



October 12, 2020

PFM Financial Advisors LLC
c/o Garrett Moore
213 Market Street
Mail Room Third Floor
Harrisburg, PA 17101

Re: Willistown Sewer System Request for Bids

Dear Willistown:

Aqua Pennsylvania Wastewater Inc. (the "Proposer") hereby submits the attached Proposal in response to Willistown Township's Sewer System Request for Bids (the "RFB") issued by Willistown Township ("**Willistown**") on September 22, 2020, as amended.

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Asset Purchase Agreement (the "APA") for identified sewer facilities owned and operated by Willistown. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

The Proposer, by its undersigned duly-authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

1. **RFB and Addendum Acknowledgement.** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

<u>Addendum No.</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____

2. **Due Authorization.** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

3. **Completeness; Warranty as to Proposal Information.** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct and complete, and are made with full knowledge that Willistown will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to Willistown and executing the Agreement.
4. **Identity of Buyer.** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Agreement pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the "Subsidiary"), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the Agreement from and after such execution.
5. **Final Agreements.** The Proposer agrees to enter into the Agreement in each case in the form identified as "Binding Proposal, Execution Copy" as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
6. **Purchase Price.** The amount of the Purchase Price that Proposer will pay pursuant to Section 3.01 of the Agreement will be the total set forth in Proposal Form 6.
7. **Proposal Effective Period.** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on December 15, 2020, unless extended to 5:00 p.m. Eastern Daylight Savings Time on January 15, 2021 by Willistown or unless further extended by mutual consent of both Willistown and the Proposer (the "Termination Time"). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If Willistown does not give written notice to the Proposer that Willistown is prepared to enter into the Bidding Documents on or prior to the Termination Time, this offer and the terms of this Proposal shall terminate at the Termination Time.
8. **Agreement Execution.** If at any time prior to the Termination Time, Willistown gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Agreement with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Agreement to Willistown.
9. **Debarment.** Neither the Proposer, the Operator, nor any other member of Proposer's project team is currently suspended or debarred from doing business with any governmental entity.
10. **Contract Disclosures.** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
11. **No Litigation.** There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the Agreement contemplated hereby, or which, in

any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any agreement or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.

12. ***Certain Representations.*** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the Agreement pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal or to the execution of the Agreement pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the Agreement, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).
13. ***Material Changes.*** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.
14. ***Principal Contact.*** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

NAME: **Krista Weeks**

TITLE: **Manager, Business Development**

ADDRESS: **762 W. Lancaster Ave. Bryn Mawr, PA 19010**

PHONE: **(O): 610-645-1029 (M): 856-776-0058**

FAX: **610.645.1061**

EMAIL: **kdweeks@aquaamerica.com**

Submitted by:

Name of Proposer

Aqua Pennsylvania Wastewater Inc.

Name of Designated Signatory

Marc A. Lucca

Signature



Title

President

**Proposal Form 2- Willistown Township Sewer System RFB
Non-Collusion Affidavit**

STATE OF _____ PENNSYLVANIA)

COUNTY OF _____ MONTGOMERY)

I, Marc A. Lucca, a resident of Lower Merion Township, in the State of Pennsylvania, of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the President of Aqua Pennsylvania Wastewater Inc., organized under the laws of the state of Pennsylvania, the Proposer making the Proposal in response to the Willistown Township Sewer System Request for Bids issued by Willistown Township on September 22, 2020, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or anyone employed by or representing Willistown;

(3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the Agreement; and

(4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I, hereby affirm under the penalties of perjury that the foregoing statements are true.

Aqua Pennsylvania Wastewater Inc.

Name of Proposer

Marc A. Lucca

Name of Designated Signatory



Signature

President

Title

(Notary Public)

State/Commonwealth of Pennsylvania

County of Montgomery

On this 9 day of October, 2020, before me appeared **Marc A. Lucca**, who is President of Aqua Pennsylvania Wastewater Inc., a Pennsylvania Corporation, personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Heather S. D. Harrison
Notary Public in and for the State Commonwealth of
Pennsylvania

(seal)

Heather S. D. Harrison
(Name printed)

Residing at 762 W. Lancaster Ave
Bryn Mawr, PA 19010
Commission Number 1213370

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Heather S. D. Harrison, Notary Public
Lower Merion Twp., Montgomery County
My Commission Expires Feb. 3, 2021
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

Proposal Form 3- Willistown Township Sewer System RFB
Statement of Ownership – Proposer

Name of Proposer: Aqua Pennsylvania Wastewater, Inc.

