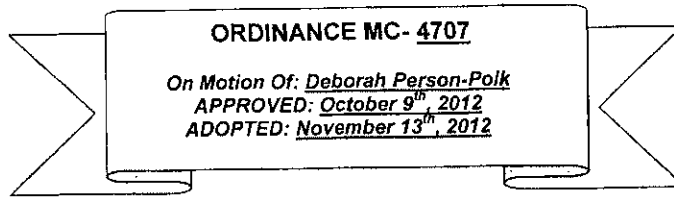


MAR:dh
10-09-12



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**ORDINANCE AUTHORIZING THE INCORPORATION OF THE MARCH 8, 2012
SECOND AMENDMENT INTO THE MANAGEMENT SERVICES AGREEMENT
BETWEEN CITY OF CAMDEN AND UNITED WATER ENVIRONMENTAL SERVICES,
INC.**

WHEREAS, on December 30, 1998, the City of Camden (City) and United Water Environmental Services, Inc., (United Water) entered into a "Management Services Agreement for the Operation, Management, Maintenance and Repair of the City of Camden's Water and Wastewater Collection Systems (MSA)"; and

WHEREAS, on or about August 12, 2011, the City and United Water reached a conditional settlement of litigation pending before the New Jersey Superior Court, Law Division, under Docket L-438-11 (Litigation); and

WHEREAS, on or about January 6, 2012, the City and United Water reached a final settlement of the Litigation; and

WHEREAS, City Council authorized the Summary Terms of Conditional Settlement and Summary Terms of Final Settlement through Resolution MC-12: 2234 on January 18, 2012; and

WHEREAS, Resolution MC-12: 2234 also authorized the City to modify and amend the MSA in a manner consistent with the Summary Terms of Final Settlement; and

WHEREAS, the City and United Water modified and amended the MSA and memorialized said modifications and amendments in the March 8, 2012 "Second Amendment to the Management Services Agreement (Second Amendment)"; and

WHEREAS, pursuant to N.J.S.A. 58:26-19, et. seq. and N.J.S.A. 58:27-19, et. seq., the Second Amendment was approved by the New Jersey Department of Community Affairs, Local Finance Board on June 13, 2012; and

WHEREAS, pursuant to N.J.S.A. 58:26-19, et. seq. and N.J.S.A. 58:27-19, et. seq., the Second Amendment was approved by the New Jersey Board of Public Utilities on August 15, 2012; now, therefore

BE IT ORDAINED, by the City Council of the City of Camden that, pursuant to the New Jersey Water Supply Privatization Act, the Second Amendment shall hereby be incorporated into the Management Services Agreement between the City of Camden and United Water Environmental Services, Inc., and shall replace certain provisions, sections, and schedules of the Management Services Agreement as indicated.

SECTION 1. This ordinance shall take effect twenty (20) days after final passage and publications as provided by law.

SECTION 2. If any provision of this ordinance is declared invalid, such invalidity shall not affect the other provisions of this ordinance. Furthermore, the other provisions of this ordinance are deemed to be severable and remain in full force and effect.

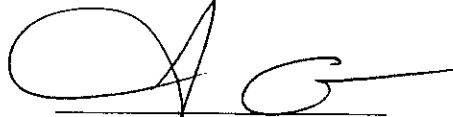
BE IT FURTHER ORDAINED, that pursuant to N.J.S.A. 52:27BBB-23 and N.J.S.A. 40:69A-41, a true copy of this Ordinance shall be forwarded to the Mayor, who shall have ten (10) days from the receipt thereof to approve or veto this Ordinance. Additionally, pursuant to N.J.S.A. 52:27BBB-23, a true copy of this Ordinance shall be forwarded to the State Commissioner of Community Affairs, who shall have ten (10) days from the receipt thereof to veto this Ordinance, and the action by the Commissioner regarding this Ordinance shall supersede any action by the Mayor on the same Ordinance. All notices of approval and/or veto shall be filed in the Office of the Municipal Clerk.

Date of Introduction: October 9, 2012


The above has been reviewed
and approved as to form.



