

**CHELTENHAM TOWNSHIP – LEGAL Q&A
REGARDING POTENTIAL SALE OF THE SANITARY SEWER SYSTEM**

1. What obligations does the Township now have to the DEP and other regulatory and government agencies pertaining to the system?

Obligations to comply with DEP regulations, and requirements with PWD and ongoing DEP rules and regulations. This includes DEP requirements related to I&I.

2. In not, as we will no longer have control over the system and such obligations and such obligations have been taken into consideration in the price offered, will Aqua indemnify, defend, and hold the Township harmless against all such obligations?

Aqua will have full responsibility to meet the above requirements post-closing. Under the Agreement, Aqua will indemnify the Twp. for all such obligations. The Twp will still have some responsibility for regulating the use of the system by residents and businesses such as addressing I&I due to broken laterals and enforcing rules for materials that may be deposited into the system.

3. What are the other obligations of the Township and Aqua to each other under the sale?

Under the Agreement, the two parties have an obligation to cooperate with each other post-closing in particular with respect to insuring that the real property and easements necessary to run the system are properly conveyed to Aqua.

4. What are the representations and warranties of the Township and Aqua to each other under the sale?

See Articles 4 and 5 of the Asset Purchase Agreement which has been posted on the Twp.'s website.

5. Will the final versions of the Schedules and Exhibits to the Agreement that are not yet complete, such as Schedules 2.02 (h), 3.03, 4.20, 11.01 (a) and exhibits A and B be published on the Township website for public comment before the Township decides whether or not the system is to be sold?

There are draft Schedules that will be part of the signed Agreement but final Schedules will not be done until just prior to closing. Exhibits A and B are administrative extensions of the Agreement and drafts will be posted soon.

6. If the Agreement is changed in any way, will the final version be published on the Township website for public comment before the Township decides whether or not the system is to be sold?

Yes, any change of material or substantive matter will be reflected in a new posted version.

7. Please explain Section 8.05 of the Agreement titled Limitation of Indemnification Obligations. Does this mean that the Township must pay \$500,000 in damages before the indemnification takes effect?

Each Party has agreed that they may not seek indemnification for any Losses (as defined in the Agreement) unless the Losses exceed 1% of the Purchase Price (\$502,500).

8. What due diligence and evaluation of the Aqua bid was made?

All bidders were thoroughly evaluated and pre-qualified. The Aqua bid was carefully reviewed to make sure it met the technical requirements of the RFB.