SALE AND PURCHASE AGREEMENT

This SALE AND PURCHASE AGREEMENT ("Agreement") is made by and between the City of Powder Springs, Georgia, a municipal corporation of the State of Georgia, (hereinafter "City") as **Seller**, and Cobb County, Georgia, a political subdivision of the State of Georgia, (hereinafter "County") as **Purchaser** for the purpose of setting forth the terms and conditions for the sale of the City's water and sewer system and related facilities. City and County are each referred to as a Party or, collectively, as the "Parties."

WITNESSETH:

WHEREAS, the Seller owns and operates, pursuant to the provisions of Ga. Const. Art. IX, \S 2, \P 3(a)(6) and (7) and related statutes, a wastewater collection and water distribution system (the "Water System");

WHEREAS, the Seller has elected to sell the assets and property of the Water System;

WHEREAS, the disposition of the assets of the Water System are subject to O.C.G.A. §36-37-8 through §36-37-10;

WHEREAS, Purchaser is currently engaged in the ownership and operation of water and wastewater utilities;

WHEREAS, Purchaser is qualified to own and will have all the powers that are necessary, useful or appropriate for the acquisition, ownership and operation of the Water System;

WHEREAS, Purchaser, in reliance upon the representations, warranties and covenants of Seller, desires to purchase and acquire from Seller, and Seller desires to sell, transfer and convey all of the Acquired Assets (defined below), except for the Excluded Assets, and in connection therewith.

NOW, THEREFORE, in consideration of the foregoing and of the mutual representations, warranties, covenants, and agreements herein contained and other consideration the receipt and sufficiency of which hereby are acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

ARTICLE I. DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms, as used in this Agreement, shall have the meanings set forth in this section:

"Accounts Receivable" means all accounts and notes receivable, rights to refunds, unbilled revenue (net of bad debt) and deposits of any kind of Seller, accrued by or on behalf of Seller in the operation of the Water System, to the extent constituting a current asset, outstanding as of the Closing Date.

"Agreement" means this Asset Purchase Agreement and the Schedules and Exhibits attached hereto as they may be amended or modified in accordance with the applicable provisions hereof.

"Business Day" means any day other than Saturday, Sunday, and any day on which commercial banks in Georgia are authorized by law to be closed.

"City" means the City of Powder Springs, Georgia.

"City Officials" means Seller's Mayor, City Council member, City Manager, or a Department Director .

"Conditional Employee" means City Employees transitioning to the County and will have to go through a working test period.

"Damages" means any and all losses, obligations, penalties, interest, damages, liabilities, causes of action, judgments, actions, demands, claims, costs or expenses, including reasonable attorneys' fees sustained or incurred in investigating, preparing or defending any Claim. Notwithstanding the foregoing, Damages shall not include incidental damages, loss of profits or punitive damages, if any, unless the Party seeking indemnification has had incidental damages, lost profits or punitive damages assessed or asserted against it by a third party.

"Employee" means any person employed by Seller responsible for services and tasks related to the operation of the water and/or sewer system immediately before the Closing.

"Equipment and Machinery" means equipment, tangible property, tooling, spare maintenance or replacement parts, and vehicles owned by Seller, which are used, necessary or important in the operation of the Water System.

"Excluded Liability" or **"Excluded Liabilities"** means, notwithstanding any provision in this Agreement to the contrary, those obligations or liabilities:

- a. of Seller relating to or arising out of (i) the employment or termination of employment of any Employee on or before the Closing or (ii) worker's compensation claims of any Employee that relate to events occurring on or before the Closing Date;
- b. that constitute any claim, liability or obligation in respect of Employees of the Seller arising on or prior to the Closing Date (including by reason of the

transactions contemplated by this Agreement) by or on behalf of any such Employee for (i) payments for unemployment compensation, (ii) bonus, (iii) hospital, medical, life insurance or disability claims, (iv) Seller's Qualified Benefit Plans or Seller's Benefit Plans, (v) severance or termination payments, (vi) accrued vacation or accrued sick leave, (vii) workers' compensation, (viii) any other benefit obligation of the Seller, or (ix) other compensation or damages;

- c. related to any tort claims against Seller ("Tort Claims");
- d. related to any Claim for Damages to the extent the Seller has the right to be indemnified by a third party other than Purchaser or to receive insurance proceeds related thereto;
- e. related to any malfeasance or penalties or fines, or interest thereon, assessed by the EPA or EPD, by reason of any acts or omissions of Seller prior to Closing alleged to be in violation of applicable Environmental Law.

