for outdoor purposes, such as sprinkler systems. A grant from this program may not cover a recipient's entire water bill. In some cases, recipients must pay a portion of their bill based on their balance. Grants are available to qualifying customers once every three years.
- **Service Charge Discount:** Customers who qualify may receive a 100 percent discount on their monthly fixed service charge for water. Service charge discounts are also available for our wastewater customers.
- **DSIC Discount:** Customers who are on social security or Medicare are also eligible to receive a discount off the monthly DSIC charge, which is based on meter size.



**Our customers are at the center of everything we do. We never forget that at the end of every water pipe there's a family depending on us to provide this important and essential service.**

**Mark McDonough**, President  
New Jersey American Water

### Do you qualify?

To qualify, customers must have annual incomes at or below 300 percent of the Federal Poverty Income Guidelines (FPIG). For additional qualification requirements, please contact New Jersey SHARES, New Jersey American Water's program administrator.

### MONTHLY INCOME GUIDELINES

# of People in House	Total Combined Monthly Income
1	\$3,645
2	\$4,930
3	\$6,215
4	\$7,500
5	\$8,785
6	\$10,070
7	\$11,355
8	\$12,640
For each additional person	\$1,713



### FOR MORE INFORMATION

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

**NEW JERSEY SHARES**

**1-877-652-9426**

(1-877-NJAWH20)

[www.njshares.org](http://www.njshares.org)



## INSTALLMENT PLANS

You may be eligible for an installment plan to extend the time you have to pay a past due balance. Installment plans vary based on your past due amount and the information you provide to us about your ability to pay.

## BUDGET BILLING

Budget billing is a free service that is available to eligible residential customers. The program makes managing your cash flow easier by providing predictable monthly payments and avoiding unplanned seasonal spikes that may be difficult to pay. To learn more about budget billing or installment plans, contact our Customer Service Center at 1-800-272-1325, M-F, 7 a.m. to 7 p.m.

## WATER SAVING TIPS AND TOOLS

We offer tips and tools to help customers save water and money:

- **Leak Detection Kit** to help identify common and not-so-common household leaks.
- **Conservation Tips**
- **Water Use Calculator**, which allows you to input water use information specific to your household and offers tips on where you can save water and energy based on that information.

Visit [newjerseyamwater.com](http://newjerseyamwater.com). Under **Water Information**, select **Detecting Leaks** and **Wise Water Use**.

## LEARN MORE ONLINE

- **New Jersey American Water:** [newjerseyamwater.com](http://newjerseyamwater.com)  
Under Customer Service & Billing, select Bill Paying Assistance.
- **New Jersey SHARES:** [www.njshares.org](http://www.njshares.org)

*Para obtener información sobre nuestros programas de asistencia a los clientes en español, visite [newjerseyamwater.com](http://newjerseyamwater.com). Seleccione Programas de asistencia para clientes en Servicio al cliente y facturación. New Jersey American Water también brinda servicios de traducción al español a través del Servicio al cliente. Llame al 1-800-272-1325.*

## MAKE A DIFFERENCE

You can make a difference in someone's life by contributing to the H2O Help to Others Program™ today. New Jersey American Water assumes all administrative costs for this program, so that every penny you donate goes directly to qualifying customers in need.

### ASSIST A FAMILY IN NEED

#### H2O HELP TO OTHERS™ PROGRAM PLEDGE FORM

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

- I would like to make a one-time donation of \$ \_\_\_\_\_
- I would like to donate a regular amount each month. Please add this amount to my monthly water bill:

\$25   \$10   \$5   \$1   Other \$ \_\_\_\_\_

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Account Number

\_\_\_\_\_  
Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

\_\_\_\_\_  
Signature

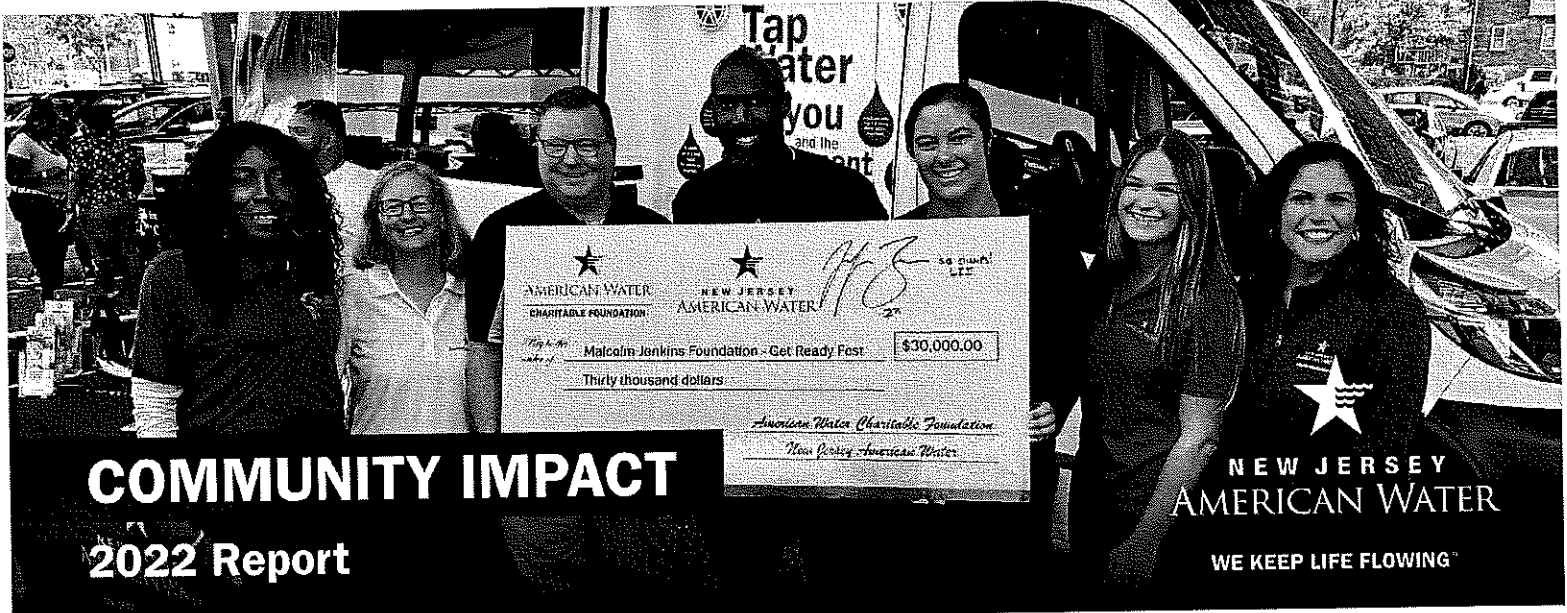
\_\_\_\_\_  
Date

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

New Jersey SHARES  
4 Walter E. Foran Boulevard  
Suite 105  
Flemington, NJ 08822

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

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



# COMMUNITY IMPACT

## 2022 Report

**NEW JERSEY AMERICAN WATER**  
WE KEEP LIFE FLOWING™

Investing in the communities we serve and love is very important to us at New Jersey American Water. We believe when we invest and volunteer at our local schools and nonprofit organizations, we are all stronger. In 2022, we invested more than \$1.52 million in communities through general charitable contributions, grants, sponsorships and programming support to more than 80 organizations. Making an impact across the state is one more way we help keep life flowing!

### EMPLOYEES ENGAGED IN OUR COMMUNITIES

**2,780**  
hours

Our employees spent **2,780 hours** volunteering their time at local community organizations.

7 food and essential items drives were held across the state.

Over 320 toys were collected for the Salvation Army and Big Brothers and Big Sisters.



### GIVING BACK: MORE THAN \$1.5 MILLION

We donated \$1,351,269 to organizations in our communities through grants, scholarships, general charitable contributions and programming support, and \$170,000 to assist customers in paying their water or wastewater bill.\*



**H2O Help to Others Program:** \$170,000 to fund our customer assistance program. For more than 20 years, we have been assisting customers experiencing financial hardship to help keep their water and/or wastewater services flowing. In 2022, 153 households received grants totaling \$50,943. We also provided 147 conservation kits and education to customers.

**Inclusion, Diversity & Equity**  
\$24,000 to 7 organizations advancing ID&E

**Firefighting Support Grants**  
\$41,214 to 23 fire and rescue organizations  
**Other Public Safety Contributions**  
\$1,500

**Environmental Grants**  
\$39,000 to 5 organizations  
**Other Environmental Contributions**  
\$51,350

**Water UPI Water Utility Pipeline Training Program**  
\$100,000 to inspire a new generation of qualified and diverse water utility workers  
**Education & Workforce Development**  
\$14,000 to 5 organizations

**Health & Wellness**  
\$9,580 (includes \$5,000 to help fight food insecurity)

**Neighborhood Revitalization Tax Credit Grant**  
\$950,000  
**Other Community Sustainability Contributions**  
\$120,625 to 25 organizations

#### American Water Charitable Foundation (AWCF)

- **\$125,000** awarded to 7 organizations through AWCF's "Keep Communities Flowing" grant programs.
- **\$132,395** donated to 224 nonprofit organizations in New Jersey through the foundation's employee matching gift program. This includes nearly \$5,885 our employees donated to organizations in New Jersey through United Way.



**COMMUNITY. ONE MORE WAY WE KEEP LIFE FLOWING.**

\*These amounts may be subject to recovery in a future potential rate case(s). 05-2023





NEW JERSEY  
AMERICAN WATER

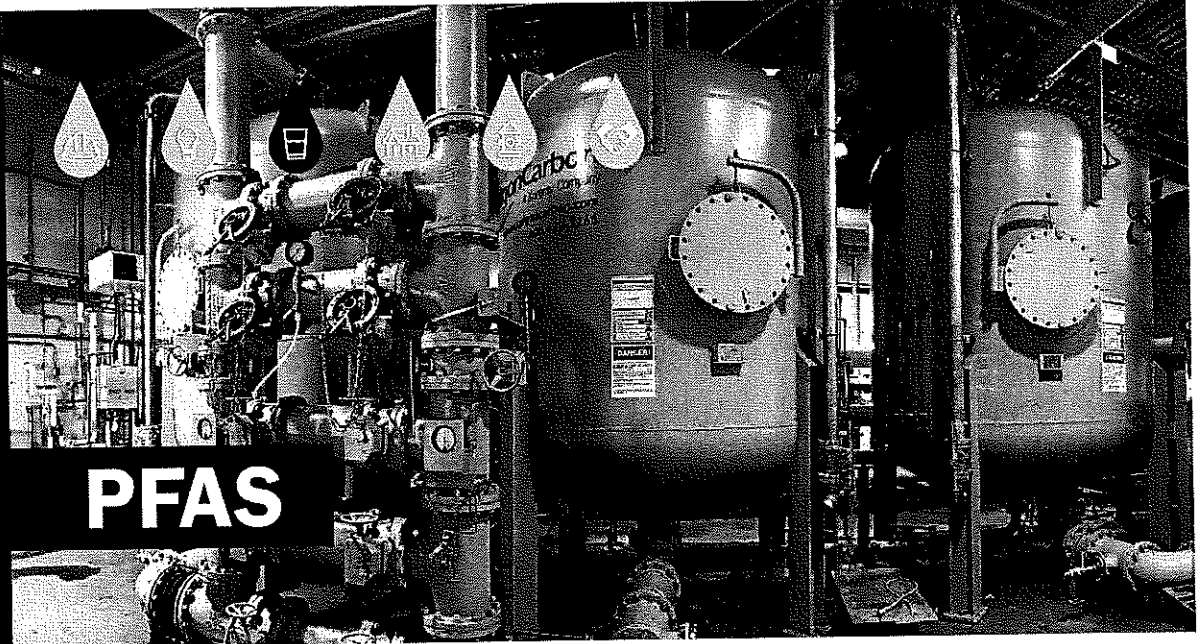
WE KEEP LIFE FLOWING™

Providing safe and reliable water service is New Jersey American Water's business. We are proud to have served as a partner to the DEP over the years in its efforts to help ensure the safety of drinking water across the state.



### FOR MORE INFORMATION

For more information, customers can contact the US Environmental Protection Agency's Safe Drinking Water Hotline at 1-800-426-4791.



## PFAS

### WHAT ARE PFAS?

Per- and Polyfluoroalkyl substances (PFAS) are a large group of manufactured organic chemicals that are used in a variety of products for their nonstick properties (e.g., Teflon, Scotchgard), as well as in industrial applications such as firefighting. Aqueous Film Forming Foam (AFFF) usage at military bases and airports may be sources of PFAS in drinking water supplies near those locations. From the Unregulated Contaminant Monitoring Rule 3 (UCMR3), perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS) were detected in numerous public water systems. PFOA has been phased out of production, but replacement compounds, such as "GenX," have been developed and are increasingly being detected in the environment. There are thousands of PFAS compounds. The compounds have most commonly been detected in groundwater but have also been detected at elevated concentrations in surface waters.

### WHAT ARE THE ISSUES I MAY HAVE HEARD ABOUT?

PFAS have been linked to various toxicological issues and are highly persistent in the environment. The U.S. Environmental Protection Agency (EPA) has set a non-enforceable Health Advisory Level of 70 nanograms per liter (ng/L) or parts per trillion (ppt) for combined PFOA and PFOS. New Jersey was the first state to set a maximum contaminant level (MCL) for PFAS with a regulation of perfluorononanoic acid (PFNA) (13 ng/L) in 2018, followed by PFOA (14 ng/L) and PFOS (13 ng/L) in 2020.

### HAS NEW JERSEY AMERICAN WATER HAD TO ADDRESS PFAS IN THE PAST?

Yes. We have successfully addressed PFAS in the past. Here are three examples:

- Short Hills Well Station:** New Jersey American Water has installed a cutting-edge temporary treatment system that uses anionic exchange resins to remove PFAS from the source water at our Short Hills Well Station. Different than Granular Activated Carbon, these resins are specifically designed to remove PFAS with less maintenance over time. This new technology not only removes PFAS contaminants that are already regulated, but also has shown the ability to remove shorter-chain PFAS more effectively than Granular Activated Carbon.



**New Jersey American Water was awarded the 2020 Governor's Environmental Excellence Award for the Short Hills Well Station Project.**



**QUALITY. ONE MORE WAY WE KEEP LIFE FLOWING.**

- **Green Brook and Charles Street Stations:** At times, the best action to take in response to finding PFAS presence is to remove ground water sources from service, though it is not always possible. When confronted with just such an issue with our Green Brook and Charles Street Stations, New Jersey American Water found a different way to address PFAS detections. The Green Brook and Charles Street Ground Water Stations were converted to booster stations, bringing treated surface water from our Canal Road and Raritan-Millstone Water Treatment Plants into service areas that previously received only ground water.
- **Springfield Station:** New Jersey American Water constructed a new treatment system for PFAS removal from the Springfield Well Field. The new treatment system consists of four anion exchange resin vessels housed in the existing treatment building on the site, chemical feed system upgrades including sodium bisulfite, sodium hypochlorite, and ammonium sulfate constructed in the existing chemical rooms, and new low lift pumps installed to accommodate new head conditions through the new treatment system. This proactive and innovative approach earned New Jersey American Water the New Jersey Alliance for Action's Leading Infrastructure Project Award in February 2021.

## WHAT IS NEW JERSEY AMERICAN WATER DOING TO ADDRESS PFAS AND HELP PROTECT OUR CUSTOMERS?

- American Water has a cross-functional team focused on the scientific and regulatory framework related to PFAS detection and emerging technologies for removal.
- Selecting the most efficient and cost effective PFAS removal process(es) is strongly dependent on background water matrix composition and targeted PFAS. American Water's engineering and research teams regularly conduct studies to evaluate new monitoring and treatment technologies.
- American Water's research group is actively involved

New Jersey American Water, as the state's largest investor-owned water utility, has always taken its responsibilities in providing safe drinking water to its customers very seriously, and demonstrated this again in its proactive response to detections of PFOA in limited parts of its distribution system.

**Michele Putnam**

DEP's Acting Assistant Commissioner for Water Resources Management in 2017

in externally funded projects related to the detection, occurrence, and removal of PFAS.

- American Water's Central Laboratory scientists are cutting edge and have the newest EPA approved methods for measuring PFAS, accredited and certified in New Jersey.
- Granular Activated Carbon and Anion Exchange Technology have been installed to remove PFAS compounds from seven locations that have elevated source water levels.

## EXPERTISE

Our Central Laboratory, located in Belleville, IL, is an EPA accredited lab with high throughput, fast turnaround time, and expanded capability for PFAS. The Central Laboratory is NELAC certified to perform EPA method 537 and 537.1 that includes 18 PFAS compounds at reporting limits of 5 ng/L and method detection limits of 2 ng/L. The lab is currently demonstrating EPA Method 533 that includes compounds in Method 537.1 as well as short-chain PFAS for a total of 25 PFAS. In addition, our in-house team of research scientists and engineers is actively involved in two major studies being funded by external agencies and are evaluating PFAS method modifications to expand the number of compounds we can effectively measure.