MARC A. RIONDINO
City Attorney



FRANCISCO MORAN
President, City Council



DANA L. REDD
Mayor

ATTEST: 

LUIS PASTORIZA
Municipal Clerk

Francisco Moran
President
Councilperson, 3rd Ward

Dana M. Burley
Councilperson, 1st Ward

Brian K. Coleman
Councilperson, 2nd Ward

Luis A. Lopez
Councilperson, 4th Ward



MUNICIPAL CLERK
CITY OF CAMDEN
NEW JERSEY

PO Box 95120
Room 105, City Hall
Camden, NJ 08101
Tele: (856) 757-7223 / Fax: (856) 757-7220
Email: clerk@ci.camden.nj.us Website: www.ci.camden.nj.us

Curtis Jenkins
Vice-President
Councilperson-at-Large

Marilyn Torres
Councilperson-at-Large

Deborah Person-Polk
Councilperson-at-Large

Jason Asuncion, Esq.
Counsel-To-Council

Luis Pastoriza, R.M.C.
Municipal Clerk

MEMORANDUM

DATE: November 20, 2012
TO: Dana L. Redd, Mayor
FROM: Luis Pastoriza, Municipal Clerk
RE: Ordinance Final Passage – (MC-4707)

Ordinance authorizing the Incorporation of March 8, 2012 second amendment into the Management Services Agreement between City of Camden and United Water Environmental Services, Inc.

In accordance with Rule XIX of the Administrative Code of the City of Camden (Rules of Procedure governing the City Council), I am delivering to you the attached ordinance adopted by City Council at a **REGULAR** meeting held on **11-13-12**. Said article provides that "each ordinance shall be returned by the Mayor to the Municipal Clerk after the Mayor has affixed his /her signature thereto or after the expiration of **ten (10) days** from the date of its delivery to the Mayor in any event."

OFFICE OF THE MAYOR

Received by: *[Signature]*

Date: 11/20/12

Date of Approval: 11/27/12

LP/yv
file

SECOND AMENDMENT TO MANAGEMENT SERVICES AGREEMENT

This Second Amendment to Management Services Agreement ("Second Amendment") is made this 8th day of March, 2012, by and between United Water Environmental Services Inc. (successor through merger to United Water Camden LLC), a Delaware limited liability company (the "Operator"), whose address is 200 Old Hook Road, Harrington Park, NJ 07640 and The City of Camden, New Jersey, a municipal corporation of the State of New Jersey.

RECITALS

WHEREAS, the City and United Water Camden LLC entered into an agreement entitled "Management Services Agreement for the Operation, Management, Maintenance and Repair of the City of Camden's Water and Wastewater Collection Systems" dated December 20, 1998, (the "1998 Management Services Agreement"); and

WHEREAS, the City and United Water Camden, LLC entered into an agreement entitled "Amendment to Management Services Agreement" dated October 28, 2009, which amended the 1998 Management Services Agreement (the "First Amendment"); and

WHEREAS, United Water Camden LLC merged into United Water Environmental Services Inc. effective as of December 31, 2009; and

WHEREAS, since the Commencement Date of the Agreement, the Systems have been upgraded and modified, including the City's upgrades to the Morris Delair water treatment plant, and the Operator's installation of customer meters; and

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WHEREAS, the City and the Operator wish to further amend the 1998 Management Services Agreement to address issues raised in an audit report issued by the New Jersey Office of the State Comptroller dated December 16, 2009, to clarify their respective responsibilities under the Agreement, to provide for improved procedures to better coordinate services, and to make other necessary agreed upon changes to the 1998 Management Services Agreement as set forth herein,

NOW, THEREFORE, in consideration of the covenants and promises set forth herein, the 1998 Management Services Agreement and the First Amendment, the parties hereby agree to further amendments as follows:

1. All capitalized terms not defined in this Second Amendment shall have the meanings set forth in the Agreement.

2. In Section 1.1, the following modifications are hereby made:

(a) The definition of "Agreement" is hereby modified by adding the following phrase at the end of thereof: ", as the same may be amended from time to time." The "Agreement" is also referred to herein as the "Management Services Agreement."