Business Address: 762 W. Lancaster Avenue, Bryn Mawr, PA 19010

Legal Form of Proposer: Corporation

State of Incorporation or Organization: Pennsylvania

If not organized in Pennsylvania, is Proposer authorized to do business in Pennsylvania? Yes
 No

List Names and Titles of All Principal Officers and Directors:

Christopher H. Franklin	Chief Executive Officer (Officer & Director)
Daniel J. Schuller	EVP, Chief Financial Officer (Officer & Director)
Richard S. Fox	EVP, Chief Operating Officer (Officer & Director)
Matthew R. Rhodes	EVP, Strategy and Corporate Development (Officer & Director)
Christopher P. Luning	SVP, General Counsel and Secretary (Officer & Director)
Marc A. Lucca	President (Officer & Director)
Stan Szczygiel	Vice President and Treasurer

Significant Equity Owners of the Proposer:

List the names, business addresses and percentage ownership interests of all Persons (individuals or entities) who own, directly or indirectly, 10% or more of the capital stock, units, partnership or membership interests, or other equity interests or securities of the Proposer (including options, warrants and other rights to acquire such equity interests) (the "Significant Equity Owners"). If none, please state "NONE." If one or more such Significant Equity Owner(s) of Proposer is an entity, then list the names and addresses of all Significant Equity Owners of such entity; if none, please state "None." This disclosure shall be continued until names and addresses of every Significant Equity Owners exceeding the ten percent ownership criteria of each entity listed has been identified. Additional pages may be attached.

<i>Name</i>	<i>Address</i>	<i>Interest %</i>
<u>Aqua Pennsylvania, Inc.</u>	<u>762 W. Lancaster Ave., Bryn Mawr, PA 19010</u>	<u>100%</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Proposal Form 4- Willistown Township Sewer System RFB
Operator Information

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the APA. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator:**
PROPOSER IS THE OPERATOR
2. **Operator's Primary Representative:**
TODD DUERR
3. **Operator Experience (if not previously provided in response to the RFQ):**
SEE RFQ
4. **Operator's References (if not previously provided in response to the RFQ):**
SEE RFQ
5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

Proposal Form 5- Willistown Township Sewer System RFB

Contract and Lobbyist Disclosure

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>
None	

Aqua Pennsylvania Wastewater, Inc.

Name of Proposer

Marc A. Lucca

Name of Designated Signatory



Signature

President

Title

**Proposal Form 6a- Willistown Township Sewer System RFB
TWO-YEAR RATE FREEZE OPTION**

Business Proposal

For the purposes of Proposal Form 6a please provide your Purchase Price assuming a two-year rate freeze, outlined in the APA, **were to be imposed** by Willistown.

The amount of the Purchase Price that Proposer offers to pay pursuant to Section 3.01 of the Agreement is:

US **\$17,500,000.00** [*in numbers*],

Seventeen Million Five Hundred Thousand Dollars and Zero Cents [*in words*] United States Dollars.

Solely for the purpose of illustration, and **NOT** for the purpose of selecting a winner, (but required for a conforming bid), please provide nonbinding indicative residential rates (assuming 4,000 gallons of usage per month) that support the Purchase Price above.

Indicative rates for the next 10 years:

2021	\$63.63	2022	\$63.63	2023	\$63.63	2024	\$65.22	2025	\$92.69
2026	\$95.00	2027	\$97.38	2028	\$94.64	2029	\$97.00	2030	\$99.43

The Company's 10-year projection of rates for the costs associated with the acquisition of the Willistown Wastewater system assume base rate increases in 2025 and 2028, assume approximately 30% cost allocation, and a DSIC surcharge beginning no sooner than 2023. These projections are for illustration purposes and reflect reasonable expectations of the Company based on current industry trends, however, are subject to changes and the approval of the PA Public Utility Commission.

Proposers should ensure that the written and numerical Purchase Price in this Business Proposal exactly match. Should this not be the case, the binding Purchase Price will be assumed to be the lower of the two Purchase Price numbers.

Aqua Pennsylvania Wastewater, Inc.

Name of Proposer

Marc A. Lucca

Name of Designated Signatory


Signature