## HOW AMERICAN WATER HAS CONTRIBUTED TO THE BODY OF SCIENCE ON PFAS

American Water is active in several external collaborations that are helping us stay at the forefront of regulatory and monitoring strategies:

- American Water scientists are members of the technical advisory workgroup for Safe Drinking Water Act Processes and New Contaminants of the American Water Works Association, which has been actively contributing to the fast-paced changes related to detection and regulatory strategies for PFAS.
- American Water experts frequently collaborate with other leaders, state and federal regulators in departments of environmental protection, EPA, CDC, American Water Works Association, Water Research Foundation, universities and other organizations to better understand issues related to PFAS and public health.
- American Water is both a co-Principal Investigator and utility participant in the Water Research Foundation project, entitled "Investigation of Treatment Alternatives for Short-Chain Poly and Perfluoroalkyl Substances."
- American Water is using new analytical capabilities in our research labs to determine which of our systems maybe impacted by short chain, replacement and next generation PFAS compounds.
- American Water regularly participates as invited speakers in learning programs and at local and national conferences to improve understanding and best practices for addressing PFAS and other contaminants.





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Providing safe and reliable water is American Water's business. We are recognized as an industry leader and work cooperatively with the U.S. Environmental Protection Agency so that implementation of existing drinking water standards and development of new regulations will produce benefits for our customers.

## PFAS

### WHAT ARE PFAS?

Per- and polyfluoroalkyl substances (PFAS) are manufactured chemicals used in many household products including nonstick cookware (e.g., Teflon™), stain repellants (e.g., Scotchgard™), and waterproofing (e.g., GORE-TEX™). They are also used in industrial applications such as in firefighting foams and electronics production. There are thousands of PFAS chemicals and they persist in the environment. The most well-known are perfluorooctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS).

Additional information on PFAS from the United States Environmental Protection Agency (U.S. EPA) can be found at <https://www.epa.gov/pfas>.

### HAS U.S. EPA SET DRINKING WATER LIMITS FOR PFAS?

In March, U.S. EPA announced a proposed drinking water regulation for PFOA and PFOS. American Water is evaluating the proposed regulation in response to the U.S. EPA's request for comment.

Additionally, U.S. EPA has established guidance in the form of health advisories for PFOA, PFOS, PFBS, and GenX.

As the U.S. EPA sets new water quality regulations, we will make necessary improvements or treatment adjustments to comply with the new standards.

American Water has been anticipating the proposed rulemaking and what that means for our customers and communities. Our staff of experts have demonstrated and extensive experience in drinking water treatment and of understanding the changing PFAS environment. We continue to focus on water quality and treatment technologies that can effectively remove PFAS from drinking water.

**Lauren Weinrich, Ph.D.**

Principal Scientist,

Water Research and Development

### HAS AMERICAN WATER ADDRESSED PFAS IN THE PAST?

Yes. We have successfully addressed PFAS in the past. Here are two examples:

- **Picatinny Arsenal, NJ:** In January 2018, American Water's Military Services Group made recommendations to remove PFOA/PFOS contaminants and were awarded a contract in April 2018 to install a temporary Granular Activated Carbon (GAC) system within 90 days. The American Water-led team kept the project ahead of schedule, completing the design, permitting, implementation,





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construction and treatment in just 38 days. Sample results were returned that showed PFOA/PFOS were at non-detect levels across the system, highlighting the effectiveness of the GAC treatment system.

- **Sacramento Region, CA:**  
California American Water applied for grant funding for PFAS treatment to address PFOA in a well in the Suburban-Rosemont system in July 2016, and in March 2017, the notice to proceed on construction of a treatment plant was issued. Four months later, California American Water learned that it was denied state grant funding due to lack of state guidance on the contaminant. However, the company continued with construction, and in September 2017, California American Water placed its new PFAS treatment unit into operation.

### WHAT IS AMERICAN WATER DOING TO ADDRESS PFAS AND PROTECT OUR CUSTOMERS?

- American Water has a cross-functional team focused on the scientific and regulatory framework related to PFAS detection and emerging technologies for removal.
- Selecting the most efficient and cost-effective PFAS removal process(es) is strongly dependent on background water matrix composition and targeted PFAS. American Water's engineering and research teams continually conduct studies to evaluate new monitoring and treatment technologies.

- We are piloting ion exchange resins along side granular activated carbon (GAC) to compare PFAS removal and media performance.
- American Water's research group is actively involved in externally-funded projects related to the detection, occurrence and removal of PFAS.
- American Water continues to improve analytical method detection limits for PFAS.
- GAC has been installed to remove PFAS compounds from five locations that have elevated source water levels.

### EXPERTISE

Our Central Laboratory, located in Belleville, IL, is a U.S. EPA accredited lab with high throughput, fast turnaround time, and expanded capability for PFAS. The Central Laboratory is NELAC certified and prepared for UCMR 5 monitoring of 29 PFAS chemicals. UCMR 5 monitoring will be done with U.S. EPA methods 533 and 537.1. American Water is also using expanded technologies and analytical capabilities in our research labs to better understand the broader occurrence of these chemicals in the environment, including fluorinated replacements such as short-chain and other next generation PFAS chemicals.

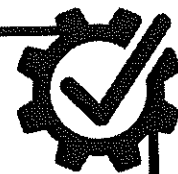
### FOR MORE INFORMATION

For more information, customers can contact the US Environmental Protection Agency's Safe Drinking Water Hotline at 1-800-426-4791.

### WORKING WITH OTHERS ON PFAS

American Water is active in several external collaborations that are helping us stay at the forefront of regulatory and monitoring strategies:

- American Water staff are members of the technical advisory workgroup for Safe Drinking Water Act Processes and New Contaminants of the American Water Works Association, which has been actively contributing to the fast-paced changes related to detection and regulatory strategies for PFAS.
- American Water experts frequently collaborate with state and federal regulators in departments of environmental protection, EPA, CDC, American Water Works Association, Water Research Foundation, universities and other organizations to better understand issues related to PFAS and public health.
- American Water is a utility participant in the Water Research Foundation project, entitled "Investigation of Treatment Alternatives for Short-Chain Poly and Perfluoroalkyl Substances."







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## COMPANY-WIDE EXPERTISE TAPPED FOR PFOA/PFOS EXCEEDANCES AT PICATINNY ARSENAL

Water samples that were taken in January 2018 at Picatinny Arsenal detected levels of perfluoroctanoic acid (PFOA) and perfluorooctane sulfonic acid (PFOS) that, when combined, exceeded the Environmental Protection Agency's (EPA) lifetime health advisory limits of 70 parts per trillion (ppt).

PFOA/PFOS are man-made chemicals used to make items heat or water resistant, and are found in everyday household, food and clothing items, and take-out food wrappers. They have also been part of the chemical makeup of aqueous film foaming foam (AFFF), an important product used by military and civilian firefighting units to suppress fuel fires.

American Water tapped expertise from across the company, including its subsidiary Keystone Clearwater Solutions, as it sought to reduce PFOA/PFOS to a level of non-detect.

### QUESTIONS?



# EFFICIENT INFRASTRUCTURE ADVANCEMENTS

### HISTORY

Picatinny Arsenal participated in the United States Environmental Protection Agency's (USEPA) Third Unregulated Contaminant Monitoring Regulation (UCMR3) in 2013. Samples were collected from the existing Water Treatment Plant (WTP) and analyzed for various parameters, including perfluorinated compounds (PFCs). Analytical results for UCMR3 regarding PFCs were recorded as non-detect and below the method detection limit.

Since then, the method detection limit for PFCs (EPA Method 537) has been reduced and regulatory recommended guidance values have been lowered. In 2019, the New Jersey Department of Environmental Protection (NJDEP) officially established a new regulatory limit for PFOA and PFOS.

### PROVIDING AN URGENT SOLUTION

American Water proactively collected and analyzed samples, and PFOA/PFOS were detected above the USEPA Lifetime Health Advisory for the combined PFOA/PFOS level at two of three sampling locations on the Arsenal. A second round of sampling confirmed these results.

American Water made several recommendations to the installation and the Defense Logistics Agency to remove these contaminants and was awarded a contract modification to install a temporary Granular Activated Carbon (GAC) system. American Water designed, permitted, procured and installed the system in less than 40 days at the existing water treatment plant. This GAC system reduces PFOA/PFOS containment to a non-detect level and improved the overall water quality providing clean drinking water to the families and employees at Picatinny Arsenal, and ensured compliance with new NJDEP water quality regulations.

### PROVIDING A PERMANENT SOLUTION

Concurrently, construction of a modern replacement water treatment plant was nearing completion. A proposal for a permanent GAC system at the new WTP was submitted and approved by the Government. The new WTP, including the new GAC filters will be placed into service in June 2020, ensuring long-term safe and compliant water supply for the installation.



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**APPENDIX B:  
Acquisition Experience**



NEW JERSEY  
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## SELLING YOUR WATER AND/OR WASTEWATER SYSTEM

### How your system can benefit

**SERVING  
APPROXIMATELY  
ONE OUT OF EVERY  
THREE PEOPLE IN  
NEW JERSEY**

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



### BENEFITS TO THE SELLER

#### Address Municipal Financial Challenges

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

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

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

#### Elimination of Risk

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

### BENEFITS TO EMPLOYEES

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

### BENEFITS TO RESIDENTS

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

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

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

#### High-quality water service.

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

*(continued)*

**Echoes~Sentinel** November 5, 2019

Long Hill voters overwhelmingly approve sewer sale referendum

**ROI**  
rol-nj.com

July 5, 2019

N.J. American Water wraps up \$1.4M deal for Mt. Ephraim sewer system

**NJ OPEN**

November 6, 2014

Election Wrap-Up: Haddonfield Approves Water Sale

### QUESTIONS?

**Abbey Barksdale**

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

## BENEFITS TO RESIDENTS (CONT.)

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

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

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

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

## BENEFITS TO BUSINESS

Examples of ways businesses can benefit:

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

## BENEFITS TO THE COMMUNITY

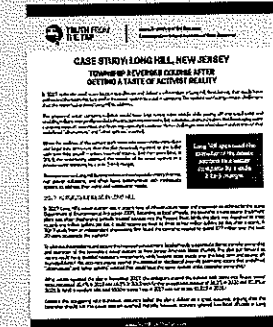
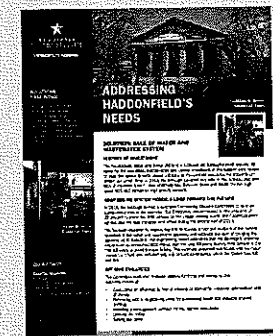
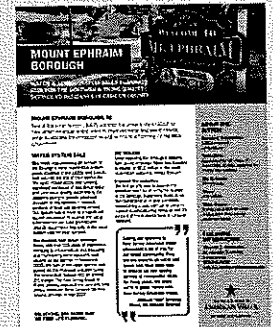
We play an active role in the communities we serve. Our programs include:

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

Learn more at [newjerseyamwater.com/community](http://newjerseyamwater.com/community).

## SUCCESS STORIES

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

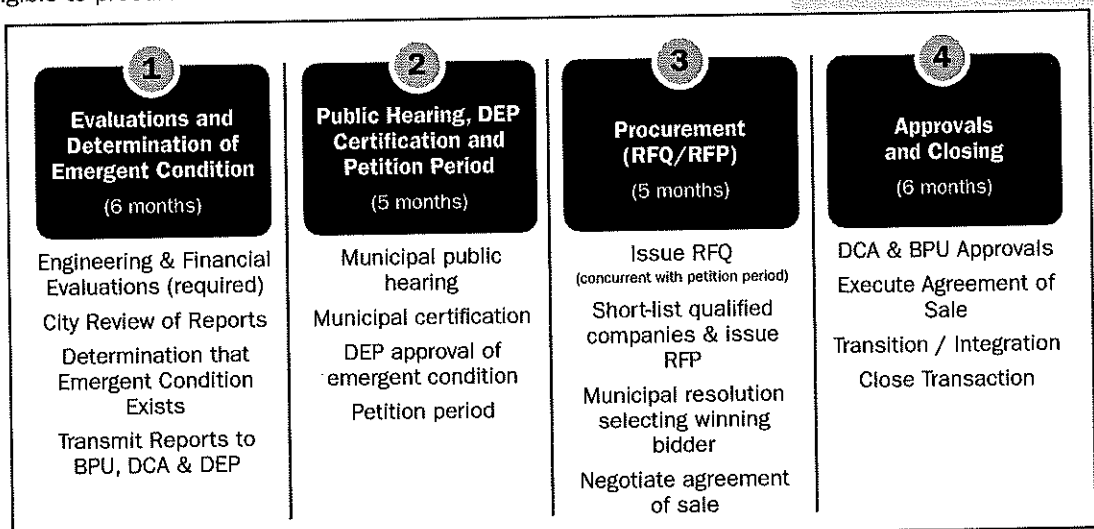


## WATER INFRASTRUCTURE PROTECTION ACT SALE ROUTE

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

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

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



\*Timeframes are approximate.



# BOROUGH OF BOUND BROOK

Wastewater  
Acquisition

## BOUND BROOK, NJ

Sale of the wastewater system provides financial relief and eliminates risk for the Borough, while bringing infrastructure investment to the nearly century-old system in Somerset County.

## WASTEWATER SYSTEM SALE

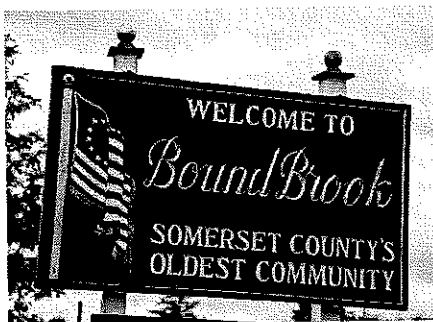
**The Need:** Bound Brook's wastewater collection system, originally constructed in the 1930s, required significant maintenance and upgrades to operate properly. The collection system was compromised due to age and was experiencing significant inflow and infiltration, as determined by the Borough's engineering analysis. The necessary capital improvements to the pump station and the collection system would require the Borough to substantially increase customer rates.

Local government officials determined that sale of the wastewater system was the best solution.

**The Solution:** New Jersey American Water has been a partner to the community and water provider to the Borough since 1887. The company was proud to propose a plan to expand their existing relationship and purchase the wastewater system and make the necessary infrastructure improvements, all while keeping rates affordable for Borough residents. New Jersey American Water was selected as the partner by Borough leadership and the referendum was approved by voters in 2021. The New Jersey Board of Public Utilities approved the sale and New Jersey American Water became the new service provider in August 2022.

I am grateful to the voters for recognizing that selling the system to New Jersey American Water is the best solution for our town. The sale proceeds will enable us to pay down the Borough's municipal debt and stabilize, or even potentially reduce, property taxes for our residents.

**Bob Fazen, Mayor**  
Bound Brook Borough



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## ABOUT THE WASTEWATER SYSTEM

**Customer Connections**  
2,900 connections

**Sewer Main**  
25 miles of gravity 8" to 24" vitrified clay pipe and 1,700 linear feet of force main; majority constructed pre-1931

**Lift Stations**  
1

**Treatment**  
Middlesex County Utilities Authority

## FOR MORE INFORMATION

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



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**The Result:** New Jersey American Water purchased the wastewater system for \$5 million, allowing the Borough to pay down existing municipal debt and providing financial flexibility for the Borough. New Jersey American Water committed to investing a minimum of \$11 million in the first 10 years of ownership, \$6 million of that in the first five years alone, to help improve the Borough's nearly century-old wastewater system and position it to serve future generations of Bound Brook residents and businesses. The company also committed to providing short- and long-term rate stability for customers by adopting the Borough's rates and holding those rates steady for two years, followed by no more than three percent annual increases for the next three years. Long-term rates would have gradual, manageable increases that we believe would be more favorable than any rate plan the Borough could commit to as a stand-alone wastewater utility.

**New Jersey American Water's robust capital improvement plan includes:**

1. An aggressive sewer main and manhole replacement and rehabilitation program to begin solving the aging infrastructure and inflow and infiltration challenge.
2. Purchase of a sewer vactor truck to properly maintain the system and help prevent backups that could have negative customer and/or environmental impacts.
3. Prompt safety and security upgrades at the Mountain Avenue pump station including ArcFlash electrical



upgrades, enhanced fencing and intrusion sensors that will allow the utility to safely provide service.

4. Ultimate replacement of the Mountain Avenue sewer pump station with a newer facility capable of serving the northeast section of the community for decades to come.

Customer benefits from the sale also include transitioning ownership of a portion of the customer's service lateral to New Jersey American Water; bill-paying assistance for qualifying customers through the company's H2O Help To Others program; and one monthly bill for water and wastewater service, with charges clearly marked for each service type.