"Files and Records" means all files and records of Seller relating to the Water System, whether in hard copy or electronic or other format including customer and supplier records/accounts, customer lists (both from and after date of Closing, except as set forth in this Agreement, including the appropriate documentation and records to accompany said accounts), records of sales calls, manuals, books, files, records, engineering data, procedures, systems, instructions, drawings, , plans, designs, specifications, equipment lists, parts lists, equipment maintenance records, equipment warranty information, sales and advertising material, computer software, and records relating to Employee to be employed by Purchaser following the Closing, and whether stored on-site or off-site.

"Knowledge" to the **"Knowledge Of"** and phrase of similar import, means the actual knowledge of (i) with respect to Seller, the City Officials or (ii) with respect to Purchaser, the County Officials.

"Law" means any law, statute, regulation, ordinance, rule, order, judicial, administrative and regulatory decree, judgment, consent decree, settlement agreement or governmental requirement enacted, promulgated, entered into, agreed or imposed by any Governmental Authority, as may be in effect at the relevant time or times in the context in which the term is used.

"Material Adverse Effect" means any event, change, fact, condition, occurrence or circumstance that either individually or in the aggregate, has had or could reasonably be expected to have a materially adverse effect on the condition of the property, the business, financial condition, results of operations or other aspects of the Water System, taken as a whole, but excluding any effect to the extent arising from any one or more of the following: (i) any act

or omission of Seller that is conducted with the prior written consent of Purchaser following Seller's disclosure to Purchaser of relevant, material facts or that is expressly authorized by the terms of this Agreement; (ii) any costs or expenses incurred or accrued in connection with the transactions as contemplated by this Agreement; or (iii) any such change, effect or circumstance resulting solely from the announcement of this Agreement.

"Person" means any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, or unincorporated organization, or any governmental agency, officer, department, commission, board, bureau, or instrumentality thereof.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment of Hazardous Materials.

"Reserved Rights" means title to public rights-of-way except for any subsurface occupancies or improvements used in the operation of the System.

"Seller's Benefit Plans" means each voluntary employees' beneficiary association under Section 501(c)(9) of the Internal Revenue Code (Code) whose members include any Employees and any employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 (ERISA,) or any other retirement, profit sharing, Seller's Qualified Benefit Plan, stock option, stock bonus, deferred compensation (including any "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code), severance, sick leave or other material plan or arrangement providing benefits to current or former Employee, in each case, whether or not terminated, to which the Seller are a plan sponsor, as defined in Section 3(16)(B) of ERISA, or to which the Seller or otherwise contribute or have contributed (including without limitation PERF), or in which the Seller otherwise participate or have participated. It shall further include all obligations, arrangements, or practices, whether nor not legally enforceable, to provide benefits, other than salary or wages to present or former directors, employees or agents, other than obligations, arrangements and practices that are Seller's Benefit Plans, that are owed, adopted or followed by the Seller. Seller's Benefit Plans also include consulting agreements under which the compensation paid does not depend upon the amount of service rendered, sabbatical policies, severance payment policies and fringe benefits within the meaning of Section 132 of the Code.

"Supplies" means all the lubricants, spare parts, fuel, chemicals, raw materials, and other supplies owned by Seller or to which Seller may have rights, which are used, necessary or important in the operation of the System and related to the System, and all rights of Seller to warranties received from their suppliers with respect to the foregoing (to the extent assignable) and related claims, credits and rights of recovery with respect thereto.

