

BID

Copy # 1

**FOR THE PURCHASE OF THE TOWNSHIP'S
WASTEWATER UTILITY SYSTEM**

PRESENTED TO
Township
Of
Long Hill, New Jersey



June 14, 2017

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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** ⇓

<u>X</u>	Letter of Qualification –Bid Form 1	<u>RGM</u>
<u>X</u>	Bid Bond or certified/cashier's check - Bid Form 2	<u>RGM</u>
<u>X</u>	Purchase Price –Bid Form 3	<u>RGM</u>
<u>X</u>	Letter of Intent –Bid Form 4	<u>RGM</u>
<u>X</u>	Acknowledgment of Receipt of Addenda (if any) – Bid Form 5	<u>RGM</u>
<u>X</u>	Statement of Ownership –Bid Form 6	<u>RGM</u>
<u>X</u>	Non-Collusion Affidavit –Bid Form 7	<u>RGM</u>

**B. ITEMS PREFERRED AT TIME OF BID, BUT MANDATORY AT
THE TIME INDICATED**

X New Jersey Business Registration Certificate (Prior to Contract Award) RGM

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

SIGNED BY: 

PRINT NAME AND TITLE: Robert G. MacLean, President

DATE: June 9, 2017

COMPLETE AND SUBMIT THIS CHECKLIST WITH THE BID

2. Executive Summary

New Jersey American Water is pleased to submit this Bid setting forth our desire to acquire the Wastewater System assets of the Township of Long Hill as described in the May 3, 2017 Request for Bids. We appreciate the consideration and hope that you will find the information presented herein sufficient to entrust New Jersey American Water with the opportunity to serve the Township's wastewater customers for generations to come.

New Jersey American Water has relevant experience in successfully acquiring systems similar to the Township's, having just recently completed the acquisition of the Borough of Haddonfield's (Camden County, NJ) water and wastewater systems in 2015. In a November 2014 referendum on the sale, the electorate in Haddonfield voted overwhelmingly to support the Borough's decision to sell to New Jersey American Water. Our acquisition of the Environmental Disposal Corporation's (Somerset County, NJ) wastewater collection and treatment system in 2016 is another example of a successful acquisition requiring multiple layers of approvals and a successful transition and integration for customers.

We are committed to providing the Township's residents with a smooth and seamless transition should you entrust us with the system. As the Township's current water provider, your residents already know and trust us to provide clean, potable drinking water to their taps on a daily basis. We look forward to enhancing our relationship with Township's residents by adding our expertise in the provision of wastewater collection and treatment to the services we already provide.

New Jersey American Water is continuously searching for qualified individuals with appropriate licensing and experience to support our water and wastewater operations across the business, particularly when acquiring municipal systems. In accordance with Section 3.3 of the Township's bid documents, New Jersey American Water will agree to interview for employment the Township's four (4) existing Wastewater System employees.

New Jersey American Water is very familiar with the process of obtaining approval from the Board of Public Utilities of municipal consents. In fact, New Jersey American Water accomplished this task seven (7) times in the last five (5) years. In addition, New Jersey American Water is intimately familiar with the Board of Public Utilities' process of approving municipal system sales. Thus, New Jersey American Water is confident in our ability to acquire the approvals necessary to successfully close this transaction.

We look forward to the opportunity of working with you on the November referendum and a transition and integration plan for 2018.



1025 Laurel Oak Road
Voorhees, NJ 08043
P 856-782-2328

**BID FORM 1
LETTER OF QUALIFICATION**

June 9, 2017

Dear Municipal Clerk:

The undersigned has reviewed our Bid submitted in response to the Request for Bid (RFB) issued by Township of Long Hill ("the Township "), in connection with the sale of the Township's Wastewater System.

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



Robert G. MacLean, President
New Jersey-American Water Company, Inc.

June 9, 2017

Dated

BID FORM 2

BID BOND

Bond No.: 36623-TRA-17-03

KNOW ALL MEN BY THESE PRESENT, that we New Jersey American Water Company, as Principal (hereinafter the "Bidder") and Travelers Casualty and Surety Company of America, a Connecticut Corporation, duly organized under the laws of the State of New Jersey, as Surety, are held and firmly bound unto the Township of Long Hill (the "Township"), as Obligee, in the sum of Twenty Thousand Dollars (\$20,000) lawful money of the United States of America to be paid to the Township, 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 Township a Bid to enter into an Agreement of Sale to purchase the Township's Wastewater System as described in the Request for Bids, dated June 14, 2017 (the "RFB"), issued by the Township 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 Township, then the Bidder will in good faith enter into a final Agreement of Sale in writing and give bond with surety acceptable to the Township for the purchase of the Township's Wastewater System within the time specified in the RFB, or any extension thereof agreed to in writing by the Township. Surety hereby agrees that if the Bidder shall fail to do so, Surety will pay to the Township, 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 Township, 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 Township and the Bidder, then after written notice by the Township of such non-acceptance, this Bond may be terminated by the Surety or Bidder upon written notice to each other and to the Township 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 24th day of May, 2017.

SURETY

Travelers Casualty and Surety Company of America
Name

Terry Ann Gonzales-Selman
Name of Authorized Signatory


Signature

Attorney-in-Fact
Title

BIDDER

New Jersey American Water Company
Name


Name of Designated Signatory *SIGNATURE*

ROBERT G. MACLEAN
Signature *NAME of SIGNATORY*

PRESIDENT
Title

TRAVELERS

POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No.

230827

Certificate No. 007098391

KNOW ALL MEN BY THESE PRESENTS: That Farmington Casualty Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company are corporations duly organized under the laws of the State of Connecticut, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Francesca Papa, Theresa Giraldo, Terry Ann Gonzales-Selman, James Holland, Migdalia Otero, Vincent T. Moy, William G. Morrissey, Mariya Leonidov, and Annette Leuschner

of the City of New York, State of New York, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, 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 16th day of January, 2017.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

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

On this the 16th day of January, 2017, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations 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, 2021.



Marie C. Tetreault
Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, 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 Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 24th day of May, 2017.


Kevin E. Hughes, Assistant Secretary



To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at www.travelersbond.com. Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.

ACKNOWLEDGEMENT OF ANNEXED INSTRUMENT

STATE OF NEW YORK

COUNTY OF NEW YORK

On May 24, 2017 before me, the undersigned, a Notary Public in and for said county, personally Appeared TERRY ANN GONZALES- SELMAN who is to me well known, who being duly sworn, did depose and say that he resides in New York, NY that he is Attorney-in-Fact of Travelers Casualty and Surety Company of America a corporation, the corporation described in and who executed the within instrument as surety. That he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was thereto affixed by order to the Board of Directors of said corporation, and that he signed his name thereto by like order.