New Jersey American Water is proud to expand our service into wastewater for Bound Brook customers and to deliver high-quality, reliable water and wastewater service to **KEEP LIFE FLOWING.**

**ABOUT  
NEW JERSEY  
AMERICAN WATER**

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

**COMMUNITIES SERVED**

190 communities in 18 counties. We also provide water service to 30 additional communities through bulk purchase water agreements.

**CUSTOMERS SERVED**

Approx. 660,000 water customers (91% residential, 7% commercial and industrial); 55,260 wastewater service customers

**EMPLOYEES**

More than 850. Our team of professionals provides safe, reliable and affordable service to our customers to help keep their lives flowing.

**Learn more online at  
[newjerseyamwater.com](http://newjerseyamwater.com).**



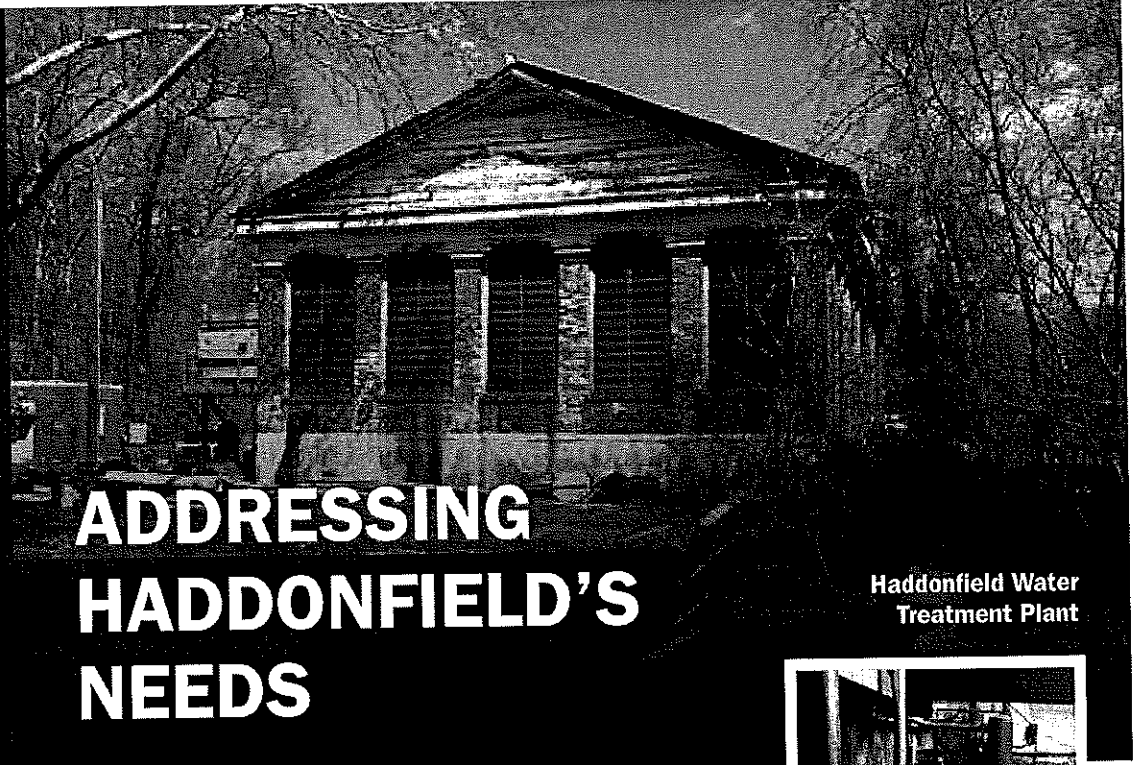


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## SOLUTIONS THAT WORK

The sale of Haddonfield's water and wastewater system to New Jersey American Water made good sense for customers and the community. Better quality, improved reliability and lower rates in the long-term.



Haddonfield Water  
Treatment Plant

# ADDRESSING HADDONFIELD'S NEEDS



## SOLUTION: SALE OF WATER AND WASTEWATER SYSTEM

### HISTORY OF INVESTMENT

The Haddonfield Water and Sewer Utility is a 129-year old Borough-owned system. All funds for the operation, maintenance and capital investment of the system were raised through the quarterly water/sewer bill paid by Haddonfield residents. No property tax dollars are used. Prior to 2003, the Borough invested very little in the system, and that lack of investment kept rates artificially low. Between 2003 and 2008, the Borough spent \$15.983 million on high priority projects.

### ADDRESSING SYSTEM NEEDS: A LOOK TOWARD THE FUTURE

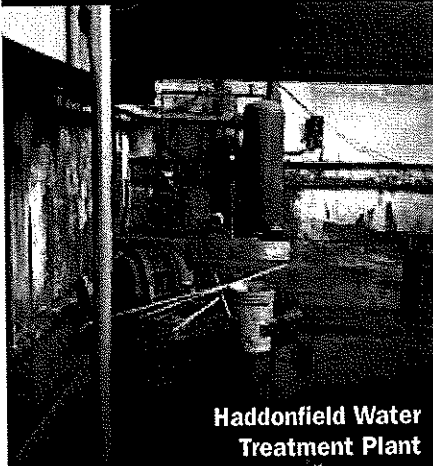
In 2013, the Borough formed a volunteer Community Advisory Committee to take an independent look at the systems. The Committee recommended a rate increase of 25 percent to cover the debt service on the capital already spent. The Commissioners agreed, and the rate increase took effect during the second half of 2014.

The Borough engaged its engineering firm to provide a detailed analysis of the current condition of the water and wastewater systems, and estimate the cost of bringing the systems up to standard. The engineering report estimated that the Borough's systems would need an estimated \$50 million over the next 30 years, heavily front loaded in the first 10 years to avoid a major failure. This estimate assumed operations with no major issues identified, and included only a 5 percent contingency, which the Committee felt was low.

### OPTIONS EVALUATED

The Committee evaluated multiple options for fixing and managing the systems, including:

- Conducting an efficiency survey of existing personnel for resource optimization and efficiency
- Partnering with a neighboring utility for purchasing power and possible shared staffing
- Awarding a management contract for the system operations
- Leasing the utility
- Selling the utility

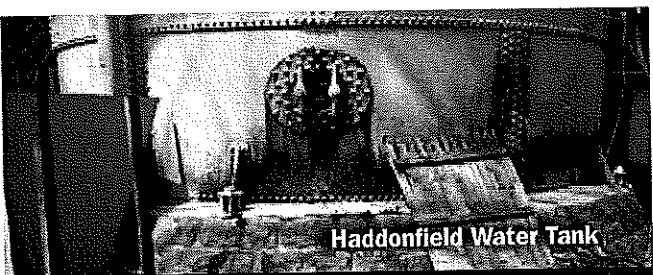


Haddonfield Water  
Treatment Plant

## FOR MORE INFORMATION

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

08-2022



Haddonfield Water Tank

## HADDONFIELD WATER SYSTEM

**Customers Served:** 4,645

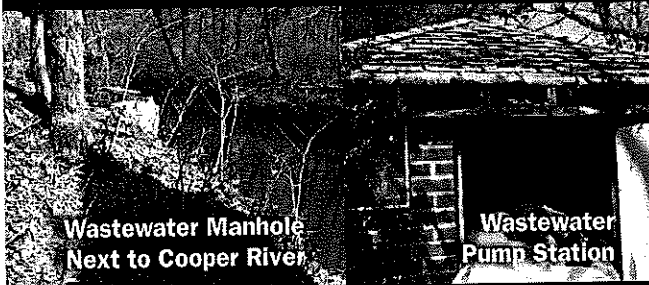
**Water Main:** Approximately 51 miles, ranging in size from 4-inch to 16-inch, ranging in age from 1889 to present

**System Needs - Mains:** The NJ Department of Environmental Protection requires that nearly two miles of 4-inch water mains be replaced and increased in size. In addition, according to an outside engineering study conducted on the system, about 60 percent of the mains (30.6 miles) need to be replaced within the next 30 years.

**System Needs - Wells:** The Borough's three wells were last serviced in 2008. Two are due for significant overhauls.

**Water Treatment:** Treatment was provided by two plants (one abandoned), where iron is removed and disinfection is accomplished with chlorine gas.

**Water Tank:** Pressure to the system is provided by a 400,000-gallon standpipe, which was built in 1899.



Wastewater Manhole Next to Cooper River

Wastewater Pump Station

## HADDONFIELD SEWER SYSTEM

**Sewer Main:** 55.5 miles of main collect and convey waste to the Camden County Municipal Utility Authority for treatment. The system is mainly old 8-inch terra cotta, suffering from cracking, settling, joint separation and tree root infiltration.

**System Needs - Mains:** Engineering studies indicated that 40 percent of the lines require action within the next five years; 40 percent in 10 to 15 years, and the remaining 20 percent in 15 to 30 years.

**Pumping/Lift Stations:** six lift (pumping) stations. Two are in good operating order; Four need to be replaced or significantly renovated.

## BEST OPTION IDENTIFIED

Given the condition of the system, and the impact of the necessary capital investment for only 4,500 accounts, the committee and the commissioners unanimously agreed that the best option was a sale of the utility. The Borough issued a bid to sell the systems and received three qualified bids. New Jersey American Water's bid of \$28.5 million was deemed the winning bid.

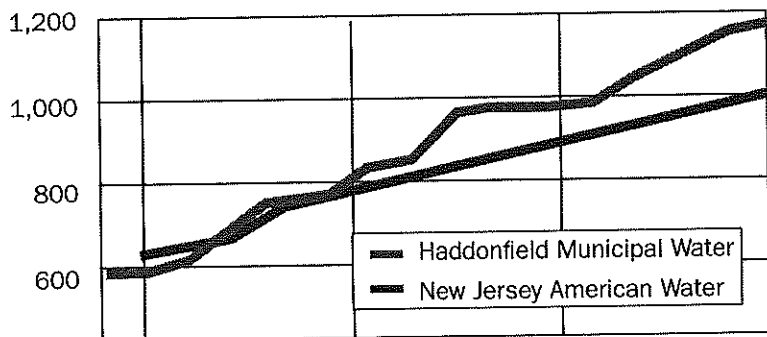
According to the Commissioners, additional reasons supporting a sale to New Jersey American Water included:

- A record of being more effective stewards of our system than the Borough has proven to be
- With 650,000 accounts serving 2.5 million customers in New Jersey. This gives New Jersey American Water a much larger rate base over which to spread costs.
- Significant expertise in managing and operating water and sewer systems, with greater economies of scale that provide much greater levels of efficiency and lower costs for purchasing, engineering and constructing projects.
- Access to a large annual capital improvement budget (~\$200 million/year)
- Experts focused on continual Federal and State regulatory changes, and can react much more quickly and effectively.
- Heavily regulated by the state. They can only increase rates after proving their case to the State BPU. The company is required by the State to provide service, and customers can go to the BPU to complain if service is not satisfactory.

## PROJECTED ANNUAL WATER BILLS

(Based on an average household use of 58,000 gallons/year)

Original chart created by and based on analysis by the Borough of Haddonfield.



## RESIDENTS AGREED

The Commissioners passed an ordinance placing the sale to New Jersey American Water as a referendum question on the November 4 general election. Haddonfield voters approved the sale by nearly two to one in favor of the sale.

[newjerseyamwater.com](http://newjerseyamwater.com)

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# MOUNT EPHRAIM BOROUGH

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



## MOUNT EPHRAIM BOROUGH, NJ

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

### WATER SYSTEM SALE

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

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

### THE RESULTS

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

#### Improved fire protection

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

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

**Michael "Traz" Tovinsky**  
Mayor, Mt. Ephraim Borough

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### ABOUT THE SYSTEM

#### Customer Connections

1,800 metered connections

#### Water Main

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

#### Fire Hydrants

97 hydrants

#### Valves

326 valves

#### Water Source

Purchased 100% of water supply from New Jersey American Water

### FOR MORE INFORMATION

#### Abbey Barksdale

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



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AMERICAN WATER**

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### Replaced aging water mains

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

### Valve inspection and replacement

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

### Reliability

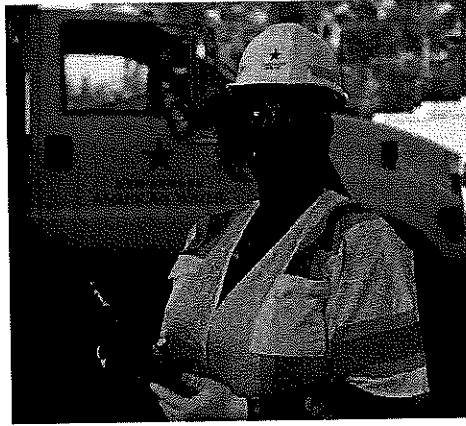
Prior to acquisition, the Borough had only one supply feed from New Jersey American Water from which they purchased all of their supply. After the acquisition, three additional supply feeds were added, improving system reliability and enhancing the ability to circulate water and ensure quality water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

### Meter replacements

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

## WASTEWATER SYSTEM SALE

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



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

### THE RESULTS

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

## BOTTOM LINE

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

## ABOUT THE WASTEWATER SYSTEM

### Customer Connections

1,800 connections

### Sewer Main

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

### Lift Stations

2

### Treatment

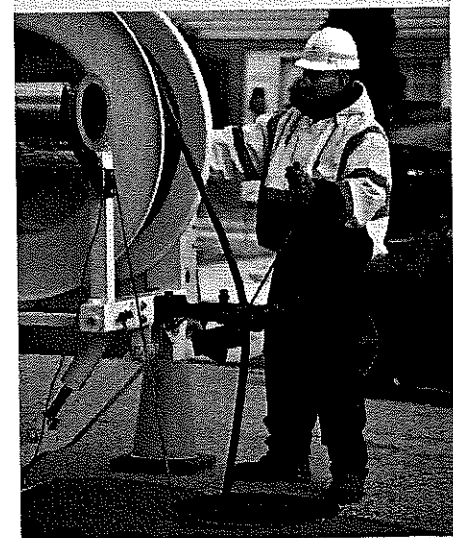
Camden County MUA

## ABOUT NEW JERSEY AMERICAN WATER

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

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

Learn more online at [newjerseyamwater.com](http://newjerseyamwater.com).