TERMS OF PURCHASE AND CONDITIONS

Section 2.01. Purchase and Sale of Property. With the exception of the Excluded Assets, subject to the terms and conditions set forth in this Agreement, at Closing, Purchaser shall purchase from the Seller, and the Seller shall sell, transfer, assign and deliver to Purchaser, all of the right, title and interest of the Seller in, to and under all of the assets, properties and rights of the Seller, to the extent such assets, properties and rights exist as of the Closing Date and are used, necessary or important in the operation of the Water System, all of which consist of the following (hereinafter "Property"):

- A. All water distribution lines, meters, valves, fire hydrants, and individual services, in place owned by City;
- B. All sewage collection lines, manholes, and services, in place, owned by City;
- C. All rights of City to provide water and sewage services from and after date of closing;
- D. All customer accounts of City for supplying water and sewage services, from and after date of closing, except as otherwise set forth in this Agreement, including the appropriate documentation and records to accompany said accounts.
- E. All Water and/or sewer easements in, over, through, and under City's rights-of-way and other property owned by City where City's water and/or sewage facilities are presently located or could be located and City shall provide easements in favor of County;
- F. All of City's easements (including prescriptive easements) in, over, under, and through private properties, granted to City exclusively for either or both water and sewer purposes, provided City has the legal right to grant such rights under such easements or pursuant to applicable law; where such easements have not been granted to City exclusively for either or both water and sewer purposes, the right to County to use such easements for water and/or sewer purposes, provided City has the right to grant to County such rights granted to City under such easements or pursuant to applicable law. Notwithstanding anything herein to the contrary, City does not warrant or represent that all such easements exist as formal, written easements.
- G. All of City's right to use all other lands and properties not specifically described herein for water and/or sewage purposes being utilized for either or both such purposes by City at closing, provided City has the right to convey such rights or they are conveyed by quitclaim deed, and provided further, only such rights of City in and to the specific area in such all other lands and properties where water and/or sewer facilities are located in use at closing shall be conveyed;
- H. The City hereby reserves the right to utilize its rights of way associated with the water and sewer facilities for such other purposes including, but not limited to, storm water transport, and for other franchise operations as the City may authorize from time to time.

Section 2.02. Excluded Assets. Other than the Property subject to Section 2.01, Purchaser expressly understands and agrees that it is not purchasing or acquiring, and Seller is not selling or assigning any other assets or properties of Seller, and all such other assets and properties shall be excluded from the Property (the "Excluded Assets"). Excluded Assets include the following assets and properties of Seller:

- (a) cash, cash equivalents and invested funds of the City, plus investment earnings, and other amounts in the capital improvement, bond and/or construction fund balances and reserves for the Water System;
- (b) all of City's accounts receivable incurred or accrued in connection with the operation of water and sewage service prior to the date of Closing, whether received before, on, or after the date of Closing. At the Closing, City shall prepare a list of its outstanding receivables as of midnight on the date prior to the Closing, specifying the name of each account and the amount due to City. City may, in its sole discretion, exercise any and all efforts to collect City's delinquent accounts receivable, including resort to legal action. All such efforts by the City shall be at its sole cost and expense;
- (c) all City buildings, furnishings, and equipment not included in Section 7.02;
- (d) the rights that accrue or will accrue to Seller under this Agreement;

Section 2.03. <u>Subsequent Documentation.</u> At any time and from time to time after the Closing Date, Seller shall, upon the request of Purchaser, and Purchaser shall, upon the request of Seller, promptly execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance and transfer and other documents, and perform or cause to be performed such further acts, as may be reasonably required to evidence or effectuate, or more fully evidence or effectuate, (i) the sale, conveyance, transfer, assignment and delivery hereunder to Purchaser; (ii) performance by the Parties of any of the their other respective obligations under this Agreement; (iii) the satisfaction of Excluded Liabilities; and (d) any other matters reasonably requested by a Party to carry out the provisions, purposes and intent of this Agreement.