Migdalía Otero

MIGDALIA OTERO Notary Public, State of New York No. 010T6316321 Qualified in Kings County Commission Expires December 8, 2018

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

HARTFORD, CONNECTICUT 06183

FINANCIAL STATEMENT AS OF DECEMBER 31, 2015

CAPITAL STOCK \$ 6,480,000

ASSETS		LIABILITIES & SURPLUS	
CASH AND INVESTED CASH	\$ 54,550,881	UNEARNED PREMIUMS	\$ 862,833,464
BONDS	3,500,572,638	LOSSES	735,725,171
STOCKS	245,901,111	LOSS ADJUSTMENT EXPENSES	278,900,106
INVESTMENT INCOME DUE AND ACCRUED	43,905,720	COMMISSIONS	35,388,814
OTHER INVESTED ASSETS	3,580,976	TAXES, LICENSES AND FEES	11,351,717
PREMIUM BALANCES	200,990,813	OTHER EXPENSES	39,486,867
NET DEFERRED TAX ASSET	65,751,196	CURRENT FEDERAL AND FOREIGN INCOME TAXES	15,158,826
REINSURANCE RECOVERABLE	22,532,968	REMITTANCES AND ITEMS NOT ALLOCATED	4,995,722
SECURITIES LENDING REINVESTED COLLATERAL ASSETS	11,772,178	AMOUNTS WITHHELD / RETAINED BY COMPANY FOR OTHERS	33,959,553
RECEIVABLES FROM PARENT, SUBSIDIARIES AND AFFILIATES	29,659,492	RETROACTIVE REINSURANCE RESERVE ASSUMED	898,144
OTHER ASSETS	5,685,667	POLICYHOLDER DIVIDENDS	9,080,181
		PROVISION FOR REINSURANCE	3,834,904
		ADVANCE PREMIUM	1,572,635
		PAYABLE FOR SECURITIES	8,000,000
		PAYABLE FOR SECURITIES LENDING	11,772,178
		CEDED REINSURANCE NET PREMIUMS PAYABLE	26,038,328
		ESCHEAT LIABILITY	664,927
		OTHER ACCRUED EXPENSES AND LIABILITIES	1,858,850
		TOTAL LIABILITIES	\$ 2,081,307,981
		CAPITAL STOCK	\$ 6,480,000
		PAID IN SURPLUS	433,803,780
		OTHER SURPLUS	1,863,312,028
		TOTAL SURPLUS TO POLICYHOLDERS	\$ 2,103,595,788
TOTAL ASSETS	\$ 4,184,903,769	TOTAL LIABILITIES & SURPLUS	\$ 4,184,903,769

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

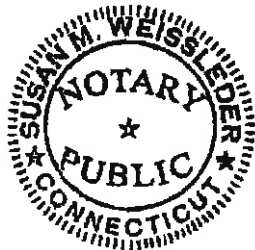
MICHAEL J. DOODY, BEING DULY SWORN, SAYS THAT HE IS SECOND VICE PRESIDENT, OF TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, AND THAT TO THE BEST OF HIS KNOWLEDGE AND BELIEF, THE FOREGOING IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL CONDITION OF SAID COMPANY AS OF THE 31ST DAY OF DECEMBER, 2015.

Michael J. Doody
SECOND VICE PRESIDENT

SUBSCRIBED AND SWORN TO BEFORE ME THIS
18TH DAY OF MARCH, 2016

Susan M. Weissleder
NOTARY PUBLIC

SUSAN M. WEISSLEDER
Notary Public
My Commission Expires November 30, 2017





1025 Laurel Oak Road
Voorhees, NJ 08043
P 856-782-2328

June 9, 2017

Dear Municipal Clerk:

The undersigned, as Bidder, has submitted the attached Bid in response to a Request for Bid (RFB), issued by the Township of Long Hill ("the Township"), for the Sale of the Township's Wastewater 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 Township's procurement 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 Township
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. acknowledge and agrees that the Township may modify, amend, suspend and/or terminate the procurement process (in its sole judgment). In any case, the Township 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.

Robert G. MacLean, President
New Jersey-American Water Company, Inc.

June 9, 2017

Dated

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>
<u>#1</u>	<u>May 30, 2017</u>	<u> </u>	<u> </u>
<u>#2</u>	<u>June 5, 2017</u>	<u> </u>	<u> </u>
<u>#2 -REVISED</u>	<u>June 5, 2017</u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>

New Jersey-American Water Company, Inc.

Name of Bidder



Signature

Robert G. MacLean, President

Title

OWNERSHIP DISCLOSURE AFFIDAVIT

STATE OF NEW JERSEY

COUNTY OF CAMDEN

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

1. I am the Assistant Secretary of New Jersey-American Water Company, Inc. (the "Company"), a New Jersey public utility corporation, having its principal offices at 1025 Laurel Oak Road, Voorhees, New Jersey, 08043.
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.
1025 Laurel Oak Road
Voorhees, NJ 08043

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

National Registered Agents, Inc. of NJ
100 Canal Pointe Blvd.
Suite 108
Princeton, NJ 08540

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

Sworn to and subscribed
before me this 16 day
of June, 2017



MELISSA A. SPITZNER
NOTARY PUBLIC
STATE OF NEW JERSEY
MY COMMISSION EXPIRES JAN. 21, 2020

2/9/2020

BID FORM 7

NON-COLLUSION AFFIDAVIT

Township of Long Hill

Request for Bids – Sale Wastewater System

STATE OF New Jersey)
) ss:
COUNTY OF Burlington)

I, Robert G MacLean of the Township of Moorestown in the County of Burlington and the State of New Jersey of full age, being duly sworn according to law on my oath depose and say that:

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

I further warrant that no person or selling agency has been employed or retained to solicit or secure such contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except bona fide employees or prospective employees or bona fide established commercial or selling agencies maintained by New Jersey-American Water Company, Inc. for the purpose of securing business.
(N.J.S.A. 52:34-15)



Robert G. MacLean
President

Subscribed and sworn to



Albert D. Marino
before me this 9th day of June, 2017
Notary Public of State of New Jersey
My commission expires September 30, 2019