(b) The definition of "Capital Improvements" is hereby deleted in its entirety and the following substituted therefor:

"Capital Improvements" means any acquisition, construction, or replacement of property in excess of \$2500 per item that either extends the useful life of the property for more than one year or has a useful life of more than one year. Examples of Capital Improvements are set forth in Schedule 22-A, attached hereto and made a part hereof.

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(c) Immediately following the definition of "Capital Improvements," the following new definition is hereby added:

"Change Order" is a written document signed by the City and the Operator after the Contract Date requesting a change in the Services. A Change Order may be memorialized by the City through the issuance of a purchase order to the Operator and acceptance of same by the Operator.

(d) The definition of "Concession Fee" is hereby amended by deleting the phrase "the Initial Concession Fee and/or".

(e) The definition of "Concession Fee Amortization Amount" is hereby amended by deleting the phrase "the Initial Concession Fee and/or".

(f) Immediately following the definition of "Conditions for Notification," the following new definition is hereby added:

"Contract Administration Memorandum" is a document to be prepared, once all preliminary communications have been concluded, to evidence the resolution reached by the City and the Operator as to matters of interpretation and application arising during the course of the performance of their obligations under this Agreement. Such matters may include, for example: (1) determination of the specific amount of any increase or decrease of the Annual Service Fee to which the Operator is entitled based on any provision of this Agreement; (2) issues as to the meaning, interpretation, application or calculation to be made under any provision hereof; (3) the specific details and terms of any Change Order, or relief given on account of an Uncontrollable Circumstance; (4) notices, waivers, releases, satisfactions, confirmations, further assurances and approvals given

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hereunder, and (5) other similar contract administration matters. Authorized signatories to a Contract Administration Memorandum are as follows: for the City, the City Attorney, and for the Operator, the Division Manager or any other officer of the Operator.

(g) The definition of "Operator" is hereby deleted in its entirety and the following substituted therefor:

"Operator" means United Water Environmental Services Inc., or its permitted successors or assigns.

(h) The definition of "Project Guarantor" is hereby deleted in its entirety and the following substituted therefor:

"Project Guarantor" means United Water Inc. or its permitted successors or assigns.

(i) The following definition is hereby added:

"Unamortized Up-front Fees" shall refer to the items listed on Revised Schedule 25-B.

3. Section 2.2, "Irrevocable Performance Letter of Credit/Annually Renewable Performance Bond/Labor and Materials Bond" is hereby deleted in its entirety.

4. Section 2.3, "Operations Committee," is hereby deleted in its entirety.

5. Section 3.1 is hereby amended by deleting the phrase "twentieth anniversary date of the Commencement Date, and subject to such extension as is contemplated in Section 3.2, Extension" and replacing it with the phrase "January 31, 2014."

6. Section 3.2, "Extension" is hereby deleted in its entirety.

7. Section 6.1, "General." A new subsection 6.1 (c) is hereby added as follows:

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(c) The Operator's responsibilities to meet performance standards under this Agreement are subject to the design and operational capabilities of the Systems and other provisions of this Agreement and shall not require the Operator to make any capital upgrades or Capital Improvements to meet the requirements of this Agreement.

The Operator shall include recommendations for upgrades to the Systems in accordance with its responsibilities under Section 7.1 of this Agreement. If a disagreement arises over the Operator's explanation of limitations or proposed recommendations for restoration, the matter shall be subject to the dispute resolution procedure set forth under Section 10.24 of this Agreement.

8. Section 6.2(b) is hereby modified by adding the following immediately after the phrase "all maintenance activities":

The Operator shall provide to the City each year, no later than January 31st of each year, a written maintenance plan that consists of the schedule of preventive maintenance activities for the upcoming Contract Year, provided however, that for Contract Year 2012-13, such plan shall be provided by Operator within 180 days following the Amendment Approval Date, as defined below. The City shall have thirty (30) days to approve such plan or provide written comments on such plan to the Operator. If the City does not provide such written comments, the plan shall be deemed approved. If the plan is not approved, the City and the Operator shall endeavor to resolve any concerns and if not resolved within thirty (30) days after the City notifies the Operator that it does not approve the plan or

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the plan is deemed to have not been approved, the matter shall be referred to dispute resolution pursuant to Section 10.24 of this Agreement.