ARTICLE III. EFFECTIVE DATE; PURCHASE PRICE

Section 3.01. <u>Effective Date.</u> This Agreement will be effective the date the last party executes the Agreement (the "Effective Date").

Section 3.02. <u>Purchase Price.</u> Subject to the terms and conditions, including adjustments, set forth in this Agreement, the aggregate purchase price shall be **Five Million Five Hundred Thousand and No/100THS** Dollars (\$5,500,000.00), which shall be paid in cash annually without notice or demand to the City in ten (10) equal installments (\$550,000.00)

per year for ten years) with the first payment being due the first day of the month following Closing and subsequent payments being due by the Closing anniversary each year.

Section 3.03. Fair Consideration. The Parties acknowledge and agree that the consideration provided for in this Article III represents fair consideration and reasonable equivalent value for the sale and transfer of the Property and the transactions, covenants and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's-length, good faith negotiations between the Parties and their respective representatives.

ARTICLE IV. CLOSING

Section 4.01. Closing Date. The Closing shall take place at the offices of the City Attorney, 49 Atlanta Street, Marietta, Georgia 30060 at 9:00 a.m. on April 1, 2019 or the earliest agreed upon date after the date upon which all the conditions precedent to Closing described in this Agreement have been fulfilled or waived and Purchaser and Seller receive the last of the required consents, waivers, and authorizations, in each case, for the transactions contemplated by this Agreement, or at such other place and time, or on such other date, as may be mutually agreed to by the Parties (the "Closing Date"). The Closing shall be effective at 12:01 a.m., on the Closing Date (the "Closing Effective Time").

Section 4.02. <u>Deliveries by Seller.</u> At the Closing, Seller shall have delivered to Purchaser executed copies of the following agreements, documents and other items:

- (a) Possession of the Property;
- (b) Copies of each consent, waiver, authorization and approval required pursuant to Section 4.02 of this Agreement;
- (c) Title certificates to any motor vehicles included in the Property, duly executed by Seller (together with any transfer forms necessary to transfer title to such vehicles);
- (d) Copies or originals of all Files and Records, materials, documents and records in possession of Seller relating to the Property;
- (e) All such other instruments of conveyance or other documents as shall, in the reasonable opinion of Purchaser and its counsel, be necessary to transfer to Purchaser the Property in accordance with this Agreement or to carry out the terms of this Agreement, duly executed and acknowledged by Seller, if necessary, and in a recordable form.

Section 4.03. <u>Transfers.</u> As of the date of Closing, City shall cause the Cobb County-Marietta Water Authority to read its meters measuring city water purchases, discontinue water service to City, and begin service to County. City shall be responsible for payment of such water charges through the time of such meter reading, and County shall be responsible for payment for such water charges subsequent to such meter reading.

Before or on the day of Closing, City shall furnish to County a list of its water and/or sewer customers including their numbers and addresses, meter readings, delinquent customers and their accounts, and all other records related to the Property. Notwithstanding the actual conveyance of these assets at closing, the City agrees to furnish to County, prior to and after the Closing Date, such information from its records as may be necessary for County to develop a customer service and Geographical Information Systems (GIS) data base that will enable County to immediately assume customer service and billing functions at the time of closing. Subject to Georgia law, County shall not be obligated to furnish or supply water or sewer services to City's delinquent customers until notified in writing by City that the particular customer has brought current its delinquent account or accounts with City. City shall provide such notice to County immediately' upon a delinquent account being satisfied.

After Closing, it shall be the sole responsibility of County to read the meters of those customers who were served by the City's water and sewer system. Before or on the day of Closing, the City shall provide to County sufficient documents and records which indicate the last meter reading for each customer. County shall document the meter readings after Closing and on an interval consistent with County's overall billing system and shall bill all customers for water and sewer under one bill. County shall notify City customers of County billing practices and other policies at time of billing and provide customer service information. Moreover, City will provide to County its billing policies and practices at Closing, including information regarding accounts for which personal checks are not accepted.