STATE OF NEW JERSEY BUSINESS REGISTRATION CERTIFICATE

Taxpayer Name: NEW JERSEY-AMERICAN WATER COMPANY, INC.
Trade Name:
Address: 131 WOODCREST RD
CHERRY HILL, NJ 08003-3620
Certificate Number: 0062743
Effective Date: August 24, 1915
Date of Issuance: May 18, 2017

For Office Use Only:
20170518105738330

10. Qualifications and Experience of Bidder

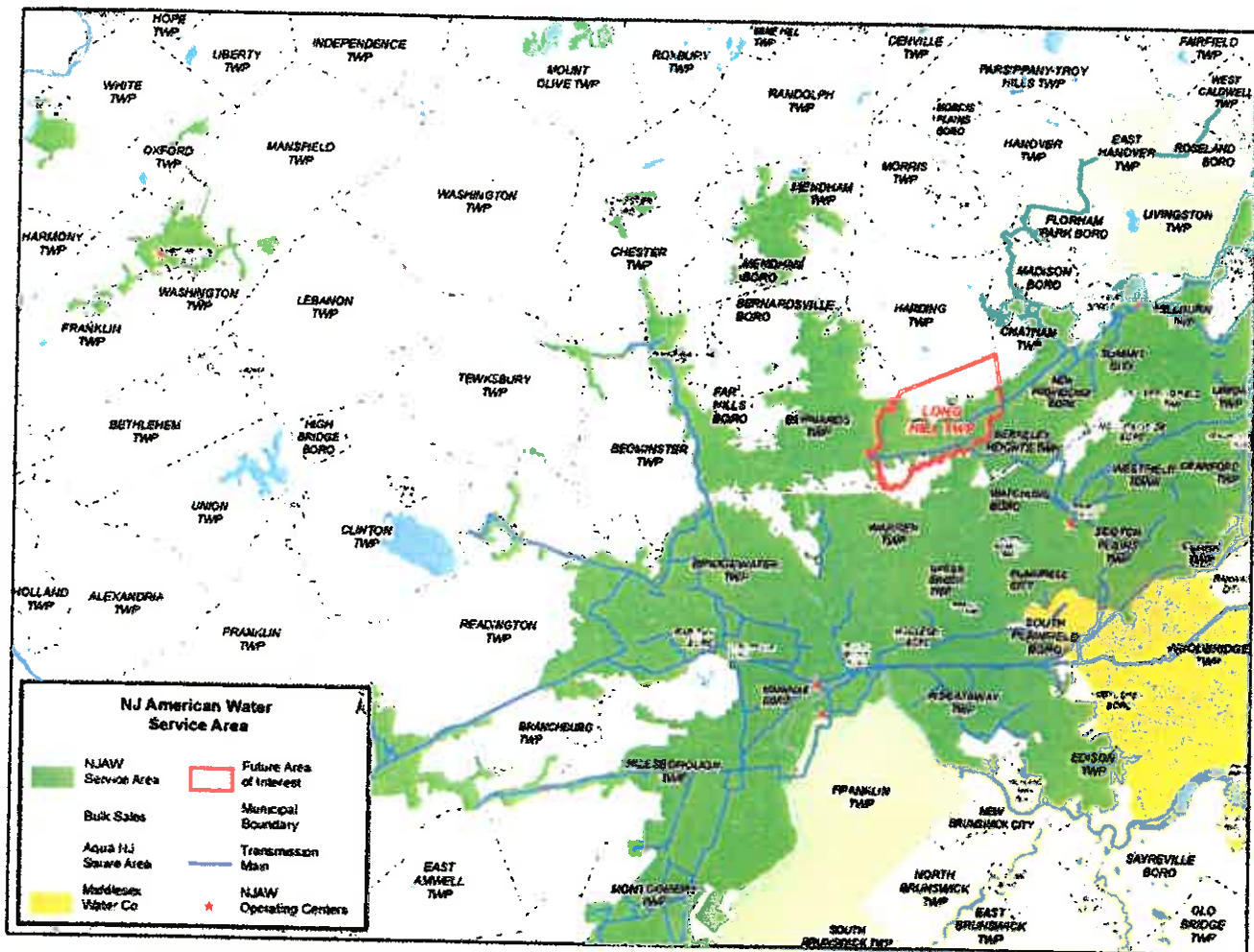
New Jersey American Water has relevant experience in successfully acquiring systems similar to the Township's, having just recently completed the acquisition of the Borough of Haddonfield's (Camden County, NJ) water and wastewater systems in 2015. In a November 2014 referendum on the sale, the electorate in Haddonfield voted overwhelmingly to support the Borough's decision to sell to New Jersey American Water. Our acquisition of the Environmental Disposal Corporation's (Somerset County, NJ) wastewater collection and treatment system in 2016 is another example of a successful acquisition requiring multiple layers of approvals and a successful transition and integration for customers.

Serving more than one out of every three people in the state, New Jersey American Water has been providing high-quality, reliable water and wastewater service to customers across New Jersey for more than a century. New Jersey American Water is the largest water services company in the state, serving approximately 2.7 million people in 191 communities in 18 counties. More than 800 New Jersey American Water employees, including water quality specialists, distribution and field service personnel, plant operators, meter readers and engineers, carry out the company's foremost responsibility of providing high-quality, reliable water and wastewater service to our customers around the clock. Our team of experts continuously monitor, maintain and upgrade our facilities to ensure that they operate efficiently and meet all regulatory standards.

New Jersey American Water is a wastewater solutions provider that delivers valuable, cost-efficient and environmentally sound solutions for municipalities and organizations requiring a partner with experience, resources and proven expertise. We currently own and/or operate 26 wastewater systems with 20 wastewater treatment plants, 36 lift stations and more than 20 miles of collection pipe. All our operations have achieved full compliance with federal and state wastewater environmental regulations.

New Jersey American Water invests approximately \$350 million annually – nearly \$1 million a day – to make improvements to our infrastructure across the state. In 2016, our capital investments included more than \$16 million in wastewater mains, treatment plants, lift stations, etc... With 650,000 customer accounts serving 2.7 million people statewide, New Jersey American Water has a large customer base over which to spread investments into our systems. Our significant expertise in managing and operating water and wastewater systems, with great economies of scale, provides much greater levels of efficiency and lower costs for purchasing, engineering and construction.

BID FOR THE ACQUISITION OF THE LONG HILL, NJ WASTEWATER SYSTEM



The following are some 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, NJ. 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 commenced and the balance will be included in our capital plan according to their priority.