The Operator shall include information in its monthly reports that will assist the City on an ongoing basis in evaluating the Operator's maintenance accomplishments relative to the annual maintenance plan. The City shall bring any concerns or questions regarding the monthly reports to the Operator's attention within thirty (30) days of receipt of each report.

In the event the Operator fails to provide an annual written maintenance plan and comprehensive monthly reports that detail the preventative maintenance and general maintenance activities provided to the City, the City shall advise the Operator of its deficiency and the Operator will have thirty (30) days to cure.

If a disagreement arises under this Section 6.2(b), the parties shall comply with the dispute resolution procedure set forth under Section 10.24.

9. Section 6.12, "Solid Waste Management" is hereby amended by deleting the phrase "City-approved."

10. Section 6.13(d) is hereby deleted in its entirety. Section 6.14, "Distribution and Storage," is hereby modified by deleting subsection 6.14(j) in its entirety.

11. Section 6.17, "Operation and Maintenance Costs," is hereby amended by adding the following phrase at the end of this section: ", including without limitation Section 10.16, Schedule 5, Schedule 13, and Schedule 22."

12. Section 6.25, "Compliance with Laws and Regulations and Permits" is hereby deleted in its entirety and the following substituted therefor:

Section 6.25. Compliance with Laws and Regulations and Permits.

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(a) The Operator shall comply with the Safe Drinking Water Act ("SDWA"), the Water Pollution Control Act (the "Clean Water Act"), the Resource Conservation Recovery Act, as amended ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act as amended ("CERCLA"), Occupational Safety and Health Act ("OSHA") and any other applicable local, state and federal laws, codes, ordinances and regulations as they pertain to the operation and maintenance of the Water System and Wastewater Collection System as set forth in this Agreement. The Operator shall pay all regulatory fines and penalties, without limitation, assessed against the City and/or the Operator for non-compliance resulting from the actions, or lack of action, of the Operator in connection with services required to be performed by the Operator as defined in the Agreement. The preceding sentence shall survive the expiration or termination of this Agreement.

(b) The Operator shall comply with and shall satisfy, all regulatory requirements pertaining to the above including, but not limited to, public notification in the event of non-compliance with drinking water standards and the Operator shall pay all costs or fees associated with same.

(c) The Operator shall comply with all applicable state, federal and local laws, regulations and ordinances including, without limitation, all environmental laws and regulations as they apply to the operation and maintenance of the Water System and Wastewater Collection System and will comply with all Permits issued for or with respect to the Systems as set forth in the Agreement. The Operator shall maintain existing Permits for these Systems

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(currently held by the City) and will pay all costs associated therewith, including annual fees. In the event that during the Term of this Agreement, any existing Permit must be renewed, or additional Permits are required, the Operator shall be responsible for completing all necessary applications, including filling out required application forms, supplying required data, and payment of required fees for such Permits or Permit renewals. The Operator shall not be required to undertake system modeling or engineering studies in connection with such Permits. All additional and renewed Permits shall be in the name of the City, as the permittee. The costs associated with obtaining additional Permits not currently required to operate the System shall be treated as a Pass-through Charge to the City.

(d) On and after the Commencement Date, the Operator shall operate and maintain the Water System and Wastewater Collection System in compliance with all applicable laws and Permits as is required by the terms and provisions of this Agreement. The Operator shall indemnify and hold the City harmless from any fines or penalties assessed by a regulatory agency for any and all violations of applicable laws, regulations or Permits resulting from breach of this Agreement, negligence or willful misconduct on the part of the Operator, its agents, servants or employees during the Term of the Agreement that are not a result of a lack of capital improvements required by the system in order to maintain compliance.