After Closing, County shall have up to ninety (90) days to equalize the water and sewer rates billed to the transferred customers of the city's water and sewage system with those of its other customers and shall thereafter do likewise.

Moreover, after the passage of ninety (90) days from closing, representatives of the City and County shall meet to reconcile respective revenues and expenses properly creditable and chargeable to each.

After Closing, County shall be responsible for any reporting or noticing requirements with regard to the change in service areas affected by the Closing.

ARTICLE V. DEPOSITS

At Closing, City shall transfer all water and/or sewer deposits which have been made by any of its customers to County with a complete listing of each customer and their

corresponding deposit. County shall assume all responsibility for accounting for and return of any such deposits. If and when any such customer become entitled to a return of its deposit, such return or refund of deposit shall be made by County, and City shall have no responsibility or liability therefore so long as City has made no error with regard to deposits and its turn over to County. City shall refer all claim and demands for such refund to County. To the extent allowed by law, County shall indemnify and hold harmless City from any loss, damage, cost or attorneys' fees as a result of any claim which any such customer may have or make regarding any deposit to City for water and/or sewage services made before the date of closing. County shall receive all customer accounts as is at the time of Closing and shall not require any additional deposit from existing customers, irrespective of whether such customers currently have a deposit on file, unless customer's account becomes delinquent.

ARTICLE VI. EMPLOYEE MATTERS

Section 6.01. Employees; Labor Relations.

- (a) Seller is not a party to, or bound by, any collective bargaining or other Agreement with a labor organization representing any of the Employees. There has not been, nor, to Seller's Knowledge, has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor activity or dispute affecting Seller or any of the Employees.
- (b) Seller is in compliance in all material respects with all applicable Laws pertaining to employment and employment practices to the extent they relate to the Employees.
- (c) With respect to all Employees:
 - there is no unfair labor practice charge or complaint against the Seller pending, or to the Knowledge of the Seller, threatened (and the Seller does not believe that there exists any reasonable basis therefore);
 - ii. there is no grievance pending against the Seller filed by any Employee arising out of any grievance or complaint procedure (and the Seller does not have Knowledge that there exists any reasonable basis therefore);
 - iii. there is no charge of employment discrimination, harassment or retaliation with respect to or relating to any Employee or group of Employees pending before the Equal Employment Opportunity Commission or any other agency responsible for

the prevention or investigation of unlawful and/or discriminatory employment practices (and the Seller does not have Knowledge that there exists any reasonable basis thereof);

- iv. the Seller has not received any written notice of the intent of any Governmental Authority responsible for the enforcement of labor or employment laws to conduct an investigation or other inquiry, and to the Knowledge of Seller, no such investigation or other inquiry is in progress; and
- v. there is no claim, action, suit, proceeding, investigation or inquiry pending against the Seller or, to the Knowledge of the Seller, threatened, in any forum by or on behalf of any Employee, any applicant for employment with Seller, or classes of the foregoing alleging breach of any express or implied contract of employment, violation of any law governing employment or the termination thereof or other discriminatory, wrongful or tortious conduct in connection with the employment relationship.

Section 6.02. Continuation of Employment. County shall hire the full-time employees responsible for services and tasks related to the operation of the water and/or sewer system who are employed by City and not eligible for retirement at the time of Closing. The names of those employees currently employed on a full-time basis and not eligible for retirement are attached hereto as Exhibit A and specifically made a part hereof. To meet eligibility requirements employees must submit an application for employment with the County and complete all required pre-employment background conditions relevant to the positions for which they are applying. Conditional employees identified in Exhibit A may be deleted at the time of Closing, but no employee may be added. County shall offer employment to said conditional employees on a full-time basis subject to such employee's satisfactory completion of pre-employment requirements County shall offer employment to said employees on a full-time basis for a minimum of three (3) years subject to such employee's satisfactory job performance and completion of a 12-month working test period.

Section 6.03. Salary Requirements. County shall meet or exceed each employee's salary paid by City at time of Closing, provided it does not create an inequity with an existing County employee or employees. Those employees who accept an offer of employment from the County as a result of this Agreement shall be eligible for Civil Service status after successful completion of a 12-month working test period.