Lakewood Township

This sewer collection system is located in the western part of Lakewood Township and serves approximately 11,000 accounts with a population of approximately 40,000. It is a rapidly developing area in Ocean County with new construction continuing in all directions from the core of the sewerage system. Wastewater is collected within five basins and then disposed of via five trunk lines to the 66-inch diameter interceptor sewer of the Ocean County



Utilities Authority. The Lakewood system is comprised of approximately 95 miles of gravity sewer mains, 14 lift stations and 2,700 manholes. The oldest parts of the system date back to 1890.

Adelphia Wastewater Collection System

This sewer collection system is located in Howell Township and is operated and maintained by our Lakewood management team. The system serves approximately 4,100 accounts with a population of approximately 7,900. Wastewater is collected and then disposed of via the Howell Township wastewater system and to the Ocean County Utilities Authority for treatment. The Lakewood system is comprised of approximately 27 miles of gravity sewer mains, 2 lift stations and 565 manholes.

New Jersey American Water "Statewide Wastewater Operation"

In addition to the municipal systems above, New Jersey American Water owns and operates an additional 21 wastewater systems in what is known as our "Statewide Wastewater Operation." This Operation is managed by Michael Roberti, a 37+ year veteran of American Water who holds T-4 & W-3 Licenses with the New Jersey Department of Environmental Protection.

These systems serve more than 10,000 customer connections via 91 miles of sewer main,

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2,500 manholes and 20 wastewater treatment plants that treat and discharge a combined 3.6 million gallons per day. More than 2/3rds of that is discharged to a surface water body, similar to the way the Township discharges its treated effluent.

The largest system within our Statewide Wastewater Operation is the Environmental Disposal Corporation ("EDC") system in Somerset County, NJ., approximately 10 miles from the Township. This system provides wastewater collection and treatment for the residents of the Hills Development, a planned community serving 5,300 homes in 29 distinct developments with a contiguous collection system



located in Bedminster and Bernards Townships. In addition, the wastewater treatment plant provides bulk-wastewater treatment for 3 municipalities (Bedminster, Far Hills and Peapack-Gladstone). Placed in service in 1984, the EDC wastewater treatment plant has a design capacity of 2.1 MGD and today has a combined average flow of 1.4 MGD. The EDC collection system is comprised of approximately 35 miles of mains and 1,075 manholes.

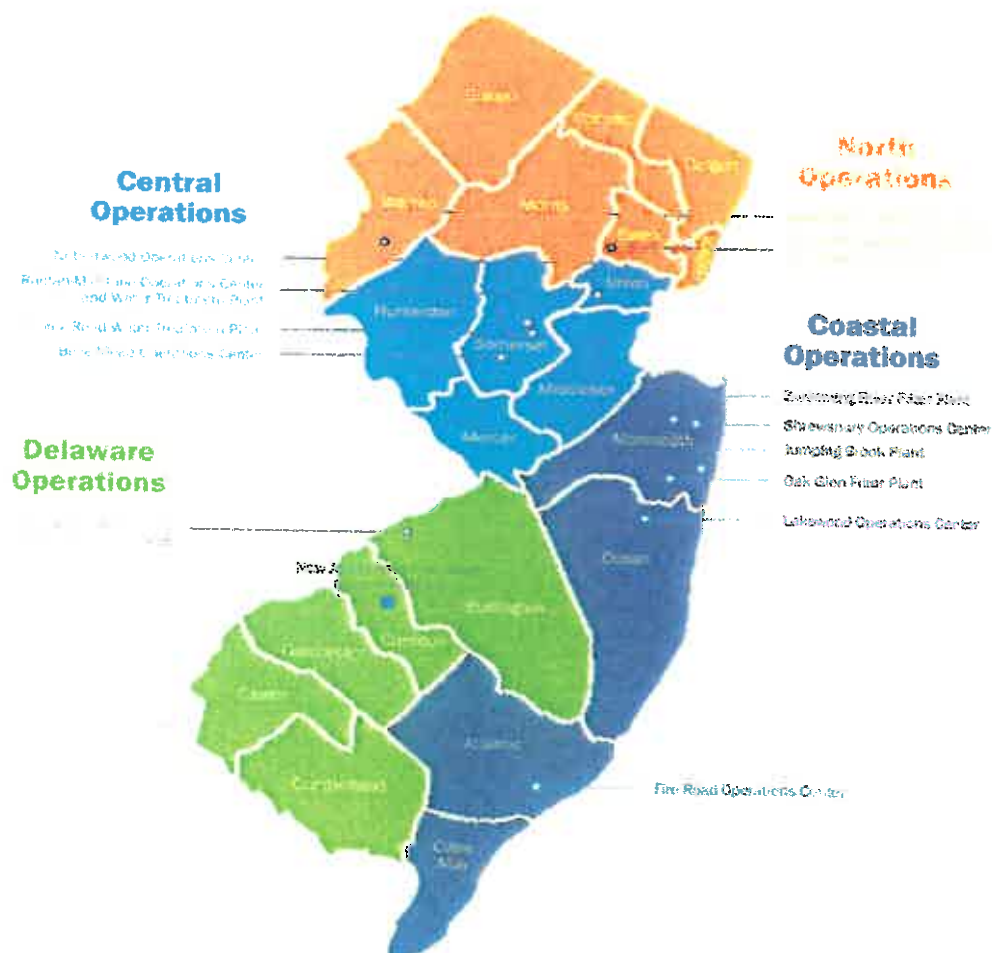
Much of the day-to-day operations of New Jersey American Water's Statewide Wastewater Operation is contracted to Natural Systems Utilities ("NSU"), a national leader in water reclamation and reuse innovation. With more than 30 years of experience and leadership in the water resources management field, NSU nicely complements American Water's staff in maintaining a high level of excellence in our wastewater operations.

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

A subsidiary of New Jersey American Water entered into a 40-year contract with Elizabeth in the mid-1990s for the operation and maintenance of the municipal water system. Four years later, a separate 20-year O&M contract for the City's wastewater system was signed. The wastewater system was nearly 150 years old and was experiencing many collapses due to aging clay pipe and brick manholes eroded by roadway salt. The company is responsible for the system's 190 miles of combined sewer mains with diameters from 8 to 72 inches, three sanitary sewer pump stations, six stormwater pump stations, 36 combined sewer outfalls with bar screens and over 75 netting facilities, inspection and cleaning of 3,248 catch basins every year, and the cleaning of the entire sewer system every five years. New Jersey American Water recently invested \$3 million to rehabilitate the brick sewer system, and to date has spent more than \$800,000 toward this effort.