# LONG HILL'S WASTEWATER SALE

## RESULTS IN INFRASTRUCTURE INVESTMENT AND QUALITY SERVICE

### LONG HILL, NJ

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

### WASTEWATER SYSTEM SALE

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

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

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

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



### THE RESULTS

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

#### Repairing Aging Sewer Mains

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

### ABOUT THE WASTEWATER SYSTEM

**Customer Connections**  
2,800 connections

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

**Lift Stations**  
8

**Treatment**  
Long Hill Township 1.25 MGD Wastewater Treatment Plant

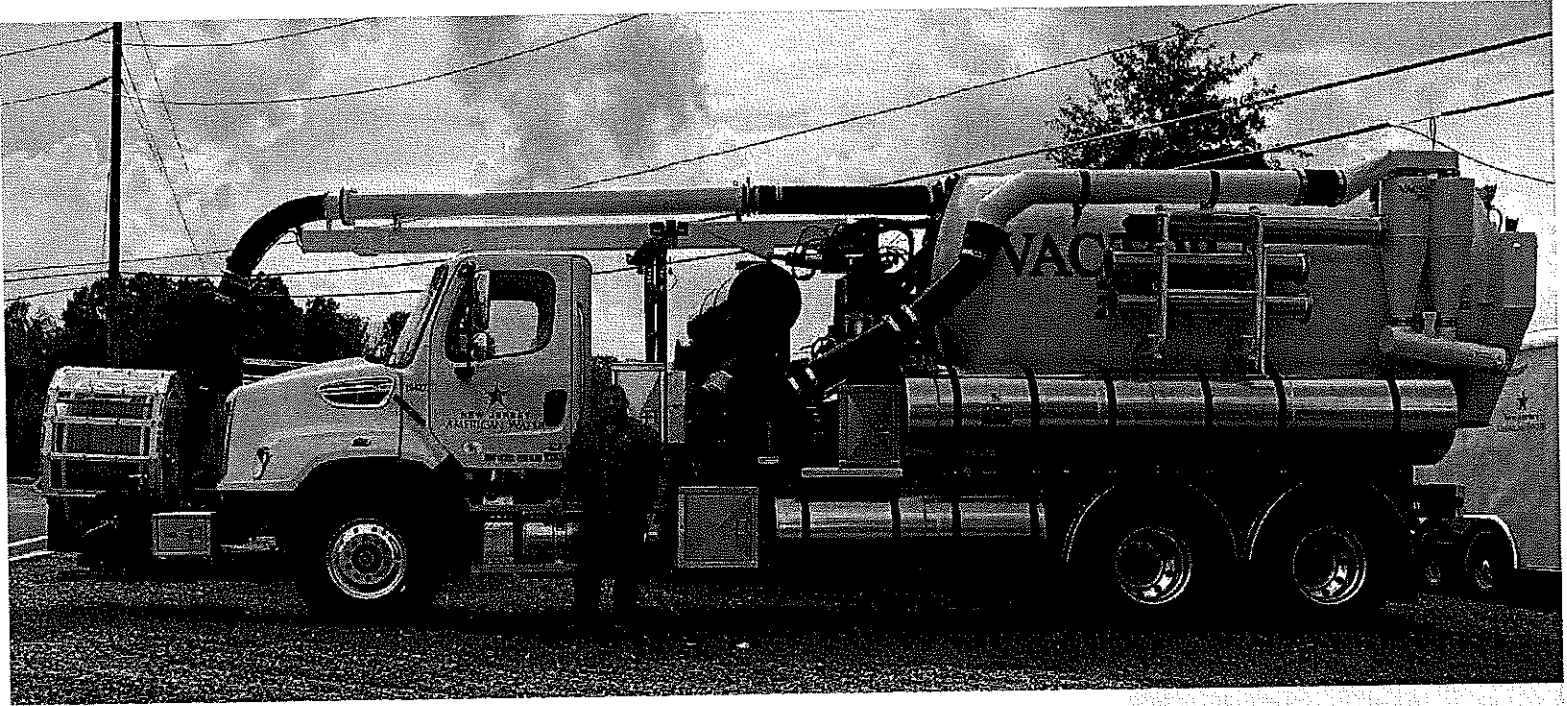
### FOR MORE INFORMATION

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



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

#### **Treatment Compliance**

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

#### **Upgrading Pump Stations**

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

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

#### **Expanding Service**

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

#### **Constructing Modern Facilities**

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

#### **BOTTOM LINE**

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

### **ABOUT NEW JERSEY AMERICAN WATER**

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

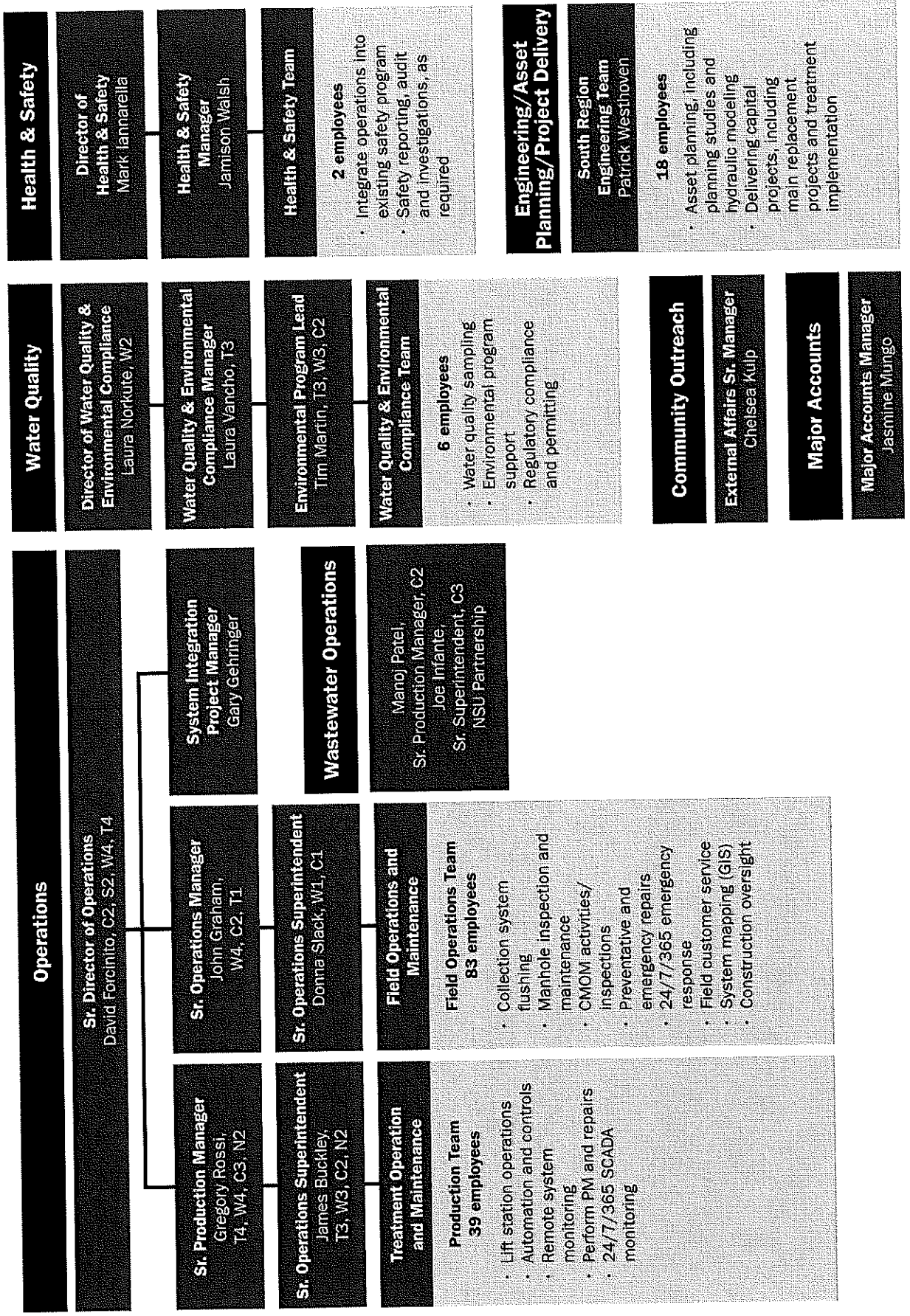
**Learn more online at  
[newjerseyamwater.com](http://newjerseyamwater.com).**

**APPENDIX C:  
Staffing Plan**



# STAFFING PLAN

## OPERATION OF SALEM WATER AND WASTEWATER SYSTEMS



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

New Jersey American Water has reviewed the draft Agreement of Sale provided with the Request for Bids. Based on that review, and pursuant to Section 5.7.4 of the RFB, New Jersey American Water submits the attached Agreement with changes where it takes exceptions to the Agreement. These exceptions are reasonable, reflect recent similar deal terms and New Jersey American Water would be comfortable proceeding with this version of the Agreement in the procurement process.



RFB Version

HDW Draft of 5/3/23

AGREEMENT OF SALE

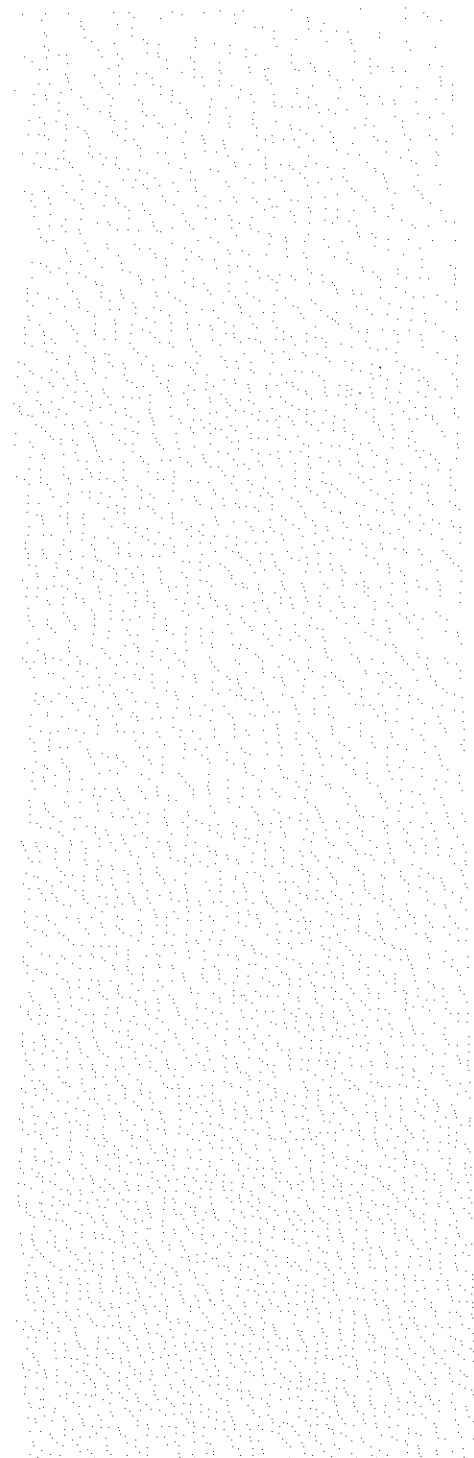
BETWEEN

THE CITY OF SALEM, NEW JERSEY

AND

[\_\_\_\_\_]

[\_\_\_\_\_]



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**LIST OF EXHIBITS**

- Exhibit A** Description of the Systems
- Exhibit B** Form of Assignment and Assumption Agreement
  - Schedule I to **Exhibit B**
- Exhibit C** Form of Bill of Sale
  - Schedule I to **Exhibit C** Included Assets
  - Schedule II to **Exhibit C** Excluded Assets
- Exhibit D** 2023 Rates
- Exhibit E** [Reserved]
- Exhibit F** Form of Assignment and Grant of Easements, Rights of Way and other Property
  - Schedule I to **Exhibit F** List of Easements Granted to or Obtained by the City
- Exhibit G** Form of General Assignment
  - Schedule I to **Exhibit G** List of Assigned Rights
- Exhibit H** Disclosure Schedule to the Agreement of Sale
- Exhibit I** Escrow Agreement
- Exhibit J** Customer Service Standards and Customer Service Plan

**AGREEMENT OF SALE**

**THIS AGREEMENT OF SALE** (this "Agreement"), dated [\_\_\_\_\_] is made and entered into by and between the **CITY OF SALEM**, a public body corporate and politic in Salem County in the State of New Jersey (the "City") and [\_\_\_\_\_] a [New Jersey Public Utility Corporation] with principal corporate offices at [\_\_\_\_\_] (the "Buyer"). The Buyer and the City are referred to collectively herein as the "Parties."

**WHEREAS**, the City currently owns and operates public water and wastewater systems (collectively, the "Systems"), more particularly described herein, located in the City of Salem, New Jersey; and

**WHEREAS**, in connection with the proposed sale of its Systems, the City prepared, advertised, and made available to all prospective buyers a Request for Bids on [May 8, 2023] pursuant to N.J.S.A. 40:62-3 et seq.; and

**WHEREAS**, [ ] Bids were received in response to the RFB and the City determined that [\_\_\_\_\_] was the Highest Responsible Bidder; and

**WHEREAS**, the City 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 City's Public Water and Wastewater Systems (the "Systems") to the Buyer will take place, provided all conditions of the Closing are satisfied; and

**WHEREAS**, the City desires to sell and the Buyer desires to purchase the Systems 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 Public Water and Wastewater Systems and all exhibits, attachments, and schedules hereto, dated [\_\_\_\_\_].

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

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

"Buyer" means [\_\_\_\_\_].

"City" means the City of Salem, New Jersey.

"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%~~10% of the Purchase Price, which is payable to the City upon execution of this Agreement, 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 [\_\_\_\_\_].

"Final Approval Order" shall mean an order of the BPU approving Municipal Consent on terms and conditions satisfactory to the Buyer in its sole discretion, ~~the approval of~~ which will allow the Buyer and the City 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 City and encumbering any part of the Systems, and (b) mortgages, security interests and other liens granted by the City and encumbering the Systems.

“Municipal Consent” shall mean the municipal consent ordinance that is to be enacted by the City as a condition of the Closing and which grants the authority to the Buyer to provide the services referenced hereunder and conveying the City’s consent to the Buyer for the ownership, construction, expansion and operation of the Systems.

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

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

“Parties” shall mean the City 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 Systems held by the City.

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

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

“RFB” means the Request for Bids for the sale of the Systems issued by the City on [May 8, 2023].

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

“Transaction Documents” means collectively this Agreement, the Assignment and Assumption Agreement (the form of which is included as Exhibit B), the Bill of Sale (the form of which is included as Exhibit C), the Assignment and Grant of Easements, Rights of Way and Other Property (the form of which is included as Exhibit F), the General Assignment (the form of which is included as Exhibit G), the Disclosure Schedule to the Agreement of Sale (Exhibit H) and the Escrow Agreement (the form of which is included as Exhibit I. “Water System” shall mean the City’s water system, as described in **Exhibit A**.

“Wastewater System” shall mean the City’s wastewater treatment plant, the wastewater collection system and the eight pumping stations, as described in detail in **Exhibit A**.



ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE CITY

Section 2.1. REPRESENTATIONS AND WARRANTIES OF THE CITY.

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 City 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 City. The City is a public body corporate and politic in Salem County in the State of New Jersey.
- (B) Authorization of Transaction. The City has full right and authority to execute and deliver this Agreement and to perform its obligations hereunder.
- (C) Title to Real Property. ~~To the best of its knowledge,~~ the City is the sole owner and has good and marketable title ~~to of all assets and each fee parcel of real property~~ included in the Systems, and/or has a leasehold interest, license or easement in all real property ~~necessary for the ownership and operation of~~ the Systems. A detailed listing of all such interests in real property is set forth on Schedule .
- ~~(C)~~(D) Assets. ~~The City has clear, good and marketable title to al of the assets comprising the Systems, free and clear of all encumbrances. None of the assets are leased or on loan by the City to a third party. The Systems constitute 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 Systems. Upon Closing, Buyer shall be vested with good title in the Systems.~~
- ~~(D)~~(E) No Litigation. To the best of the City'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 City, in any way that would adversely affect its ability to perform its obligations under the Agreement.
- ~~(E)~~(F) No Default. To the best of the City's knowledge, the City 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 Systems.
- ~~(F)~~(G) No Reimbursement Obligations. To the best of the City's knowledge, the City is not 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 Systems.
- ~~(G)~~(H) Systems Compliance. The Systems are in compliance with all State, federal, and local laws and regulations.

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~~(H)~~(I) Rates. The rates, attached as **Exhibit D**, represents the true rates of the Systems as are in effect as of the Contract Date.

~~(H)~~(I) Permits. Schedule I to **Exhibit G** sets forth a complete and accurate list of all Permits held by the City, 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. To the best of its knowledge and except as noted

in the Disclosure Schedule set forth in **Exhibit H**, the City has (i) provided to Buyer true and complete copies of all Permits set forth in Schedule I to **Exhibit G**, (ii) the City holds all Permits which are necessary or required under applicable Law for the ownership, operation and maintenance of the Systems and the assets to be conveyed to Buyer as currently or previously operated and maintained, (iii) the City has not received any written notice or other written communication from any Governmental Authority or other Person regarding (1) any actual or alleged violation or failure to comply with any such Permits, or (2) any revocation, withdrawal, non-renewal, suspension, cancellation or termination of any such Permits. With respect to any Permits held by the City that are scheduled to expire within six (6) months following the date of this Agreement, any applications for renewal of such Licenses and Permits have been or will be duly filed by the City with the applicable Governmental Authority within the time frame required under applicable law.

(f)(K) Environmental.

- (i) To the best of its knowledge and except as noted in the Disclosure Schedule set forth in **Exhibit H**, the City is in full compliance with and has not been and is not in violation of or liable under any applicable environmental law. City 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 Systems.
- (ii) To the best of the City's knowledge and except as noted in the Disclosure Schedule set forth in **Exhibit H**, 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 Systems.
- (iii) To the best of the City's knowledge and except as noted in the Disclosure Schedule set forth in **Exhibit H**, there are no hazardous materials, except those used in connection with the operation of the Systems present on or in the Systems, including any hazardous materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent.
- (iv) To the best of the City's knowledge and except as noted in the Disclosure Schedule set forth in **Exhibit H**, none of the following exists at the Systems: (1) underground storage tanks; (2) asbestos-containing material in any form; (3) materials or equipment containing polychlorinated biphenyl; (4) groundwater monitoring wells; or (5) landfills, surface impoundments, or disposal areas.

(v) The City has delivered to Buyer true and complete copies and results of any reports, studies, analyses, tests or monitoring possessed or initiated by the City pertaining to hazardous materials in, on or under the Systems, or concerning compliance by the City with applicable environmental laws.

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Section 2.2. DISCLAIMER OF OTHER REPRESENTATIONS AND WARRANTIES. Except for representations and warranties as expressly set forth in this Article II, the City makes no other representation or warranty, express or implied, at law or in equity, with respect to the Systems 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 Systems on an "as-is, where-is" basis. The Buyer has satisfied itself on all aspects of the Systems, 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 City in connection therewith except for the representations and warranties set forth in this Agreement. The City shall not be liable for any latent or patent defects in the Systems.