(e) Notwithstanding the provisions of paragraph (d), above, to the contrary, the Operator shall not be responsible for any fines or penalties that do not fall under the terms for operation and maintenance of the Water System and

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Wastewater Collection System set forth in this Agreement. These include but are not limited to Capital Improvements required for regulatory compliance including provision of additional instrumentation at combined sewer overflow locations, prevention of intrusion of receiving waters, addressing potential deficiencies related to the City's long term control plan, engineering studies or assessments required to meet the regulatory standards for Nine Minimum Controls of Combined Sewer Overflows, and reduction of inflow and infiltration.

(f) All Repairs to the Systems shall be made by the Operator at its cost and expense, subject to Schedule 22 and the other terms and conditions of the Agreement, in accordance with existing City ordinances for work in the City including, but not limited to, securing all necessary road opening permits.

13. Section 7.1, "City Responsibilities," is hereby amended by adding the following at the end of this section:

The City shall notify the Operator in writing within 30 days after the end of the City's fiscal year of the projects and expenditures it has undertaken to fulfill the requirements of this Section concerning, design, construction, implementation and financing of Capital Improvements to the System. The City shall complete all Capital Improvements necessary to maintain compliance with applicable federal, State or local laws and as otherwise set forth in this Agreement. In the event that the City does not approve or adequately fund a capital improvement, major repair, or maintenance item recommended by the Operator as necessary to achieve environmental compliance or required by any regulatory body, the City shall be responsible for any fines, penalties, regulatory actions or increased operating costs

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arising out of such failure to implement a capital improvement, major repair or maintenance item. In such instance, Operator shall notify the City and provide the City with an explanation of why the City should be responsible for the cost of such fines and/or civil or criminal penalties, and for contesting such fines and/or civil or criminal penalties resulting from the City's failure to fund the capital improvement, major repair or maintenance item. If a dispute arises under this Section, then the parties shall comply with the dispute resolution procedure set forth under Section 10.24 of this Agreement.

14. Section 8.1(a), "Initial Concession Fee," is hereby deleted in its entirety. Other sections of this Agreement as applicable are hereby deemed modified to remove references to the Initial Concession Fee.

15. Section 8.4, "Annual Service Fee," is hereby modified by adding the following provisions:

Effective July 1, 2011, the Annual Service Fee shall be \$10,850,000.00. This fee shall be prorated on a monthly basis for the remainder of the 2011-2012 Contract Year and is subject to the provisions of Schedule 5.

16. Section 8.5(a) is hereby modified by adding the following sentence: "The City shall continue to review and implement where feasible rate policies that will help to improve customer metering, billing and collections."

17. Section 8.7.3, "Municipal Water Service Charges" is hereby modified by adding the following sentence: "The City shall cooperate with the Operator in attempting to install meters at all such municipal and quasi-municipal properties."

18. Section 9.2(e) is hereby modified by adding the following sentence:

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"The Operator's liability to the City under this Agreement shall be limited to the amount of the Fixed Management Fee in effect during the last Contract Year prior to the time such negotiated settlement or final court determination takes effect; provided, however, such limitation on liability shall not apply to fines and penalties that are the responsibility of the Operator; and further provided that such limitation on liability shall apply only to liability over and above the recovery of proceeds of insurance required pursuant to this Agreement, such that recovery of such insurance proceeds shall not be included toward the limitation of liability."

19. Section 9.3(a) is hereby amended by adding a new subsection (4) thereto:

(4) The failure of the City to make timely payments as set forth in this Agreement or, in the event of a dispute, to place disputed funds into an escrow account pursuant to Section 10.18.

20. Section 9.3(b) is hereby deleted in its entirety and the following substituted therefor:

(b) Upon the happening of any event described in paragraph (a) of Section 9.3, the Operator shall provide written notice to the City setting forth in detail the alleged failure and/or deficiency of the City. The City shall have thirty (30) days after receipt of such written notice from the Operator to cure and/or correct such failure and/or deficiency. In the event that the City does not cure and/or correct such failure and/or deficiency within said thirty (30) day period, the Operator shall have the right to terminate this Agreement; provided, however, the Operator shall not terminate this Agreement based on the City's alleged failure to

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make Capital Improvements pursuant to Section 7.1 of this Agreement until such dispute is resolved pursuant to Section 10.24 of this Agreement.