Section 6.04. Employee Benefits. County shall amend its pension plan effective as of the Closing Date to provide that present employees of the City's water and/or sewer system who are participants with the City's retirement plan and who become employees of County as a result of this agreement will become a participant of County's Hybrid Defined Benefit/Defined Contribution Pension Plan. The City represents and warrants to County that it has provided, or by Closing will provide, to County a true and accurate list of the names, dates of birth and original date of hire for affected employees of the City under this Agreement. The City attests by authorizing this agreement the affected employees have worked full-time (30 hours or more per week) on a continuous basis from their employment start date with the City to the Effective Date of this Agreement.

Employees who have vested under the City's plan will be credited service for the purposes of vesting under the County plan from the original date of hire with the City. Benefit accrual service under the County plan shall be counted from the date the affected employees are hired with the County.

Employees who have not vested under the City's retirement plan will be credited with service and benefit accrual service in the County plan from original employment date with City, contingent upon the City's ability to purchase such back service into the County's plan. The actuarial cost for this benefit will be determined by the County's pension plan actuary. Should any of the employees who receive credited service, leave the County prior to being vested in the County's retirement plan, the amount paid by the City to the County for that employee shall be returned to the City.

The County shall allow hired employees to enroll and be eligible for all current County health, medical, dental and other elective cafeteria benefit plans subject to the same enrollment regulations governing other County employees.

Section 6.05. Employee Leave. Employees will accrue leave based on the County's leave policy(s) and will be credited for all service with City for leave accrual purposes. County will not accept, however, any transfer of leave balances from such employees unless the liability to County is covered by City.

ARTICLE VII. TITLE & POSSESSION; EQUIPMENT

Section 7.01. <u>Title & Possession.</u> As of Closing, County shall have exclusive title to and possession of all water and sewer lines and associated appurtenances and those rights as to Property, described in Section 2.01. At Closing, the Property hereby purchased shall be transferred to County free and clear of all liens and encumbrances, except those items of Property specifically delineated herein which will not or cannot be sold or sold free and clear. County shall take possession of Property as of Closing, and shall take title to the physical properties described in Section 2.01 hereof, as to which it is acquiring title, as of Closing. City warrants that facilities being sold are operational, that it is not aware that there is currently any situation where water or untreated wastewater is being improperly

discharged from the system, and to the best of its information is in full compliance with Georgia State Law, Georgia's Environmental Protection Divisions' rules and regulations, the United States Environmental Protection Agency rules and regulations and any related to state or federal rules and regulations that regulate the ownership, operating and maintenance of a water/sewer system and related facilities. County shall have the right to inspect the condition of the Property as it deems reasonably necessary for a period not to exceed thirty (30) days beginning from the date this agreement is signed by all parties. After this 30-day period, City shall maintain the condition of the Property in its current condition, ordinary wear and tear excepted, through the date of closing. Following County's inspection period, should County, in its sole discretion, elect to proceed with the purchase, it is understood and agreed that the Property conveyed by this Agreement is sold "as is" at the time of closing. Should County elect not to consummate the closing, it shall so notify City.

At closing, City shall convey to County by execution and delivery of a Bill of Sale to include a list of the following:

- A. All water distribution lines, meters, valves, fire hydrants, taps, and individual services, in place owned and/or operated or controlled by City;
- B. All sewage collection lines, manholes, and services, in place, owned by City;
- C. All rights of City to provide water and sewage services from and after date of closing;
- D. All records, including customer accounts of City for supplying water and sewage services, from and after date of closing, subject to the provisions of Sections 4 and 5 of this Agreement including the appropriate documentation and records to accompany said accounts.
- E. City shall also deliver to County at closing such documents as may be reasonably required by County, including by deed, evidencing City's conveyance to County of:
 - All Water and/or sewer easements in, over, through, and under City's rightsof-way and other property owned by City where City's water and/or sewage facilities are presently located;
 - ii. All of City's easements in, over, under, and through private properties, granted to City exclusively for either or both water and sewer purposes, provided City has the legal right to grant such rights, under applicable law; where such easements have been granted to City exclusively for either or both water and sewer purposes, the right to County to use such easements for water and/or sewer purposes, provided City has the right to grant to County such rights granted to City under such easements or by applicable law;