11. QUALIFICATIONS AND EXPERIENCE OF KEY PERSONNEL

New Jersey American Water conducts its Operations in four major service areas throughout the state of New Jersey. The Long Hill Township water system is managed from New Jersey American Water's Short Hills Operations Center located in Millburn, NJ. The Short Hills Operations Center is comprised of 90 employees who work to assure reliable delivery of more than 40 million gallons of water through a network of 1,233 miles of water mains to serve more than 90,000 customer connections in the Northern Operating Area. New Jersey American Water would integrate the Long Hill wastewater operation into our Northern Operating Area. Enclosed herein are bios for some of the key personnel that will be involved in the operation of the Township's wastewater system.



**New Jersey American Water
Operating Locations**

Thomas G. Shroba, Sr. Director of Operations for New Jersey American Water.

Mr. Shroba is responsible for the operation and maintenance of the transmission and distribution infrastructure, production facilities, meters, new construction, financial results, safety and customer relations within the North Operations of New Jersey American Water.

Mr. Shroba joined American Water in 1988 as an Engineering Technician. In this role he was responsible for the inspection of the construction of transmission mains, tanks, and booster stations. In 1995 he accepted a position in System Development facilitating the expansion of the water system with developers and engineers. He joined the operations group as a Transmission and Distribution Supervisor in 1997. Between 1997 and 2009 he held progressively responsible positions in the operations group such as Assistant Superintendent, Superintendent, and Field Operations Manager.

Mr. Shroba holds a bachelor of science in Civil Engineering from New Jersey Institute of Technology. He is a licensed professional engineer and holds a W-2 and T-2 license from the NJDEP.

Key Personnel	Licenses	Years of Experience
Thomas Shroba, P.E.	T-2 / W-2	29
Michael Roberti	T-4 / W-3	37
Anthony Matarazzo	T / W / N	26
Stacey Spangler	T-2 / N -2	20
Nick Pinto	T-2 / W-3	35

Michael Roberti, Production Manager – Statewide Wastewater Operations

Mr. Roberti oversees 20 wastewater systems in 4 sewer districts, geography spread across 9 counties in New Jersey that include both collection and treatment, including the recent Environmental Disposal Corporation acquisition in Somerset County.

Mr. Roberti joined New Jersey American Water in 1980 and has an extensive background in water quality, safety and risk management, production, project management, business performance and wastewater collection and treatment. Michael spent the first 30 years on the water side of the business in both staff and operations positions. For the last 7 years, Mike has managed and helped grow our wastewater business managing all wastewater treatment operations, now totaling 3.61 MGD permitted treatment capacity with more than 10,000 residential and commercial sewer customers.

Mr. Roberti is a graduate of Stockton University with a B.S. in Environmental Science, holds T-4 and W-3 NJDEP licenses in New Jersey and is an active member of the American Water Works Association and the Water Environment Federation.

Stacey Spangler, Operations Supervisor I – Statewide Wastewater Operations

Stacey L. Spangler is the Operations Supervisor I for the Statewide Wastewater Operations in New Jersey, where she oversees the wastewater collection and treatment for 20 wastewater systems, including the newly acquired Environmental Disposal Corp. In

addition, she provides technical resources to the American Water Wastewater Center of Expertise (WWCOE) group.

Stacey has over 18 years of experience in the water industry in both the public and private sectors. In 1999, she began her water career with American Water's Research Department at the Central Laboratory in Belleville, IL under Dr. Mark LeChevallier's leadership. Transferring to New Jersey American Water, she gained experience in the Water Quality Department for the Coastal Operations and Southwest Operations. In 2004, Stacey accepted a Sr. Research Analyst position with American Water at the Delaware River Regional WTP. In this role, she managed the Research Laboratory and American Water Works Association Research Foundation (AwwaRF) projects.

After 7 years with AW/NJAW, Stacey relocated to California, where she spent 8 years with the Encina Wastewater Authority (EWA) in Carlsbad, CA as an Industrial Waste Control Inspector. EWA, a 40 MGD plant, serves over 400,000 residents and regulates approximately 600 businesses in a 125 square mile service area of Northwest San Diego County.

In 2014, she rejoined New Jersey American Water as an Environmental Compliance Specialist for the North Operations, providing administrative oversight for environmental compliance for (11) drinking water and (8) wastewater facilities. In this role, she was responsible for coordinating the implementation of the environmental management programs related to compliance with federal, state and local environmental permitting, and planning and coordinating activities related to the corporate environmental stewardship program.

Stacey graduated magna cum laude from Murray State University with a Bachelor of Science Degree. She holds T2 Water Treatment and N2 Industrial licenses in New Jersey, as well as, a T2 Water Treatment license in California. Stacey also maintains a California Water Environment Association (CWEA) Environmental Compliance Inspector license and is a certified occupational safety specialist.

Anthony Matarazzo, Sr. Director Water Quality and Environmental Manager for New Jersey American Water. Mr. Matarazzo oversees Drinking Water and Wastewater Compliance, Laboratory Services, as well as Environmental Permitting and Planning for New Jersey American Water, which includes 36 regulated and non-regulated drinking water and 22 wastewater operations throughout the State.

His current responsibilities include the development and management of programs to assure compliance with federal, state, and local environmental and drinking water regulations for all NJA water production and distribution operations, which serve over 2 million residents.

Mr. Matarazzo has been employed by the American Water Company for 11 years and the former Elizabethtown Water Company for 15 years for a total of 26 years of continuous service.

Mr. Matarazzo joined the former Elizabethtown Water Company in 1990 as an Environmental Specialist in the Plant Operations Department and was promoted to Environmental Coordinator, Environmental Administrator and eventually, Environmental Manager. Much of the Water Quality information and knowledge was attained through the various roles and increasing responsibilities within Elizabethtown Water Company's Plant Operations group.

Mr. Matarazzo joined the American Water team in 2003 when he was promoted to the position of Northeast Region Director, Environmental Management and Compliance. In this role he had environmental compliance responsibilities for American Water's regulated and non-regulated business units in New Jersey, Long Island and Buffalo, New York, Westbury Connecticut, along with Dedham and Cohasset Massachusetts.

Mr. Matarazzo holds an M.A. in Environmental Management from Montclair State University and a B.S. in Biology from Rutgers University. Mr. Matarazzo is a New Jersey licensed Environmental Health Specialist, licensed Water Treatment Plant and Water Distribution System Operator and a licensed Industrial Wastewater Operator.