21. Section 10.13 is hereby modified by adding the following provisions:

The fixed overhead is to be applied to Pass-Through Charges and to additional services that the Operator may provide to the City pursuant to a Contract Amendment, Change Order or Contract Administration Memorandum; provided, however, that no overhead is to be applied to items charged to the Below Ground Maintenance and Repair Fund or the Above Ground Maintenance and Repair Fund. The rate of such fixed overhead is agreed to be the following on a per-project basis: 12% for charges up to \$100,000; 10% for charges up to \$500,000; and 8% for charges in excess of \$500,000. No additional profit or overhead shall be charged by the Operator in addition to the percentages set forth in the immediately preceding sentence. For any Pass-Through Charges that are subject to Cost Substantiation, the Operator shall follow the Agreed Procurement Procedures set forth in Schedule 10.13 attached hereto and made a part hereof.

22. A new Section 10.16 (e) is hereby added to the Agreement:

(e) A Contract Administration Memorandum shall be prepared by the Operator, subject to approval by the City, not to be unreasonably withheld, conditioned or delayed, to confirm and evidence the terms and conditions of the relief given to the Operator or the City on account of any Uncontrollable Circumstances.

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23. Section 10.18 is hereby amended by adding the following phrase at the beginning of the first sentence: "Without limiting either party's rights under Article IX or other provisions of this Agreement,".

24. A new Section 10.24 is hereby added to the Agreement, as follows:

Section 10.24. Dispute Resolution.

In the event that a dispute arises among the parties, the disputing party shall provide the other party with written notice of the dispute and within twenty (20) days after receipt of said notice, the receiving party shall submit to the other a written response. The notice and response shall include a statement of each party's position and a summary of the evidence and arguments supporting its position. Each party shall designate a high level executive or officer to work together in good faith to resolve the dispute; the name and title of said executive or officer shall also be included in the notice and response. The executives or officers shall meet at a mutually acceptable time and place within thirty (30) days of the date of the disputing party's notice and thereafter as they reasonably deem necessary to resolve the dispute. If the executives or officers have not resolved the dispute through good faith efforts within thirty (30) days after such initial meeting, then unless otherwise agreed, before resorting to taking the case to court, the parties shall try in good faith to resolve the dispute by mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Rules. All costs attributed to mediation shall be borne equally by both parties.

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Absent mutual consent by both parties, in the event that one of the parties brings a dispute immediately to court without first following the afore-mentioned dispute resolution process, then the opposing party shall be entitled to recover reasonable attorneys' fees and costs from the party initiating the litigation if either (a) the case is remanded and the parties are ordered to follow the dispute resolution process outlined herein or (b) the dispute is heard and judgment is awarded in favor of the opposing party.

The parties consent to jurisdiction of any state or federal court located in Camden County, New Jersey.

25. Schedule 1, Program Information, is hereby amended as set forth in Revised Schedule 1 attached.

26. Schedule 2, "Water and Wastewater System Operation and Maintenance Standards," is hereby amended as set forth in Revised Schedule 2 attached.

27. Schedule 3, "Billing and Collection Service Requirements" is hereby amended as set forth in Revised Schedule 3 attached.

28. Schedule 4, Section 4.1 is hereby amended by deleting the phrase "at least once every three years" and replacing it with the following phrase "whenever there is a significant change in the information technologies systems used to provide the Services."

29. Schedule 5, "Rates, Fees and Charges," is hereby deleted in its entirety and the attached Revised Schedule 5 is substituted therefore.

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30. Schedule 7, "Permits," is hereby deleted in its entirety and shall be replaced with a Revised Schedule 7, "Permits," which shall be agreed upon by the parties within ninety (90) days following execution of this Second Amendment.