Section 2.3. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All of the representations and warranties made by the City 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. No claim for a misrepresentation or breach of warranty of the City 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 City 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 [public utility 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 warranties specifically set forth in this Agreement, the Buyer is purchasing the Systems "as is", and the Buyer will have no recourse against the City with respect to any condition of the Systems that might be discovered after the Closing, except for conditions and liabilities arising from the City's operation of the Systems 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 Systems to the extent that the Buyer deemed necessary and has made such examination of the Systems, the operation, income and expenses thereof and all other matters affecting or relating to this transaction as Buyer deemed necessary. In entering into this Agreement, the Buyer has not been induced by and has not relied upon any representations, warranties or statements, whether express or implied, made by the City or any agent, employee or other representative of the City or by any broker or any other person representing or purporting to represent the City, which are not expressly set forth in this Agreement, 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 City in accordance with this Agreement 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.

- (l) No Obligation of City to Implement Improvements. Neither the Buyer's bid nor the Buyer's obligations herein, are conditioned upon the implementation of any improvements to be made by the City and the Buyer acknowledges and agrees that the City has no obligation to implement any improvements nor is the City precluded from making such improvements.

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 City will sell to the Buyer, and the Buyer will buy from the City, all of the City's rights, title, and interest in the Systems 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 Systems include personal property, office equipment, office supplies, vehicles, cash, securities, and the accounts receivable of the City relating to the Systems 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 City the sum of \$[ ] (the "Purchase Price"). Upon the execution of this Agreement, the Buyer shall pay the Deposit to be held by Escrow Agent pursuant to the terms of the Escrow Agreement, with any interest or earnings to follow the Deposit, and which Deposit shall be credited against the Purchase Price. Subject to the terms and conditions of this Agreement, the balance of the Purchase Price less the Deposit, increased or decreased by the items to be apportioned pursuant to Section 4.8 of this Agreement (such sum, before the apportionments referred to herein is referred to as the "Closing Balance" and after such apportionments is referred to as the "Adjusted Closing Balance") shall be paid on the Closing Date by wire transfer in federal funds to a bank account designated in writing by the City at least five (5) business days prior to the Closing Date.

Section 4.4. CITY TRANSACTION EXPENSE. Notwithstanding any obligations of the City 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 City up to \$200,000 for costs and expenses incurred and reasonably anticipated to be incurred by the City in connection with the sale of the Systems, including, but not limited to, outside attorney, engineering, inspection, and other consultant costs (collectively the "Transaction Costs Payment"). The Buyer agrees to pay the City one-third (\$66,667) of the Transaction Costs Payment upon the passing of the City ordinance approving the execution of this Agreement for the sale of the Systems, which amount shall be non-refundable. The Buyer agrees to pay the City the remaining two-thirds \$133,333 of the Transaction Costs Payment upon Closing provided however, prior to Closing the City shall provide to Buyer documentation of all such transaction expenses for review and approval prior to Buyer's payment of the balance of the Transaction Costs Payment at Closing. [NOTE: because the timing of the initial payment will precede the execution of this Agreement, the City and the Buyer will need to enter into a letter agreement for Buyer to make the initial payment].

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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 relating to the Systems that arise post-Closing;

- (B) assume and meet all contractual commitments of the City 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 Systems with ~~continuous~~, 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 Systems in conformance with existing City land use and zoning ordinances, master plan, and historic district standards, as applicable;
- (F) complete the PFNA filtration project; and
- (G) make application for the transfer, with the reasonable assistance of the City, effective at the Closing, of all Water and Wastewater System permits and approvals issued to the City prior to Closing by the NJDEP or any other local, State or federal agency.

Section 4.6. THE CLOSING. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of [\_\_\_\_\_] 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.

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

- (A) The City will execute, acknowledge (if appropriate), and deliver to the Buyer:
  - (i) a bargain and sale deed associated with the Systems without covenant against grantor's acts, in recordable form, duly executed by City;
  - (ii) an assignment of easements in the form attached hereto as **Exhibit F**, to convey all easement rights associated with the Systems, 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 City resolution(s) and/or ordinances authorizing the transactions contemplated hereunder;
  - (viii) a signed certification by the City 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 Systems, or any component thereof, in the City's possession, to the extent transferable;
  - (x) Any other tax information regarding the City that the Settlement Agent (as that term is used in Section 6045 of the Code) is required to report to the Internal Revenue Service pursuant to the Code;
  - (xi) Such other resolutions, instruments, affidavits and documents as may be reasonably necessary and requested by Buyer to effectuate the transaction
- (B) Buyer will execute, acknowledge (if appropriate) and deliver to City:
- (i) an assignment of easements in the form attached hereto as **Exhibit F**, to convey all easement rights associated with the Systems, 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 (\$133,333.33); and
  - (x) Such other documents, resolutions, instruments, affidavits and documents as may be reasonably necessary and requested by the City to effectuate the transaction.

Section 4.8. APPORTIONMENTS. At the Closing, real estate taxes, if any, for the fee parcels constituting Systems assets to be transferred to the Buyer and all other operating expenses and revenues for the Systems allocable to periods before and after the Closing Date, shall be apportioned for the Systems 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

Section 5.1. PRE-CLOSING COVENANTS. The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing:

- (A) General. Each of the Parties will use its reasonable best efforts to take all actions and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents.
- (B) Access to Books. Upon reasonable prior notice, the City 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 City's records, books, and properties with respect to the Systems, 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 Systems as the Buyer may reasonably request, provided such documents and electronic media are in the City's possession or in the possession of third parties under contract with the City.
- (C) Permits. Prior to the Closing, the Parties shall cooperate to effect the transfer of all Permits related to the operation of the Systems which were granted to the City by any Governmental Authority, which transfer shall be effective on or after but not before the Closing. The City shall provide reasonable assistance to the Buyer as reasonably requested by the Buyer with respect to such applications.
- (D) Operation of Systems. The City will:
  - (i) continue to operate and maintain the Systems in compliance with all local, state and federal rules and regulations;
  - (ii) maintain the Systems in at least as good order and condition as existed on the date of this Agreement, casualty and normal wear and tear excepted; and
  - (iii) timely comply with the provisions of all leases, agreements, and contracts relating to the Systems.
- (E) BPU Approvals. The Buyer shall as soon as reasonably practicable after the execution of this Agreement by both Parties, and the adoption of the Municipal Consent as set forth in Section 5.1(F), at Buyer's sole cost and expense, file or cause to be filed all necessary documentation with the BPU to obtain final order of the BPU approving the Municipal Consent for the Buyer to own and operate the Systems.

- (F) Municipal Consent. The City shall adopt pursuant to applicable law, the Municipal Consent pursuant to N.J.S.A. 48:2-14. The Buyer shall be responsible, at its sole cost and expense, with reasonable assistance from the City, for obtaining BPU approval of the Municipal Consent pursuant to N.J.S.A. 48:2-14.
- (G) Risk of Loss. The Parties agree that the City shall bear the risk of and be responsible for loss with respect to the assets and properties constituting the Systems from the date of this Agreement through the Closing Date. In the event that the condition of the Systems are significantly adversely changed from the date of this Agreement to the Closing Date by virtue of fire, casualty, act of God or condemnation, the City 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 Systems. If the City 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 City 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.
- (H) Customer List and Information; Final Bills. The City shall provide or cause to be provided to the Buyer a full and complete customer list for the Systems 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 City and provided to the Buyer within 60 days before the Closing or as otherwise agreed to between the Parties. The Parties shall agree no later than 60 days before the Closing to a process and method for the final billing of the Systems' customers and any appropriate adjustment to the Purchase Price pursuant to Section 4.8.
- (I) Publicity. The Parties agree to cooperate on any formal public announcement or statement regarding this Agreement or the transactions contemplated herein. Each Party shall make a good faith effort to provide the other with advance notice of the proposed content of any public announcement or statement.
- (J) Identification of Contracts to be Assigned. As set forth in Section 4.5(C), the Buyer must assume the City's obligations relating to the Systems on and following the Closing Date for those agreements set forth in **Exhibit E**.
- (K) Buyer Access. The City shall provide the Buyer, at the Buyer's sole cost, reasonable access to the Systems 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 plant and equipment; and surveys of the real property comprising the Systems 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 City prior to the expiration of the Evaluation Period. The City shall then have fifteen (15) days from the date of its receipt of the notice to exercise the City's right to either remedy the environmental issue prior to Closing or to advise Buyer that the City is unable or unwilling to remedy the environmental issue. If the City 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 City, 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 City 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 Systems 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 City's continuing operation of the Systems. The City shall cooperate with the Buyer with respect to such access to ensure a smooth transition in ownership of the Systems.

(L) Confidentiality. Any information provided by the City to the Buyer regarding the City's customers and the Systems that is not generally available to the public shall remain confidential.

(M) Cooperation During Transition. Generally, the Parties shall cooperate to facilitate a smooth transition and the Buyer shall not do anything that will interfere with the City's operation and administration of the Systems. The City 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 Systems upon the Closing Date.

(N) Referendum Education Campaign. The Buyer shall provide reasonable assistance to the City in connection with its public referendum education campaign.

(O) Watershed Property Review Board. The City will submit an application for review and approval of the transfer of any fee parcels or easements associated with the Systems to the Watershed Property Review Board (WPRB) in accordance with the Watershed Moratorium and Protection Act, P.L. 1988, c.163; P.L., c.19 and obtain the WPRB's written approval or waiver as the case may be.

~~(N)~~(P) Mannington and Quinton Consents. The municipalities of Mannington Township and Quinton Township shall have granted their consent for Buyer to provide utility service to those residents in those municipalities that are served by the City via a municipal consent ordinance in form and substance reasonably acceptable to Buyer. The City shall notify those municipalities of the necessity of said consent and shall cooperate with the Buyer in obtaining said consent as soon as reasonably possible, but in advance of Closing such that the BPU can review and approve prior to Closing. [Note: the number of customers, the service they are provided and how they are provided that service will need to be confirmed; in addition, if the City serves other municipalities, those will need to be noted here.]

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ARTICLE VI

TITLE AND CONDITION OF SYSTEMS

Section 6.1. TITLE. Seller has good and marketable title to the Systems, including the real property comprising same and/or a valid leasehold interest in or valid easements or licenses to use, all assets constituting the Systems and all of such title, leasehold, easements or licenses shall be conveyed by the City 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 complete and accurate survey, of the real property comprising the Systems;
- (D) rights of way and easements that do not materially interfere with the existing use of the real property comprising the Systems;
- (E) zoning and other governmental restrictions; and
- (F) taxes, assessments and other public charges on real property comprising the Systems not due as of the Closing Date, provided, however, in no event shall Permitted Encumbrances include Monetary Liens.

(F) With respect to the real property comprising the Systems, Buyer ~~may~~ shall within ~~thirty (30)~~ ~~ten (10)~~ business 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 City 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 City may elect to cure any title defect by so notifying the Buyer. If the City does not so elect within twenty (20) days after notice of the objection, or if after so electing, the City fails to cure the defect(s) prior to the Closing, then the Buyer may at its choice, (i) continue to close provided the parties reach a mutually agreeable solution for (a) curing any title defects, and (b) obtaining easements necessary for the operation of the Systems that are missing or that Seller is unable to deliver; or (ii) terminate this Agreement upon notice to the City, said notice to be delivered within ten (10) business days of the City's failure to so elect or, if the City elects to cure but does not, to be delivered at the Closing. If the Buyer terminates the Agreement pursuant to this section, the City 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

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this Agreement shall be deemed canceled, null and void and neither Party shall have any further obligation or liability to the other hereunder.

Section 6.2. PROPERTY INFORMATION MATERIALS. Subject to Section 2.1(c), the Buyer

acknowledges that prior to the Buyer's execution of this Agreement, the City delivered or made available to the Buyer and the Buyer reviewed the materials and information concerning the Systems provided or made available 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 City and that the City 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 City 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 City contained in this Agreement. However, the foregoing release shall not apply to any Claims resulting from any intentional misstatements or willful misconduct on the part of the City.

Section 6.3. CONDITION OF THE SYSTEMS. Subject to the terms and conditions of this Agreement, and the representations and warranties contained in the other Transaction Documents, the Buyer has agreed to purchase the Systems in their "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 Systems. The Buyer has satisfied itself on all aspects, without limitation, of the Systems and is not relying on any representation of the City in connection therewith except for the representations and warranties contained in this Agreement and the other Transaction Documents. Notwithstanding the above, the City shall operate the Systems through to the Closing Date in compliance with all local, state and federal rules and regulations and shall be responsible for any and all fines, damages, claims and liability arising out of the City's operation of the Systems.

Section 6.4. POST-CLOSING COOPERATION OF THE CITY. On or after the Closing Date, the City shall, upon reasonable request, reasonably cooperate with the Buyer to implement a proper transition.

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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 City 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; and
- (D) the Buyer shall have secured from the City, the BPU, NJDEP, and all other applicable Governmental Authorities and quasi-governmental entities, all authorizations and Permits required for the transfer of the Systems 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 City or cause to be delivered to the City, 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 City 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 City in writing of any determinations made by any authority considering any application.

Section 7.2. CONDITIONS TO OBLIGATION OF THE CITY. The obligation of the City to perform its obligations in connection with the Closing is subject to satisfaction or waiver by the City 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 City, the BPU, NJDEP, and all other applicable governmental and quasi-governmental entities, all authorizations and approvals required for the transfer of the Systems 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 City or cause to be delivered to the City, 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 City 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 City in writing of any determinations made by any authority considering any application; and

(E) the City shall have obtained any necessary consents and releases for the assignment and assumption of the assumed liabilities as defined in Exhibit B.

(F) The City shall approve by resolution that: (A) the defeasance and redemption of any outstanding debt/bonds issued by the City on the Systems (which debt/bonds principal amount is \$ \_\_\_\_\_ as of \_\_\_\_\_ and any interest and redemption premium thereon) and (B) the repayment of all grants and/or loans issued to the City related to the Systems amounting to \$ \_\_\_\_\_ that must be repaid due to the sale of the Systems. On or before Closing, the City shall provide evidence that it has satisfied all debt associated with the sale of the Systems, which shall include, as appropriate, an escrow agreement, verification report, defeasance opinion and payoff letters. For the avoidance of doubt, the parties acknowledge that the obligations set forth in items A and B above are the sole legal responsibility of the City. Based on the City's actions described herein, the Buyer shall acquire title to the Systems without any liens or claims against it related from the debt/bonds, grants or liens as set forth herein. No debt or obligation set forth in this section shall be considered a permitted encumbrance. [Note: section to be revised based on the particulars of the City's debt.]

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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 Municipal 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 City shall have the right to terminate this Agreement and keep the Deposit and the (\$66,666.67) portion of the Transaction Costs Payment that had been paid to the City upon the passing of the City Ordinance approving the sale.

ARTICLE VIII

POST-CLOSING OBLIGATIONS OF BUYER

Subject to the approval of the BPU, the Buyer shall be responsible for the following post-Closing obligations: [Note: in addition to any specific revisions below, these obligations are subject to revision and negotiation based on information provided by the City during the Question-and-Answer period, and the Buyer's proposal.]

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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 and shall provide for guarantee the collection, conveyance, and treatment of water and wastewater to the customers of the Systems in a manner that meets the requirements of Buyer's tariff and all local, state, and federal laws and regulations relating thereto and shall operate and maintain the Systems 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 Systems. 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 Systems and shall conduct predictive, preventive, and corrective maintenance of the Systems as required by applicable law.

Section 8.3. RATE STABILIZATION COVENANT. On and after the Closing Date, the Buyer shall adopt and charge rates and charges to City customers in accordance with the 2023 rates and charges as set forth in Exhibit D-1. Such rates will not be increased for at least two (2) years from the Closing and rates will not be raised more than 9% in total over the ~~three (3)~~ four (4) years after that. Any future base rate increases shall be included in Buyer's base rate cases periodically filed with the BPU. The Buyer shall use good faith efforts to minimize rate increases to City customers. [Note: see Buyer's proposal for specifics on the rate stabilization covenant; other than specific rate subject to the covenant, all other fees, terms and conditions including billing, as provided in Buyer's tariff shall apply.]

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Section 8.4. CAPITAL IMPROVEMENTS. The Buyer shall complete the capital improvements and schedule as set forth in Exhibit L.

Section 8.5. SERVICE TO CITY FACILITIES AND THE FINLAW BUILDING. The Buyer shall propose to the BPU that it will provide water and wastewater service to City-owned facilities as well as the Finlaw Building at no cost to the City for two (2) years after Closing at the same volume levels that existed for each month during the year prior to the Closing Date.

Section 8.6. CITY EMPLOYEES. The Buyer shall offer employment to the City's six existing water and wastewater system employees. The employee must be offered a position of similar job duties along with equal or better salary and benefits consistent with the Buyer's standard wage and benefit package and in the geographic vicinity of the City of Salem. Employment shall be offered subject to the employee satisfying the pre-employment physical

screening requirements of the Buyer. The Buyer shall offer full-time employment for a minimum period of six months from the commencement of services date as long as the employee performs the services in a reasonably satisfactory manner. [Note: provision subject to revision based on information provided during Question-and-Answer period, including but not limited to union related issues]

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Section 8.7. PAVING. The Buyer shall pave curb to curb on streets where sewer replacements are being performed. The Buyer shall coordinate its paving schedule with other City construction projects.