Nick Pinto, Manager of Field Operations for New Jersey American Water. Mr. Pinto is responsible for the daily operation and maintenance of the transmission and distribution infrastructure, meters, new construction, safety and the customer field service groups within the Short Hills, North Operations of New Jersey American Water.

Mr. Pinto joined New Jersey American Water in 1982 as a Filter Operator at the Canoe Brook Filtration Plant. In 1987 he accepted a position as a production supervisor and joined the production management group. Between 1987 and present 2015, he has held progressively responsible positions in the production, customer field service and operations group such as Assistant Superintendent, Superintendent, and Field Operations Manager.

Mr. Pinto holds a W-2 and T-3 license from the NJDEP.

12. REGULATORY COMPLIANCE

New Jersey American Water is the wastewater solutions provider that delivers valuable, cost-efficient and environmentally sound solutions for municipalities and organizations requiring a partner with experience, resources and proven expertise. We currently own and/or operate 26 wastewater systems with 20 wastewater treatment plants, 36 lift stations and more than 200 miles of collection pipe. None of our operations have had any material violations of state or federal environmental regulations.



13. OTHER WASTEWATER SYSTEM ACQUISITIONS

New Jersey American Water successfully acquired the Borough of Haddonfield's water and wastewater systems in 2015. This 9,000 customer system (4,500 water; 4,500 wastewater) located in Camden County was faced with the need to invest in excess of \$50 million over the next 30 years to maintain an acceptable level of service for its residents. The year before the sale, the Borough was forced to increase rates by 25% to pay for recent capital upgrades, and this was just the "tip of the iceberg" for this small community in southern New Jersey. An all-volunteer Community Advisory Committee and the three (3) Borough Commissioners unanimously agreed that selling the system would be in the best interest of the Borough's residents. New Jersey American Water was the successful bidder at \$28.5 million and the matter was put to a public referendum on November 4, 2014. Voters approved the measure by a nearly 2 to 1 margin.

Upon closing the acquisition in May 2015, New Jersey American Water adopted the Haddonfield rate structure and agreed to freeze the water rates for a minimum of three (3) years. While Haddonfield did not request a similar freeze for wastewater rates, due to the timing of New Jersey American Water rate case filings, the Haddonfield residents will also experience in excess of three year freeze on wastewater rates as well

Since acquiring the Haddonfield water and wastewater systems, New Jersey American Water has invested \$10.5 million and intends to invest an additional \$8.0 million in the next two (2) years on capital improvement projects. The projects include water and wastewater main replacements, wastewater main and lateral linings, hydrant and valve replacements, and the installation of three (3) new wastewater pump stations. See table below for a breakdown of the \$18.5 million of capital invested by New Jersey American Water in Haddonfield.

Haddonfield Water Projects	
Interconnections	\$1,181,000
Main Replacement	\$2,432,000
Valves & Hydrants	\$660,000
Service Replacement	\$850,000
TOTAL	\$5,123,000

Haddonfield Sewer Projects	
Main replacements	\$2,292,000
Main & Lateral Lining	\$1,774,000
Service Replacements	\$925,000
Pump Stations	\$8,430,000
TOTAL	\$13,421,000

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In our Bid to acquire the Haddonfield systems, New Jersey American Water committed to invest \$6.5 million in the first 12 months and \$16 million within the first five (5) years. As set forth above, New Jersey American Water will exceed our capital commitment ahead of schedule while keeping the rates flat for what will be a minimum of three (3) years. Any future rate increases required will be tempered by the size and scope of our organization and the ability to spread costs over a large customer base with nominal impact.

BID FORM 3

PURCHASE PRICE

Total Purchase Price: Bidder hereby proposes a TOTAL PURCHASE PRICE in accordance with the RFB for the assets described therein at an amount set forth in words as follows:

ELEVEN MILLION DOLLARS AND NO CENTS

and in numbers

\$11,000,000.00

(Bidders acknowledge that in case of discrepancy, the amount in words will govern)

Plus an amount of \$250,000 payable to Seller for Transaction Reimbursement Costs.



Robert G. MacLean

President

Title

15. FINANCIAL STRENGTH

New Jersey American Water is the state's largest water purveyor with total assets of nearly \$3.9 billion and annual revenues of nearly \$725 million reported in 2016. In addition to its own substantial resources, New Jersey American Water is one of the largest subsidiaries of American Water (NYSE: AWK), the largest and most geographically diversified publicly traded water services company in the United States. American Water has a market capitalization of close to \$14 billion.

Both New Jersey American Water and American Water are headquartered in Voorhees, New Jersey. American Water is in the process of constructing a new Corporate Headquarters in the City of Camden with an anticipated completion date of late 2018, reaffirming our commitment to the State of New Jersey and the communities we serve in it.

New Jersey American Water is experienced in undertaking and completing water and wastewater system acquisitions with public and private sector owners and successfully incorporating the assets into our service area. Over the past 5 years in New Jersey, we have successfully closed on in excess of \$85 million in water and wastewater acquisitions, incorporating more than 25,000 new customers into our network, including the acquisition of the nearby Environmental Disposal Corporation (EDC) wastewater collection and treatment system serving more than 7,000 customer connections in Somerset County, NJ.

New Jersey American Water's financial strength and track record of success in acquiring water and wastewater systems in New Jersey is attributable to its rigorous operating discipline, as well as its timely planning, commitment to asset renewal and capital investment, experienced managers, state-of-the-art water quality programs, research, and responsive customer service. In combining these tools successfully, the company has consistently achieved an extremely high standard of performance and environmental compliance while fully meeting the needs of its large customer base.

Our parent, American Water, is well known in the equity investment community and is currently being tracked by independent analysts. American Water is part of the S&P 500; the Dow Jones Utility Average, and the Dow Jones Sustainability Index. The company has arranged for a revolving credit facility of \$1.25 billion with 16 U.S. and international banks participating; this facility is fully committed through 2020. Additionally, American Water has a \$1 billion commercial paper program.

With its well-developed utility infrastructure and workforce within and in close proximity to the Township, New Jersey American Water demonstrates not only the financial resources to complete the transaction in a timely fashion, but also the necessary technical and operational field resources that will allow us to easily assume operations of the Township's facilities.

Provided herein (jump drive on back cover) are New Jersey American Water's audited financial statements for the years 2014, 2015 and 2016. American Water's audited financial statements and Annual Reports can be found on the Investor Relations page of our website (<http://ir.amwater.com/>).