iii. All of City's rights to use all other lands and properties not specifically described herein for water and/or sewage purposes, being utilized for either or both such purposes by City at closing, provided City has the right to convey such rights or they are conveyed by quitclaim deed, and provided further, only such rights of City in and to the specific area in such all other lands and properties where water and/or sewer facilities are located and in use at closing shall be conveyed;

Notwithstanding the conveyance of these assets at closing, City agrees to furnish County, prior to and after closing, with such information from its records as may be necessary for County to develop a customer service and Geographical Information Systems (GIS) data base that will enable County to immediately assume customer service and billing functions.

Section 7.02. Equipment.

- (a) Exhibit ____ sets forth a list of, or otherwise describes, all material Equipment and/or vehicles included in the Property. Seller is the owner of and has good and marketable title to the Property, free of all debts, liens, security interests and encumbrances, except as explicitly set forth in this Agreement.
- (b) To the Knowledge of Seller, the Equipment is in good operating condition and repair (except for ordinary wear and tear), and is being operated in conformity in all material respects with all applicable Laws and warranty conditions.

ARTICLE VIII. SCOPE OF CONVEYANCE; ACCOUNTS PAYABLE

Section 8.01. Scope of Conveyance. Provided this Agreement is consummated at closing, City shall and does grant and delegate to County exclusively all of its right and power under the Constitution, its Charter, and laws of the State of Georgia or power derived from any other source, to provide water distribution, and sewage collection, disposal and treatment services within the corporate limits City as they now or may hereafter exist for a period not to exceed fifty (50) years. From and after the date of said closing, City shall not operate any water distribution or sewer collection, disposal or treatment facility of any kind or provide any type of water distribution or sewerage collection, disposal or treatment services of any kind to any customer or entity or in any way compete with County in the provision of water or sewerage collection, disposal or treatment service. City will not interfere in any way with County's operation of its water and sewerage collection, disposal and treatment services, systems or facilities, within City limits as they presently or may hereafter exist, and will take reasonable measures to facilitate County's provision of such services. Notwithstanding the foregoing, County will not install pump stations within the City limits without the written consent of the City.

Section 8.02. Accounts Payable. City shall be solely responsible for all accounts payable and all indebtedness of any kind related to the Property being sold as of the date of closing, all of which shall be paid in full as of the date of closing or adequate provisions acceptable to County made therefore. To the extent permitted by law, City shall indemnify and hold harmless County from and against any and all loss and expense, including attorneys' fees, County may incur as a result of City's failure to pay such accounts payable and indebtedness. Prior to closing, City shall pay off any existing bonded indebtedness currently in the name of the City related to the Property. Similarly, County shall be responsible for any bonded indebtedness in the name of the County related to the Property.

ARTICLE IX. PERMITS AND EASEMENTS

City agrees that it shall convey to County, at County's request after closing and during the term of this Agreement, additional right-of-way permits and easements in, over, through and under properties owned by City as may be necessary to County for maintenance, repair, replacement, or expansion of its water and sewer system, at no cost to County provided: (i) the easement(s) required do not substantially damage or destroy the economic value of the property in which the easements are sought; (ii) the permit(s) or easement(s) sought do not substantially interfere with City's present use of the rights-of-way or other property in which such permit(s) or easement(s) are sought; and (iii) the rights-of-way or other property in which the permit(s) or easement(s) are sought can physically accommodate County's proposed use.

County, in the use of any said permits and easements described above and in Section 2.01 hereof, shall comply with all City Ordinances now or hereinafter in force, provided they are no more restrictive to County than to non-franchised utilities and contractors relating to installation, maintenance or replacement of existing or additional lines, appurtenances or equipment in City rights-of-way and City owned property, and shall repair through its own departments or independent contractors in accordance therewith any damages which County may cause to City's rights-of-way and other properties.