Section 8.8. SERVICE LINE RESPONSIBILITY. For purposes of this Agreement, the term "Service Line" shall mean the lateral service line that connects the wastewater collection system to a customer's premise. The Buyer shall be responsible for maintaining and repairing that portion of the Service Line from the curb to the wastewater and/or water connection.

Section 8.9. LICENSE FOR CELL TOWERS. As of the Closing Date, the Buyer shall grant the City a temporary license to continue utilizing the portions of the property where certain cell equipment is located pursuant to existing agreements between the City and cell tower companies. [Note: why is a license required to provide the city with cellular lease revenue?]

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Section 8.10. FIRE HYDRANTS. The Buyer shall not charge the City for service to the City's fire hydrants. [Note: see Buyer's proposal]

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Section 8.11. SENIOR DISCOUNT PROGRAM. ~~The Buyer shall continue the City's current senior citizen discount program for all residents age fifty-five (55) and older who are enrolled in the City's program as of the Closing Date. The existing senior citizen discount is set forth in Exhibit D.~~

Section 8.12. SURVIVAL. The obligations set forth in this Article VIII shall survive Closing.



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 City to the Buyer specifying such material breach or default, the City shall have the right as its sole remedy to terminate this Agreement and retain twenty-five percent (25%) of the Deposit and the (\$66,666.67) portion of the Transaction Costs Reimbursement paid to the City upon the passing of the Ordinance approving the sale as liquidated damages. The City's rights and remedies pursuant to this Section 9.1 shall survive any termination of this Agreement by the City as a result of the Buyer's default.

Section 9.2. PRE-CLOSING DEFAULT BY THE CITY. In the event that the City 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 City specifying such material breach or default the Buyer shall have the right as its sole remedy to either seek to enforce this 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 City'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.

[Note: parties to discuss a termination provision whereby (in addition to other sections in this Agreement), the Agreement can be terminated by the parties under certain circumstances, such as by mutual agreement, by either party if not in material breach].

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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 City 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 Systems or to any rights or any relationship between the Parties arising therefrom shall be initiated and maintained in the applicable State courts located in Salem County, New Jersey or the federal district court located in Camden County, New Jersey, as applicable.

## ARTICLE XII

### INDEMNIFICATION

Section 12.1. INDEMNIFICATION BY THE BUYER. The Buyer shall indemnify, defend and hold harmless, including paying all attorneys' fees, the City, and its elected officials, employees, representatives and agents (each, a "City Indemnitee"), from and against any and all third-party claims, demands, suits, actions, damages, liabilities or expenses arising from (or alleged to arise from or in connection with): (1) any material breach of any representation or warranty; (2) the operation of the Systems subsequent to the Closing Date; (3) any failure by the Buyer to perform its obligations under this Agreement; and (4) 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 CITY. To the extent permitted by law, the City 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 constituent an inaccuracy or breach of any representation or warranty of, or any failure to perform or nonfulfillment of any provision or covenant contained in the Agreement or any other Transaction Document by the City; (2) all liabilities and/or duties of the City, whether accruing prior to or after the Closing Date; (3) the ownership and/or operation of the Systems prior to the Closing Date; and (4) the willful misconduct of the City in connection with this Agreement.

Section 12.2. 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 12.3. NO OTHER DAMAGES. Other than in connection with third party claims, 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 City:

City Clerk  
City of Salem

\_\_\_\_\_

Copy to:

Andrea Rhea, Esq.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to Buyer:

[\_\_\_\_\_]

Copy to:

[\_\_\_\_\_]

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

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

Section 13.8. AMENDMENTS AND WAIVERS. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Buyer and the City. 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 City's retention of the (\$66,666.67) portion of the Transaction Costs Payment paid to the City upon the passing of the Ordinance approving the sale (except as provided in Section 6.1), in the event the Closing does not occur, other than by reason of a material default by one of the Parties, each Party shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

Section 13.11. CONSTRUCTION. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations

promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

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

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

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

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

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

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(Signature Page Follows)



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

**CITY OF SALEM**

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

Name:

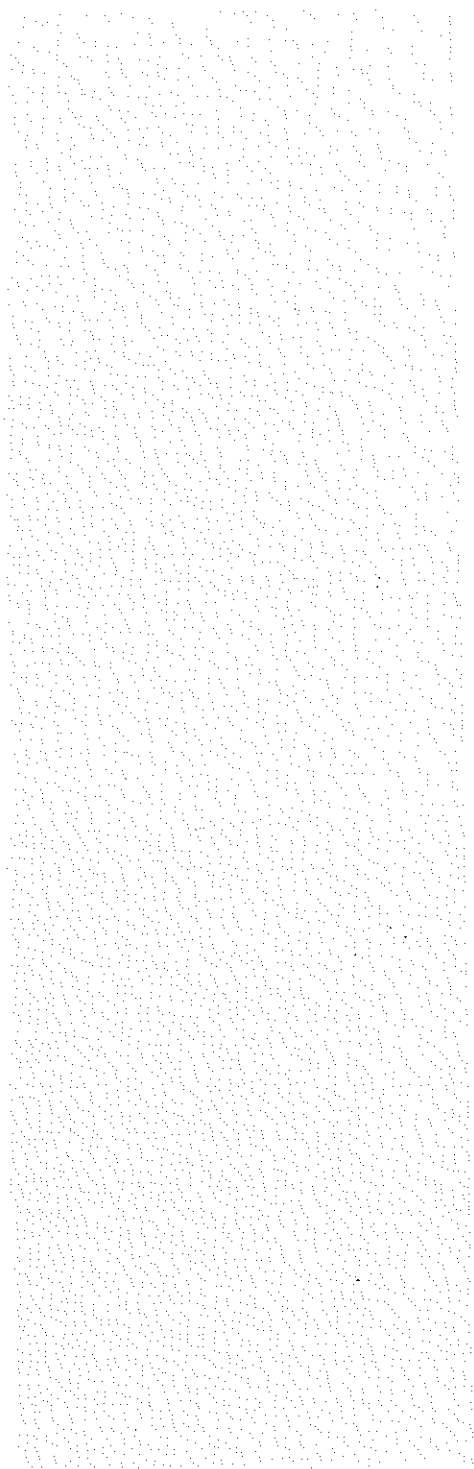
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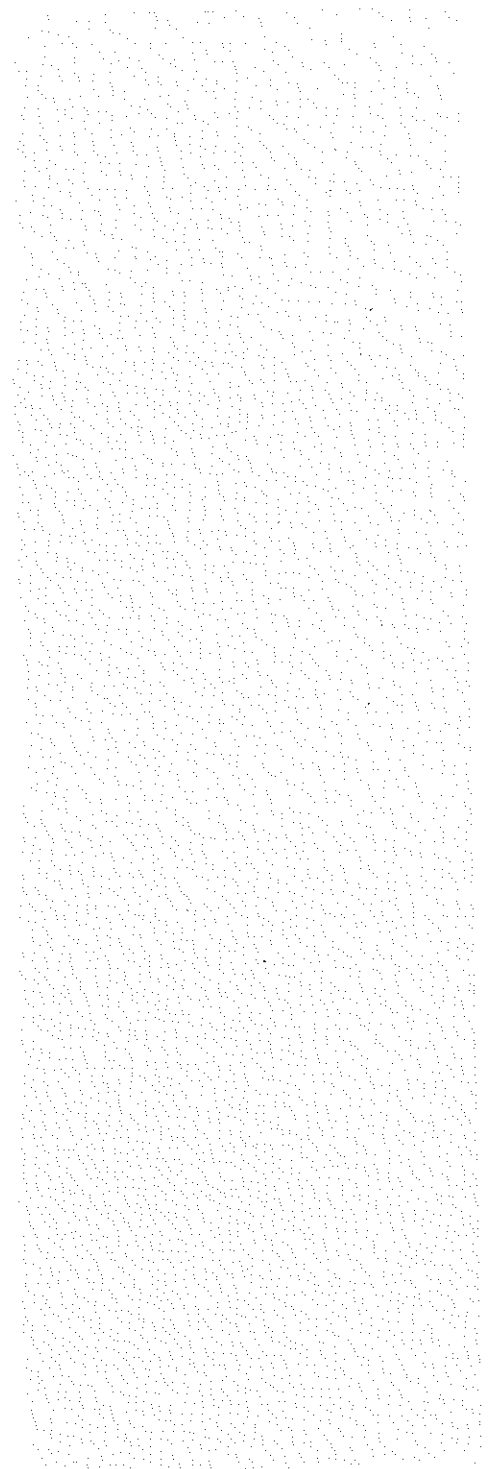
By: \_\_\_\_\_

Name:

Title:



**EXHIBIT A**  
**DESCRIPTION OF THE SYSTEMS**



**Salem City**  
**Water and Wastewater Systems Descriptions**

The following is a summarized description of the City's water and wastewater systems. A more comprehensive description of the City's systems is included in the Remington & Vernick Evaluation Report.

A. Water Supply, Treatment, Storage and Distribution

The existing water supply, treatment and distribution system consists of four (4) actively permitted water supply wells, two (2) surface water intakes, one (1) water treatment plant, one (1) elevated water storage tank, one (1) standpipe and a water distribution system. The age of the water system infrastructure ranges from 1880 to more recent improvements completed as recent as 2014. All four (4) water supply wells are constructed into the Wenonah-Mt. Laurel (WML) Aquifer system. The two (2) water surface water intakes are located at Elkinton Pond and Laurel Lake in neighboring Quinton Township. The wells and surface water supply sources are all piped to a common Water Treatment Plant located on the southerly end of the City corporate limits on Grieves Parkway. The Water Treatment Plant was constructed in 2012 for the treatment of both surface water and well water. Prior to its construction, the wells were treated at each well site and pumped directly to the water distribution system. The surface water had been pumped to the previous water treatment plant, located on the same site, and then pumped into the water distribution system. The new Water Treatment Plant is comprised of an enhanced coagulation pre-treatment system including slow and rapid mix aeration zones, followed by a main treatment system including four (4) low pressure ultrafiltration membrane trains, and two ultraviolet (UV) units for disinfection. The treatment system also includes the addition of sodium hydroxide and sulfuric acid for pH adjustment, aluminum chlorohydrate for coagulation, powdered activated carbon for taste and odor control, a phosphate feed system for sequestration and sodium hypochlorite for post chlorination. A clearwell and set of high service pumps at the plant effluent provide for the appropriate chlorine contact time and distribute the treated water. The plant is designed to treat 2 MGD of both surface and groundwater and is also designed for future expansion up to 3 MGD. The new Water Treatment Plant building is constructed of a pre-engineered steel structure supported by a reinforced concrete foundation. There are also office and storage space located in the new Water Treatment Plant.

The old water treatment facility, which is out of commission, but still on site, consists of

the following:

- One original brick main treatment building with an addition and four (4) horizontal filters partially in the building

- Two (2) steel clarifier tanks
- One (1) masonry block garage
- Various structures used as part of former treatment process

Water storage for the City water supply includes a 1 MG bolted steel standpipe and 1 MG elevated, multi-column (leg supported) steel water storage tank.

The City provides water service to the residents of the City of Salem as well as portions of Quinton Township and Mannington Township. The City owns and operates the infrastructure in the outlying service area including the responsibility of responding to emergency calls.

The water distribution system consists of approximately 21 miles of water main that provides water service to a population size of approximately 5,000 via 2,309 residential water service connections. The distribution infrastructure that the City owns consists of mostly cast or ductile iron pipe with pipe diameters ranging in sizes from 4" up to 12". The City does not have any emergency interconnections with either public or private purveyors that are adjacent to the City limits.

#### B. Wastewater Facilities

The existing wastewater system includes a collection and pumping system consisting of three (3) sanitary lift stations and associated force mains, and gravity sewer mains. In addition, the City owns and operates its own Wastewater Treatment Plant for the treatment of the sanitary sewerage. The Wastewater Treatment Plant is near the intersection of Grieves Parkway and West Front Street. The Wastewater Treatment Plant is permitted for up to 1.4 MGD. The age of most of the major treatment components are estimated to be 40 years old.

The Wastewater Treatment Plant consists of the following:

- Screw Pumps with screen system
- Orbal Tank
- Clarifiers
- Digester Tanks
- Effluent Tank

The Wastewater Treatment Plant effluent, after treatment, outfalls to the Salem River.

The wastewater discharge limits are included in the City's New Jersey Pollutant Discharge Elimination System (NJPDES) Permit No. NJ0024856.

Similar to the water distribution system, the wastewater collection system is a mixture of newer and older components, ranging in pipe diameter sizes from 6" to 8". The existing sanitary system is estimated at fifteen (15) miles of gravity main and approximately two (2) miles of force main associated with the lift stations. The age and materials used in the system is mostly unknown at this time.

The City does not own any of the sanitary laterals from the main to the residences. The City is responsible only for main repairs and property owners are responsible for the sewer lateral up to the main. The City also accepts flow from Quinton Township and maintains the lift stations pumping from Quinton Township into the City.

**EXHIBIT B**

**FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT**

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

**WHEREAS**, Assignor and Assignee are parties to a certain Agreement of Sale, dated [ ] (the "Agreement"), providing for the sale by the Assignor of the assets constituting the Systems 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 1 attached hereto and made a part hereof. Subject to the terms and conditions of the Agreement, the Assignee hereby accepts the Assignment and will assume, observe, and perform all of the duties, obligations, terms, provisions, and covenants contained therein. The Assignee shall also pay and discharge all of the obligations and liabilities of the Assignor to 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.

CITY OF SALEM

By: \_\_\_\_\_  
Name:  
Title:

[ \_\_\_\_\_ ]

By: \_\_\_\_\_  
Name:  
Title:



**SCHEDULE I TO EXHIBIT B**

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

All contractual commitments of the City 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 [ ] from the City of Salem, a public body corporate and politic in Salem County in the State of New Jersey (the "City") and [ ] (the "Buyer").

**WITNESSETH**

**WHEREAS**, by an Agreement of Sale, dated [ ] (the "Agreement"), between the City and the Buyer, the City has agreed to convey to the Buyer certain assets, properties, and rights defined, described, and referred to in the Agreement (collectively, the "SystemS") 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 City 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 City in and to the Systems;

**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 City 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 Systems.

**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 behoove.

Section 1. **SALE OF SYSTEMS AS IS**. Except as specifically set forth in the Agreement, the Systems are 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 City specifically disclaims and Buyer waives any warranty, guaranty or representation, oral or written, past or present, express or implied, concerning the Systems. The Buyer is hereby thus acquiring the Systems based solely upon the Buyer's own independent investigations and inspections of that property and not in reliance upon any information provided by the City or the City's agents or contractors. The City has made no agreement to alter, repair, or improve any portion of the Systems.

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 City has caused this Bill of Sale to be duly executed as of the date first above written.

**City of Salem**, a public body corporate and politic in Salem County in the State of New Jersey

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

**RECEIPT OF THE FOREGOING**

**BILL OF SALE**

**ACKNOWLEDGED AS OF**

[\_\_\_\_], 2023.

\_\_\_\_\_

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

**SCHEDULE I TO EXHIBIT C**

**INCLUDED ASSETS**

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

**SCHEDULE II TO EXHIBIT C**

**EXCLUDED ASSETS**

Personal property

Office equipment

Office supplies

Vehicles

Cash, securities, bank accounts and the accounts receivable of the City relating to the Systems up to and including the Closing Date.