31. Schedule 9 is hereby deleted in its entirety.

32. Schedule 10, "Equipment and Chemicals Inventory," is hereby deleted in its entirety and shall be replaced with a Revised Schedule 10, "Equipment and Chemicals Inventory," which shall be agreed upon by the parties within ninety (90) days following execution of this Second Amendment.

33. Schedule 13, Capital Improvements, is hereby amended by deleting the first paragraph of Section 13.2 thereof, and replacing it with the following:

Capital Improvements will be implemented by or on behalf of the City.

However, any Capital Improvements implemented (at the City's sole discretion) by the Operator shall be implemented in a manner to minimize the cost to the City. The Operator shall follow the procedures in Schedule 10.13 with respect to procurement of any capital projects it may undertake with respect to the Systems.

34. Schedules 14A and 14B, Schedule of Fees to the Operator, are hereby deleted in their entirety.

35. Schedule 15, Operator Implemented Capital Improvements, is hereby deleted in its entirety.

36. Schedule 18, Form of Performance Bond, is hereby deleted in its entirety.

37. Schedule 19, Form of Performance Letter of Credit, is hereby deleted in its entirety.

38. Schedule 20 is hereby deleted in its entirety.

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39. Schedule 21, Guarantor Agreement, is hereby amended to attach a form of Guarantor Agreement to be executed on behalf of United Water Inc. The Operator shall deliver the fully executed Guarantor Agreement of United Water Inc., together with certification under corporate seal by the Secretary of United Water Inc. evidencing approval of the Board of Directors of United Water of the execution and delivery of such Guarantor Agreement, to the City within ten (10) business days following the Amendment Approval Date. Upon the City's receipt of delivery of such Guarantor Agreement, prior Guarantor Agreements that were provided to the City by United Water Resources Inc. and U.S. Water LLC shall be terminated and released. Timely delivery of the fully executed Guarantor Agreement of United Water Inc. to the City is a condition precedent to the effectiveness of this Second Amendment.

40. Schedule 22, Maintenance and Repair Fund Payments by Operator/Application of Funds, is hereby deleted in its entirety and replaced with the attached Revised Schedule 22.

41. Schedules 24A and 25B are hereby deleted in their entirety and replaced with the Revised Schedule 25B, Contract Termination Payment Schedule, Unamortized Up-Front Fees attached hereto and made a part hereof.

42. Except as specifically amended herein, the Agreement shall remain in full force and effect in accordance with its terms. From and after the effective date of this Amendment, all references to the "Agreement," the "Management Services Agreement" or similar phrases shall be interpreted to include the 1998 Management Services Agreement as amended by the First Amendment and this Second Amendment, unless the context indicates otherwise. In the event of any conflict of language between the 1998 Management Services Agreement and this Amendment and its attachments, the language of this Amendment shall prevail.

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43. The Second Amendment shall be governed by and construed and enforced in accordance with the laws of the State of New Jersey.

44. Each person signing this Second Amendment represents that he or she is duly authorized to do so by the party on behalf of which this Second Amendment is executed.

45. This Second Amendment shall be effective as of July 1, 2011. All references in this Agreement and this Second Amendment to the "Commencement Date" shall continue to refer to the original Commencement Date of the Agreement, not the effective date of this Second Amendment. The "Amendment Approval Date" shall mean the date when this Second Amendment has received final unconditional (other than minor administrative conditions) approvals from the Camden City Council, the New Jersey Department of Community Affairs, and the New Jersey Board of Public Utilities and all appeal periods have expired.

[Signature page follows]

EXECUTION COPY

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the date first above written.

ATTEST:

CITY OF CAMDEN

By: _____
Luis Pastoriza
Municipal Clerk

By: *Dana L. Redd*
Dana L. Redd
Mayor

ATTEST:

UNITED WATER ENVIRONMENTAL
SERVICES INC.

By: *Carla E. Hjelm*
Carla E. Hjelm
Secretary

By: *Nadine Leslie*
Nadine Leslie
President