16. CAPITAL INVESTMENTS

Required Capital to Lift Sewer Ban

As requested in the bid documents, New Jersey American Water has reviewed the June 30, 2010 "Capacity Assurance Report" prepared by Omni Environmental, the April 1, 2013 "Wastewater System Improvements Project Engineer's Report" prepared by Kleinfelder/Omni and the January 2017 "Sanitary Utility System Asset Evaluation & Capital Improvement Plan" prepared by Remington & Vernick Engineers. New Jersey American Water generally agrees with the conclusions and recommendations made by the consulting engineering firms and would intend to use these reports as guides towards achieving the Township's desire to lift the self-imposed sewer ban.

As more specifically set forth in Section 15 of this Bid, New Jersey American Water has vast 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 our every decision. New Jersey American Water feels strongly that improving the Township's wastewater system by investing in reducing the significant inflow & infiltration (I&I) and upgrading the wastewater treatment plant aligns with our mission and we intend to work within the parameters of applicable State and Federal regulations to achieve this goal of the Township within the time frame hereby established.



Capital Improvements to Pump Stations

New Jersey American Water commits to make the capital improvements to the Morristown Road and Clover Hill Pump Stations identified in Exhibit G within two (2) years from the Closing Date.

Capacity for Affordable Housing Units

When New Jersey American Water is able to provide additional wastewater capacity to the Township, we will agree to reserve and set-aside new sewer capacity on a priority basis for the low and moderate income housing that is included in the Township's Housing Element and Fair Share Plan, once it is approved by the court.

Connection of Properties Not Connected to the Wastewater System

New Jersey American Water agrees to extend the Wastewater System to connect the properties not connected to the Long Hill Township's wastewater system so that at least 95% of the existing properties within the Township are connected no later than five years following Closing. New Jersey American Water will collaborate with the Township regarding the additional sewer connections to achieve this requirement in an appropriate manner for all parties and address any resulting impacts.



17. CUSTOMER SERVICE PLAN & PLAN FOR BILLING CUSTOMERS

Upon closing, New Jersey American Water intends to adopt the existing rate structure of the Township. As New Jersey American Water already provides water service to all but 101 of the Township's wastewater customers, it is our intention to simply add the wastewater charges to the existing water bills, providing customers with one bill that clearly identifies the charges associated with water and the charges associated with wastewater. For the 5 wastewater customers on private wells and the 96 flat rate customers, New Jersey American Water intends to adopt the Township's current billing procedures.

This plan, while it adopts the existing rates, will alter the frequency with which Township residents pay for sewer. Under our proposed approach, billing for wastewater would become monthly with the \$75 Fixed Service Charge split into twelve 12 equal monthly installments of \$6.25 and with the total average winter monthly consumption applied to the Sewer Usage Fee.

Monthly billing provides customers with smaller bills and makes it easier for customers, especially those on fixed incomes, to include the cost of wastewater service into their monthly household budget. As 96% of the Long Hill wastewater customers already pay New Jersey American Water monthly for water service, this should be a seamless transition. In addition, this change to billing will extend the conveniences of New Jersey American Water's online, paperless billing and auto bill pay features to wastewater charges - one monthly bill, one monthly payment, and less hassle for customers.

Customer Service

American Water currently provides comprehensive and centralized customer service to over four million customers who are served by our regulated utilities. With a support staff of over 700 employees, American Water operates two large centralized customer service centers located in Alton, Illinois, and Pensacola, Florida, which offer around-the-clock service. The centers handle:

- Water and wastewater billing, collections
- Customer call handling
- Field service scheduling
- Emergencies
- Delinquency processing and reporting.



The following lists our typical goals for delivering excellent, cost-effective performance to our customers:

- **Timely and Accurate Billings.** Primary focus is on accuracy, as quality minimizes billing complaints and avoids customer calls.
- **First-Call Service Resolution.** The timely response to customer queries improves satisfaction, reduces avoidable calls, and improves staff productivity.
- **Outstanding Collection Performance.** Collections typically exceed 96 percent of billings, with proven processes to manage delinquent customers.
- **Comprehensive Reporting and Internal Control.**

New Jersey American Water will develop a transition plan that will integrate the Long Hill resident's wastewater information into its customer service system.

Excellence in Customer Service

American Water conducts quarterly customer satisfaction surveys through an impartial third-party firm. The surveys measure overall customer satisfaction and satisfaction among customers who have had a recent contact with the company's customer service center and/or field operations employees. Our overall customer satisfaction scores from the first quarter of 2017 equate to approximately 90 percent in satisfied categories and service quality equaled 90 percent in satisfied categories. These high ratings are consistent with surveys conducted over the last three years.

Demonstrating that performance, our Customer Service Center (CSC) has been recognized for its high levels of customer response on a number of occasions. The International Quality and Productivity Center (IQPC) awarded American Water the 2012 Call Center Excellence Award for Best in Class Call Center (over 200 staff).

Resolution of Wastewater Issues

Wastewater emergencies are given the highest priority because of the possible health risk exposure to customers, environmental contamination and damage to resident's property. In the event of an emergency, the residents would call our toll free number to report the situation. Incoming calls on the emergency phone line are answered by our employees in the Field Resource Coordination Center (FRCC) located in Pennsylvania, 24 hours a day, 7 days a week. This representative routes the information directly to the crew in the field who will then investigate and take the appropriate action.

Customer Service Standards for the Township of Long Hill
(As stated in Exhibit K of the Agreement of Sale)

New Jersey American Water shall:

- Maintain the Wastewater System laterals from mains to curb line of property and shall undertake all necessary capital improvements, maintenance, repairs, and replacement to the Wastewater System as shall be required from time to time. Such undertaking shall be made in accordance with prudent industry standards.
- Maintain buildings and property in a neat and orderly appearance consistent with community standards and shall undertake reasonable measures to protect the health, safety, and welfare of the public with respect to the Wastewater System.
- Operate the Wastewater System in a manner to minimize odors, dust, spills, and other nuisances.
- Provide appropriate customer service staffing and response times for any complaints about nuisances or service problems.
- Provide a qualified staff and experienced employees and third party contractors who have direct experience in operating similar systems.
- Maintain the necessary number of employees, staff, and third party contractors to operate, maintain, and manage the Wastewater System.
- Implement a plan of action protocol for emergency events which shall include notices to the Township and other regulating entities having jurisdiction and for measures which facilitate coordinated emergency response actions, as needed.
- Maintain a toll-free 24 hour telephone number where users of the Wastewater System can report emergencies.