**EXHIBIT D-1**

**RATES**

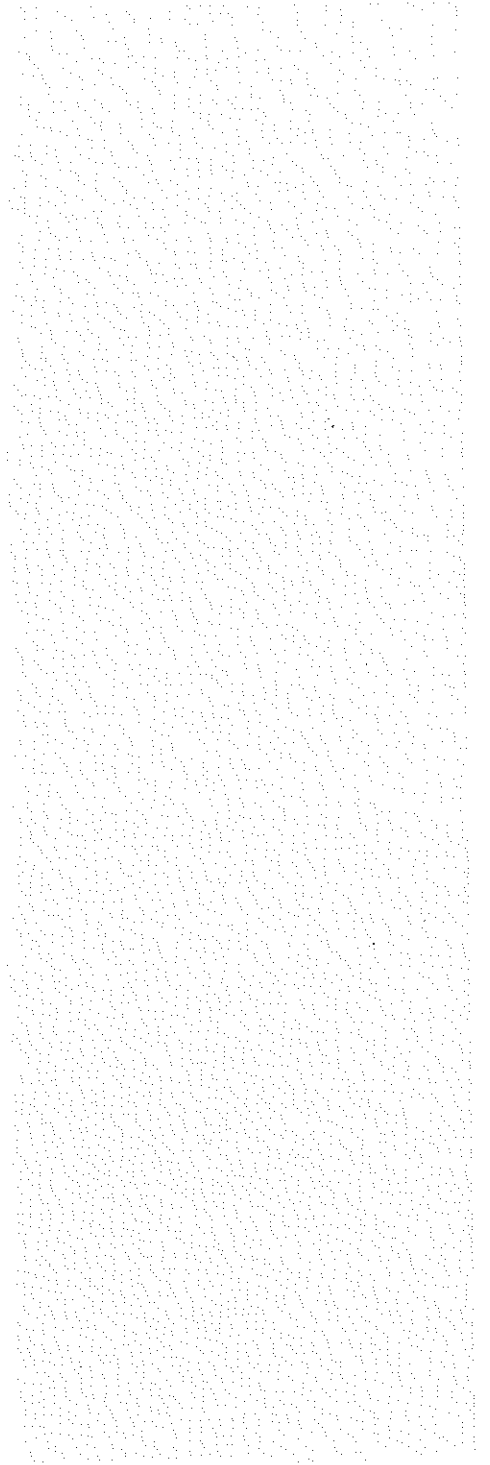
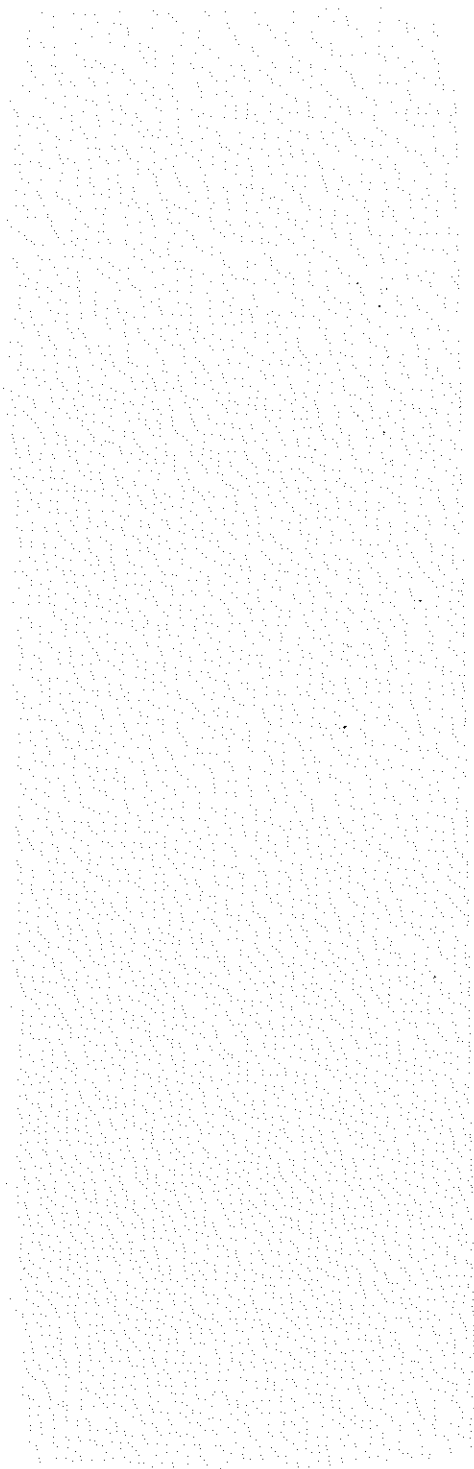


EXHIBIT E

LIST OF WRITTEN CONTRACTS TO BE ASSUMED

None.

E-1





**EXHIBIT F**

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

THIS ASSIGNMENT is made this day of [\_\_\_\_], [ ] between the CITY OF SALEM, a public body corporate and politic in Salem County in the State of New Jersey (the "Grantor"), and [\_\_\_\_], a [New Jersey Public Utility Corporation] (the "Grantee"), having an address at [\_\_\_\_\_].

WHEREAS, pursuant to an Agreement of Sale (the "Agreement") dated [\_\_\_\_] 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 Systems 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 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 City roads.

TOGETHER WITH all of Grantor's rights of ingress, egress, and regress to and from said Easements, mains and appurtenances, at any and all times for the purpose of operating the Systems and laying, relaying, installing, operating, inspecting, maintaining, repairing, altering, removing, renewing, and replacing the Systems 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 and behoove 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 City 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]

CITY OF SALEM, a public body  
corporate and politic in Salem County in  
the State of New Jersey

Attest: \_\_\_\_\_

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

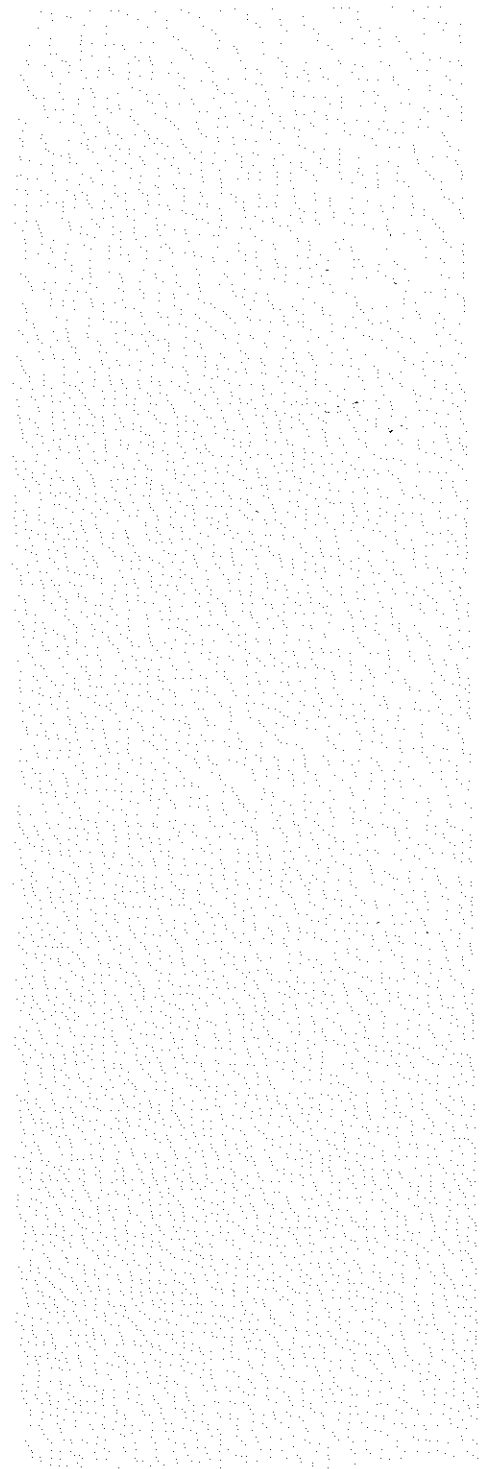
Name  
Title:

STATE OF NEW JERSEY        )  
  : SS.:  
SALEM                                )

On this, the \_\_\_\_day of [\_\_\_\_], before me, a Notary Public in and for said County, personally appeared \_\_\_\_\_, who acknowledged himself to be the \_\_\_\_\_of the City of Salem, a public body corporate and politic in Salem 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]

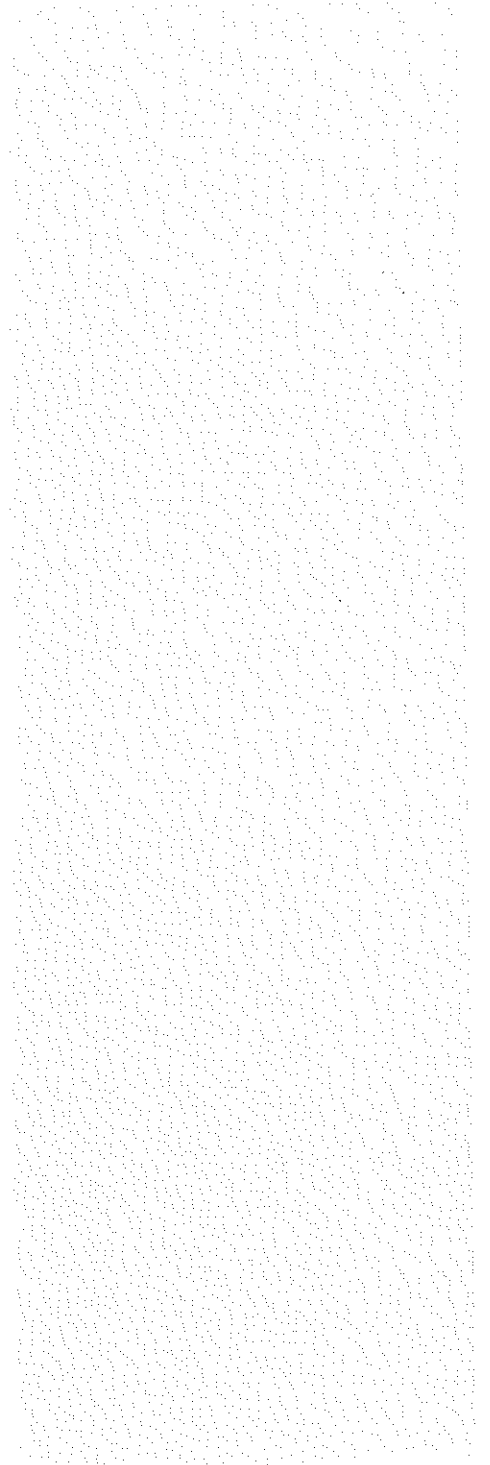


**SCHEDULE I TO EXHIBIT F**  
**LIST OF EASEMENTS GRANTED TO OR**  
**OBTAINED BY THE CITY**

Easements granted to or obtained by the City of Salem herewith as described

herein.

F-4



**EXHIBIT G**

**FORM OF GENERAL ASSIGNMENT**

**THIS GENERAL ASSIGNMENT**, dated [\_\_\_\_\_], by and between the **CITY OF SALEM**, a public body corporate and politic in Salem County in the State of New Jersey (the "Assignor") and [\_\_\_\_\_] (the "Assignee").

**WHEREAS**, Assignor and Assignee entered into an Agreement of Sale dated [\_\_\_\_\_] (the "Agreement") for the sale and purchase of the Systems (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 Systems (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:

CITY OF SALEM, a public body  
corporate and politic in Salem County in  
the State of New Jersey

Accepted this \_\_\_ day of \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_  
Name  
Title:

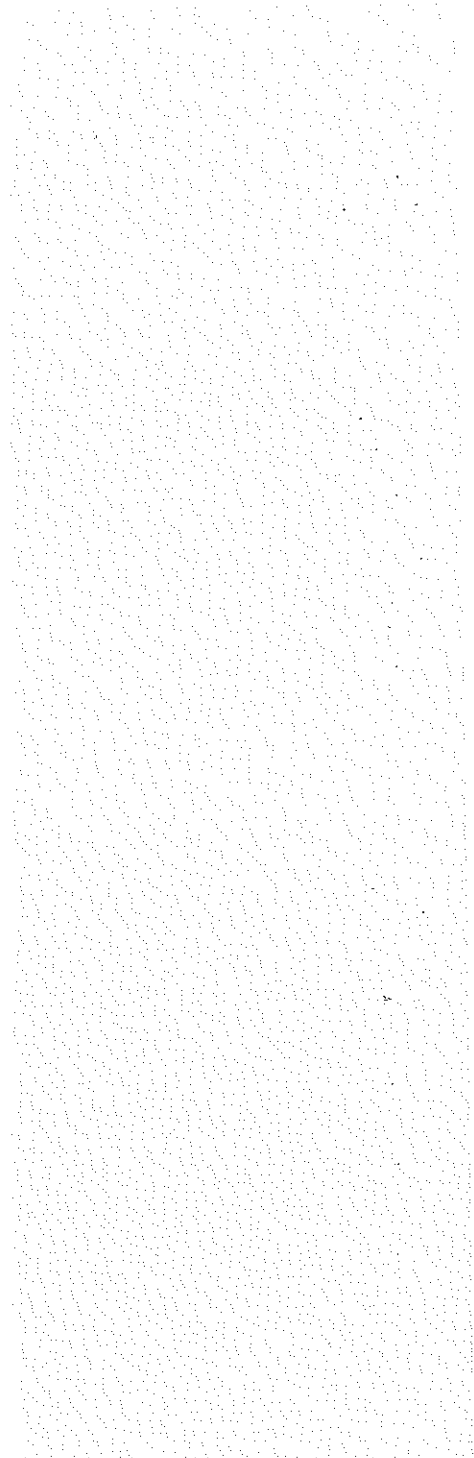
WITNESS:

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

ASSIGNEE:

[\_\_\_\_\_]

By: \_\_\_\_\_  
Name  
Title:



**SCHEDULE I TO EXHIBIT G**

**LIST OF ASSIGNED RIGHTS**

**PERMITS:**

New Jersey Pollutant Discharge Elimination System Discharge to Surface Water Permit –  
NJDEP Permit # [\_\_\_\_\_]

[Sludge Permit – NJDEP Permit # \_\_\_\_\_]

[Air Quality Permit # \_\_\_\_\_]

[Back Flow Permit # \_\_\_\_\_]



**EXHIBIT H**

**DISCLOSURE SCHEDULE TO THE AGREEMENT OF SALE**

**[NOTE: Disclosures to be reflected in this Exhibit prior to execution of Agreement.]**

**BETWEEN CITY OF SALEM AND [PURCHASER]**

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.

**Section 2.1(A)**

**Organization of City**

N.A.

**Section 2.1(B)**

**Authorization of Transaction**

N.A.

**Section 2.1(C)**

**Title**

**Section 2.1(D)**

**Litigation**

**Section 2.1(E)**

**Default**

N.A.

**Section 2.1(F)**

**Reimbursement Obligation**

N.A.

**Section 2.1(G)**

**System Compliance**

**Section 2.1(H)**

**Rates**

N.A.

**Section 2.1 (I)**

**Permits**

**Section 2.1 (J)**

**Environmental**

**Section 3.1(A)**

**Organization of Buyer**

N.A.

**Section 3.1(B)**

**Authorization of Transaction**

N.A.

**Section 3.1(C)**

**Litigation**

N.A.

**Section 3.1(D)**

**Warranties**

N.A.

**Section 3.1(E)**

**Right to Inspect**

N.A.

**Section 3.1(F)**

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

N.A.

**Section 3.1(G)**

**Source of Funds**

N.A.

**Section 3.1(H)**

**Blocked Person**

N.A.

**Section 3.1(I)**

**Scheduled Improvements**

N.A.

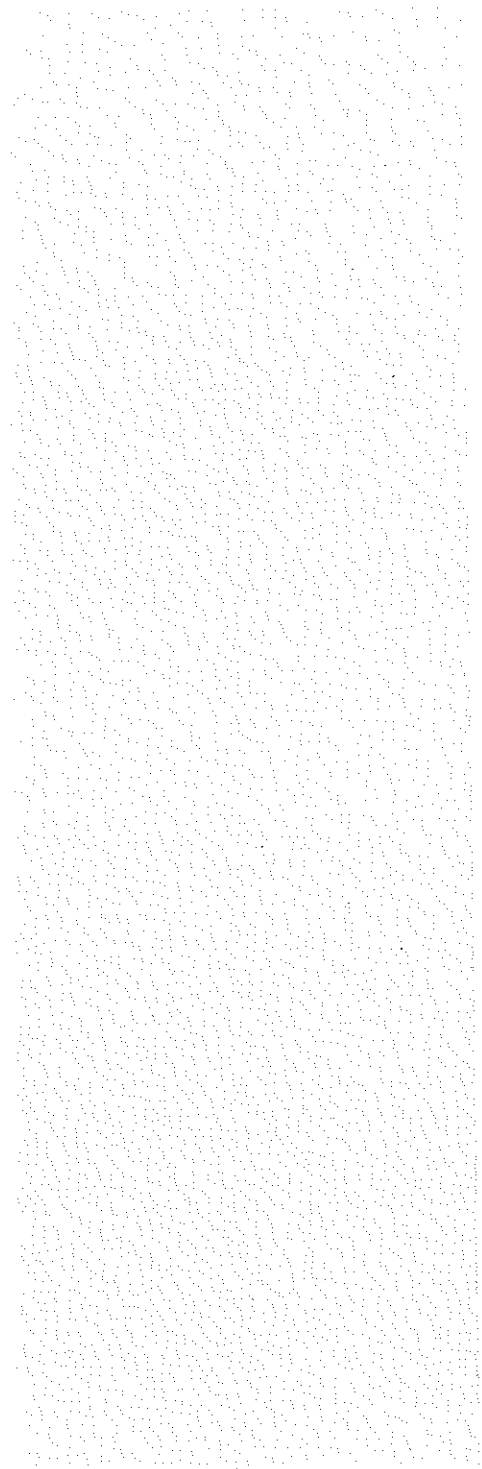


EXHIBIT I

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of [\_\_\_\_\_] (this "Escrow Agreement"), by and among CITY OF SALEM, a public body corporate and politic in Salem County in the State of New Jersey (the "City"), [\_\_\_\_\_] (the "Buyer"), and [\_\_\_\_\_] (the "Escrow Agent").

WITNESSETH

WHEREAS, the Buyer has executed and delivered to the City an Asset Agreement of Sale, dated as of [\_\_\_\_\_] (the "Agreement"), pursuant to which the Buyer will purchase from the City, and the City will sell to the Buyer, the Systems as defined in the Agreement;

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

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

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

Section 1. APPOINTMENT AND AGREEMENT OF ESCROW AGENT. The Buyer and the City 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 City 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 City, the Escrow Agent shall pay in full to the City in immediately available funds all such amounts in the Escrow Fund. The Buyer and City 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 City's Representative. If within ten (10) Business Days after delivery of such notice, the Escrow Agent has not received a written objection from the City or the City'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 City 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 City 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 or if for any other reason the Escrow Agent in good faith shall elect not to make such payment, 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 City'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 of America 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 City's Representative, pay from the Escrow Fund, as instructed, to the City 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 City, 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 City'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 Buyer and the City acknowledge that Escrow Agent is acting solely as a stakeholder at the request of, and as an accommodation to, the parties to this Agreement. Escrow Agent shall not be deemed to be the agent of the City or the Buyer and shall not be liable to either of the parties hereto for any act or omission hereunder or any matter or thing arising out of its conduct hereunder, except for Escrow Agent's willful disregard of this Agreement or gross negligence. The Escrow Agent may consult with counsel of its own choice (including any member of its firm) 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 City and the Buyer.

(G) The Buyer and the City 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 City's Representative and the Buyer. The City 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 City'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 City'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 City's Representative and the Buyer, or termination of this Escrow Agreement in accordance with its terms.

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

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

(K) Escrow Agent shall not be bound in any way by any contract or understanding between the parties hereto other than this Agreement, whether or not Escrow Agent has knowledge thereof or consents thereto unless Escrow Agent consents to being so bound in writing.

(L) Escrow Agent shall not be liable for any action taken or omitted by Escrow Agent in good faith and reasonably believed by Escrow Agent to be authorized or within its rights or powers conferred upon it by this Agreement, except for damage caused by the gross negligence or willful misconduct of Escrow Agent.

(M) Escrow Agent shall not have any liability or obligation for loss of all or any portion of the Escrow Amount by reason of the insolvency or failure of the Escrow depository, or any other occurrence or circumstance affecting the Escrow depository.

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 City and the Buyer that the Escrow Agreement is terminated, including instruction to the Escrow Agent on the disbursement of the Escrow Fund.

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

If to the Buyer:



[ \_\_\_\_\_ ]

With a copy to:

[ \_\_\_\_\_ ]

If to the City:

City Clerk  
City of Salem

\_\_\_\_\_  
\_\_\_\_\_

Copy to:

Andrea Rhea, Esq.

\_\_\_\_\_  
\_\_\_\_\_

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 City, 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 City, 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. CITY'S REPRESENTATIVE. The City hereby appoints its City Administrator as its representative (the "City's Representative") and agrees that such appointment give the City's Representative full legal power and authority to take any action or decline to take any action on behalf of the City.

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.

CITY OF SALEM

\_\_\_\_\_

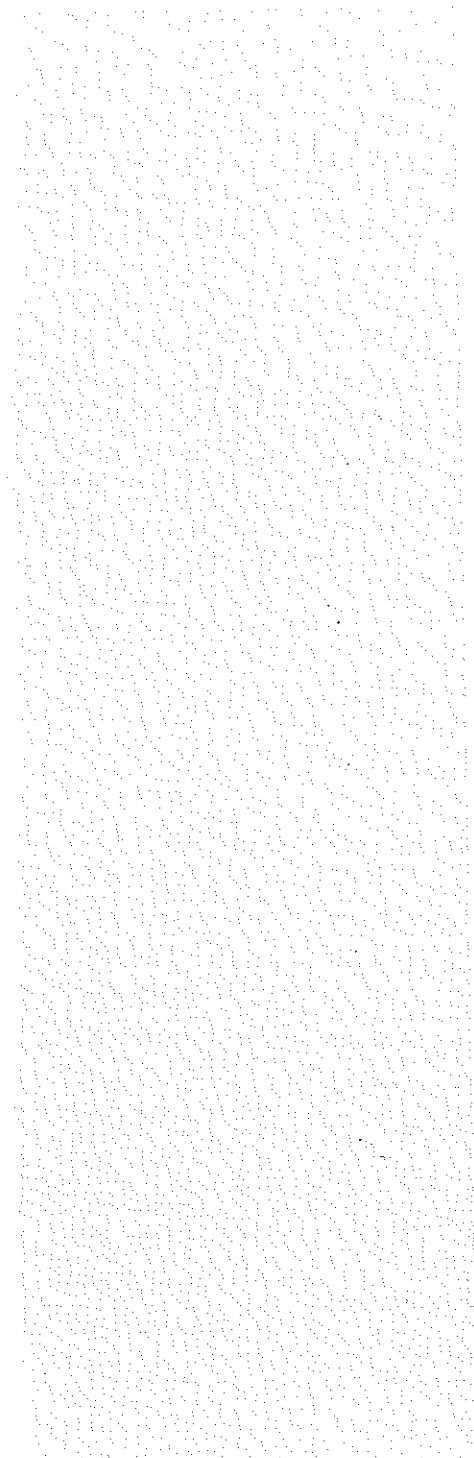
By: \_\_\_\_\_  
Name  
Title:

By: \_\_\_\_\_  
Name  
Title:

ESCROW AGENT

\_\_\_\_\_

By: \_\_\_\_\_  
Name  
Title:



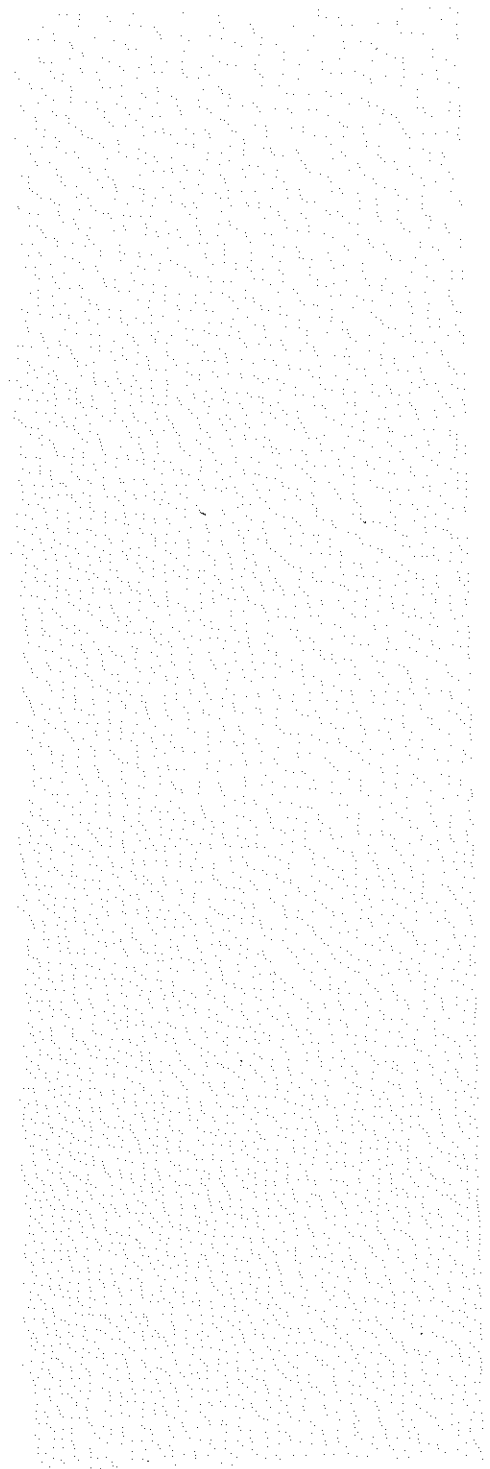
**EXHIBIT J**

**CUSTOMER SERVICE STANDARDS AND  
CUSTOMER SERVICE PLAN**

1. The Buyer shall maintain the Systems laterals from mains to curb line of property and shall undertake all necessary capital improvements, maintenance, repairs, and replacement to the Systems 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 Systems.
3. The Buyer shall operate the Systems 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 shall provide a 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 Systems.
5. The Buyer shall implement a plan of action protocol for emergency events which shall include notices to the City 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 Systems can report emergencies.
6. The Buyer shall abide by New Jersey regulations in providing safe and reliable service.
7. Comply with all commitments set forth in Section [ ] of its bid in response to the City's RFB.

**EXHIBIT K**

**RESERVED**



**EXHIBIT L**

**REQUIRED CAPITAL IMPROVEMENTS AND SCHEDULE**

1. Completion of PFNA project

**APPENDIX F:  
Bid Forms**



**BID FORM 5**

**ACKNOWLEDGEMENT OF RECEIPT OF ADDENDA OR REVISIONS (IF ANY)**

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

<u>Addendum No.</u>	<u>Date Received</u>	<u>Addendum No.</u>	<u>Date Received</u>
Addendum 1	05/16/2023	_____	_____
Addendum 2	05/31/2023	_____	_____
Addendum 3	06/08/2023	_____	_____
_____	_____	_____	_____

\*Initial here if no addenda have been received. \_\_\_\_\_

New Jersey-American Water Company, Inc.

Name of Bidder



Signature

President

Title

**OWNERSHIP DISCLOSURE FORM**

STATE OF NEW JERSEY :  
:SS.  
COUNTY OF CAMDEN :

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

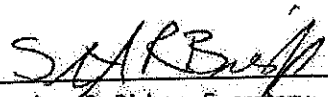
1. I am the Secretary of New Jersey-American Water Company, Inc. (the "Company"), a New Jersey public utility corporation, having its principal offices at 1 Water Street, Camden, New Jersey 08102.
2. I am authorized on behalf of the Company to submit this Affidavit regarding any holders of a 10% or more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

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

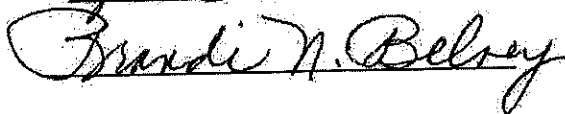
4. American Water Works Company, Inc. is publicly traded on the New York Stock Exchange.
5. The name and address of the registered agent of the Company is:

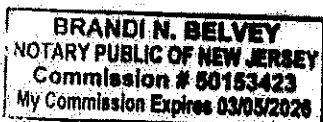
National Registered Agents, Inc. of New Jersey/  
111 Eighth Avenue, 13<sup>th</sup> Fl.  
New York, New York 10011

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

  
\_\_\_\_\_  
Stephen R. Bishop, Secretary

Sworn to and subscribed  
before me this 14 day  
of June, 2023







**Prohibited Russia-Belarus Activities & Iran Investment Activities**

<b>Person or Entity</b>	New Jersey-American Water Company, Inc.
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**Part 1: Certification**

**COMPLETE PART 1 BY CHECKING ONE OF THE THREE BOXES BELOW**

Pursuant to law, any person or entity that is a successful bidder or proposer, or otherwise proposes to enter into or renew a contract, for goods or services must complete the certification below prior to contract award to attest, under penalty of perjury, that neither the person or entity, nor any parent entity, subsidiary, or affiliate, is identified on the Department of Treasury's Russia-Belarus list or Chapter 25 list as a person or entity engaging in prohibited activities in Russia, Belarus or Iran. Before a contract for goods or services can be amended or extended, a person or entity must certify that neither the person or entity, nor any parent entity, subsidiary, or affiliate, is identified on the Department of Treasury's Russia-Belarus list. Both lists are found on Treasury's website at the following web addresses:

<https://www.nj.gov/treasury/administration/pdf/RussiaBelarusEntityList.pdf>  
[www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf](http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf).

As applicable to the type of contract, the above-referenced lists must be reviewed prior to completing the below certification.

A person or entity unable to make the certification must provide a detailed, accurate, and precise description of the activities of the person or entity, or of a parent entity, subsidiary, or affiliate, engaging in prohibited activities in Russia or Belarus and/or investment activities in Iran. The person or entity must cease engaging in any prohibited activities and provide an updated certification before the contract can be entered into.

If a vendor or contractor is found to be in violation of law, action may be taken as appropriate and as may be provided by law, rule, or contract, including but not limited to imposing sanctions, seeking compliance, recovering damages, declaring the party in default, and seeking debarment or suspension of the party.

**CONTRACT AWARDS AND RENEWALS**



*I certify, pursuant to law, that neither the person or entity listed above, nor any parent entity, subsidiary, or affiliate appears on the N.J. Department of Treasury's lists of entities engaged in prohibited activities in Russia or Belarus pursuant to P.L. 2022, c. 3 or in investment activities in Iran pursuant to P.L. 2012, c. 25 ("Chapter 25 List"). I further certify that I am the person listed above, or I am an officer or representative of the entity listed above and am authorized to make this certification on its behalf. (Skip Part 2 and sign and complete the Certification below.)*

**CONTRACT AMENDMENTS AND EXTENSIONS**



*I certify, pursuant to law, that neither the person or entity listed above, nor any parent entity, subsidiary, or affiliate is listed on the N.J. Department of the Treasury's lists of entities determined to be engaged in prohibited activities in Russia or Belarus pursuant to P.L. 2022, c. 3. I further certify that I am the person listed above, or I am an officer or representative of the entity listed above and am authorized to make this certification on its behalf. (Skip Part 2 and sign and complete the Certification below.)*

**IF UNABLE TO CERTIFY**



*I am unable to certify as above because the person or entity and/or a parent entity, subsidiary, or affiliate is listed on the Department's Russia-Belarus list and/or Chapter 25 Iran list. I will provide a detailed, accurate, and precise description of the activities as directed in Part 2 below, and sign and complete the Certification below. Failure to provide such will prevent the award of the contract to the person or entity, and appropriate penalties, fines, and/or sanctions will be assessed as provided by law.*

**Part 2: Additional Information**

**PLEASE PROVIDE FURTHER INFORMATION RELATED TO PROHIBITED ACTIVITIES IN RUSSIA OR BELARUS AND/OR INVESTMENT ACTIVITIES IN IRAN.**

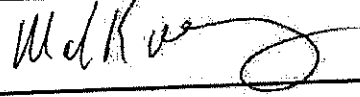
You must provide a detailed, accurate, and precise description of the activities of the person or entity, or of a parent entity, subsidiary, or affiliate, engaging in prohibited activities in Russia or Belarus and/or investment activities in Iran in the space below and, if needed, on additional sheets provided by you.

**Part 3: Certification of True and Complete Information**

*I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments there, to the best of my knowledge, are true and complete. I attest that I am authorized to execute this certification on behalf of the above-referenced person or entity.*

*I acknowledge that the City of Salem is relying on the information contained herein and hereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with the City of Salem to notify the City of Salem in writing of any changes to the answers of information contained herein.*

*I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification. If I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the City of Salem and that the City of Salem at its option may declare any contract(s) resulting from this certification void and unenforceable.*

<b>Full Name (Print)</b>	Mark K. McDonough	<b>Title</b>	President
<b>Signature</b>		<b>Date</b>	6/14/23



## STATE OF NEW JERSEY BUSINESS REGISTRATION CERTIFICATE

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

**Trade Name:**

**Address:** 1 WATER STREET  
CAMDEN, NJ 08102

**Certificate Number:** 0062743

**Effective Date:** August 24, 1915

**Date of Issuance:** March 01, 2023

**For Office Use Only:**

20230301094509557



**BID CHECKLIST**

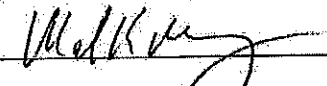
Owner's CHECKMARKS

Items Submitted with Bid  
Bidder's INITIALS

- ↓
- A. FAILURE TO SUBMIT ANY OF THESE ITEMS WITH THE BID IS MANDATORY CAUSE FOR REJECTION**
- ↓
- Letter of Qualification –Bid Form 1 Me
  - Bid Bond or certified/cashier's check - Bid Form 2 Me
  - Purchase Price –Bid Form 3 Me
  - Letter of Intent –Bid Form 4 Me
  - Acknowledgment of Receipt of Addenda (if any) – Bid Form 5 Me
  - Statement of Ownership –Bid Form 6 Me
  - Non-Collusion Affidavit –Bid Form 7 Me
  - Prohibited Russia-Belarus Activities & Iran Investment Activities –Bid Form 8 Me

- B. ITEMS PREFERRED AT TIME OF BID, BUT MANDATORY AT THE TIME INDICATED**
- New Jersey Business Registration Certificate (Prior to Contract Award) Me

PRINT NAME OF BIDDER: Mark McDonough

SIGNED BY: 

PRINT NAME AND TITLE: Mark McDonough, President

DATE: 6/14/23

**COMPLETE AND SUBMIT THIS CHECKLIST WITH THE BID**