Senior Discount Program and Customer Assistance

In accordance with Section 3.10 of the Township's bid documents, New Jersey American Water will agree to continue the Township's current senior citizen discount program for all residents age sixty-five (65) and older currently enrolled in the Township's program at the time of the transfer of the wastewater system to New Jersey American Water. New Jersey American Water acknowledges that the senior discount is a \$15 annual reduction of the sewer usage charge for residents age sixty-five (65) or older during the preceding calendar year who have properly registered with the Township's sewer billing department.

Assistance for Low Income Customers.

Eligible Long Hill wastewater customers will be able to take advantage of New Jersey American Water's Low Income Payment Program (LIPP) and our H₂O Help to Others program.

The H₂O Help to Others provides grants of up to \$500 to help pay water bills to those who qualify. LIPP takes the H₂O Program one step further, providing a monthly credit that can be as high as 20 percent off the total water bill for customers who qualify. New Jersey American Water customers can get more information about these assistance programs on-line or by phone at New Jersey SHARES; (877) 652-9426 (877-NJAWH2O).



18. RATE PLAN

New Jersey American Water is a rate-regulated utility that requires the approval of the New Jersey Board of Public Utilities before making any changes to customer rates. Our two-pronged approach of investing in critical capital projects while working to reduce operational expenses through efficiencies and the deployment of technology allows New Jersey American Water to make necessary capital investments while reducing the impact on our customers' rates.

New Jersey American Water commits to adopting the Township's 2016 rates (*+ the additional \$20,000 aggregate revenue increase from Section 2.3 of the RFB, as confirmed in Question #8 in Addendum #1*) upon close of the transaction and holding those rates for a minimum of three (3) years. Thereafter, New Jersey American Water commits to limit the first rate increase to a maximum of 3%, compounded annually back to the year in which the transaction closes. New Jersey American Water would hold that rate until at least five (5) years post-closing in accordance with the Township's request for a binding five (5) year rate structure.

Thereafter, the Township's rates will change 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. American Water's stated policy on rate increases has been to keep annual rate increases to between 2% and 4%. Ultimately, the amount of capital investment required in a particular system and the New Jersey Board of Public Utilities' position on rate consolidation will dictate which end of the range a particular system's rate increase will be. It will be our intent to ensure just and reasonable increases for the Township's residents in an effort to offer stability and relative predictability to our new customers.

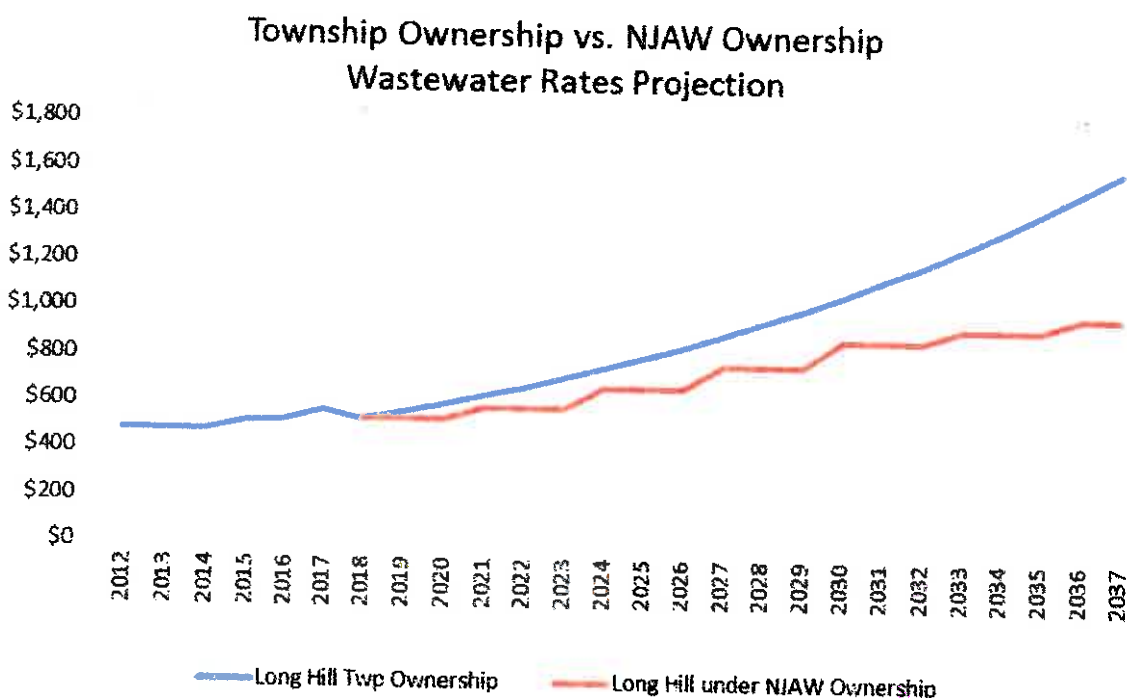
New Jersey American Water believes that over the long-term, we can offer a more reasonable and predictable rate path than if the Township made the necessary capital investments. The Remington & Vernick recommendation that approximately \$1.4 million should be budgeted annually for capital improvements to the wastewater treatment plant, pump stations and the sanitary conveyance system will have a drastic impact on the 2,800 Long Hill Township ratepayers of the system, even if the Township is able to secure low-to-no interest financing. If the Township chooses to fund these improvements annually via user rates, customer rates would need to almost double. If the Township chooses to secure financing for these improvements and spread the costs over a longer period of time, it is our estimate that annual rate increases in the neighborhood of 6-7% would be necessary to pay for the debt service associated with the funding.

Under New Jersey American Water's ownership, these necessary capital improvements can be spread over a larger customer base, limiting the immediate

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impact upon Township ratepayers by freezing their rates until 2021 and five year binding rate plan of no more than a 3% average annual increase. The chart below reflects what an average resident paid for five (5) thousand gallons per month from 2011 to 2017 under Township ownership and our estimate of what future ratepayers would pay under both Township ownership and under New Jersey American Water ownership.



Non-Binding 20 Year Projection of NJAW's Rates for Long Hill							
2018	\$533		2025	\$699		2032	\$881
2019	\$533		2026	\$699		2033	\$934
2020	\$533		2027	\$767		2034	\$934
2021	\$582		2028	\$767		2035	\$934
2022	\$582		2029	\$767		2036	\$992
2023	\$582		2030	\$881		2037	\$992
2024	\$699		2031	\$881		2038	\$992

19 EXCEPTIONS TO THE AGREEMENT OF SALE

New Jersey American Water Company has reviewed the draft Agreement of Sale and did not identify any exceptions.