City hereby grants, insofar as it can legally do so, its permission to County to condemn after closing, any private property within the city limits of Powder Springs as the same now or in the future may exist, which may be necessary for County's public water or sewer purposes with the exception of construction of wastewater treatment plants. City shall not in any way oppose or interfere with County's ability to acquire such easements or other rights in private lands and shall take reasonable measures to facilitate County's efforts, either by negotiation or by the exercise of the power of eminent domain. Such acquisition shall, however, be at County's sole cost and expense.

ARTICLE X. SURVIVAL; INDEMNIFICATION; RISK OF LOSS

Section 10.01. <u>Survival.</u> All representations and warranties contained in this Agreement shall survive for a period of eighteen (18) months after the execution, delivery and performance of this Agreement, notwithstanding any investigation conducted at any time, except that (i) representations and warranties made in Section 6.04 (Employee Benefit Plans) shall survive until the expiration of the statutory period of limitations applicable to the subject matter addressed in each Section; (ii) representations and warranties made in Section 7.01 will not expire.

Section 10.02. Indemnification by Purchaser. In addition to other indemnification provisions contained in this Agreement, to the extent allowed by law, County shall indemnify and hold harmless City from and against any and all claims, including but not limited to claims for property damage, personal injuries and wrongful death, losses, costs and expenses, including attorneys' fees which City may incur, arising directly out of County's water and/or sewage activities and operation within the City limits now existing or as they may hereinafter exist after the date of closing, and County's water and/or sewage activities and operations, in, under, upon, through or above City's rights-of-way and other properties owned by City or in which it has an interest. Nothing herein shall, however, limit or affect County's' rights to and defenses of sovereign immunity and County does not hereby waive such defense(s).

Section 10.03. Indemnification by Seller. To the maximum extent permitted by applicable Law, Seller agrees to indemnify, defend and hold harmless Purchaser and its successors, and their respective employees, officers, directors, trustees and agents (the "Purchaser Indemnified Persons"), from and against any and all claims for Damages (each a "Claim") arising from or relating to: (i) any breach of the representations and warranties in this Agreement 7.03; (ii) the nonfulfillment of any of the covenants or agreements of Seller contained in this Agreement; (iii) any Excluded Liability; (iv) any investigation, civil, criminal or administrative action with respect to the Seller's Benefit Plans (including without limitation, any claim for benefits under a Seller Benefit Plan by any personnel of Seller); (v) any COBRA obligation of Seller arising from any qualifying event as defined under COBRA occurring before the Closing Date; (vi) any Environmental Claim arising or existing prior to the Closing; and (vi); any and all actions, suits, investigations, proceedings, demands, assessments, audits and judgments arising out of any of the foregoing.

Section 10.03. <u>Risk of Loss.</u> Prior to Closing, the risk of loss for damage by fire or other casualty, or the taking by eminent domain, until Closing, shall be assumed by and shall be the responsibility of the City. After Closing, the risk of loss or damage by fire or other casualty, or the taking by eminent domain, shall be assumed by County after the Closing.

ARTICLE XI. REPRESENTATIONS AND WARRANTIES OF THE SELLER

Purchaser acknowledges that Seller hired a consultant to conduct an independent investigation of properties and projected operations of the Water System. Purchaser in making its determination as to the propriety of the transaction contemplated by this Agreement and, in entering into this Agreement has relied solely upon the results of the

investigation and on the representations and warranties of Seller expressly contained in Article XI of this Agreement. Seller represents and warrants to Purchaser that the statements contained in this Article XI are true and correct as of the date hereof, all of which survive the Closing.

Section 11.01. <u>Power.</u> Seller has all requisite power and authority to own, lease and operate the Property and the Water System as operated on the Effective Date, to sell and transfer in the manner described herein and powers described herein to Purchaser and to enter into, execute and deliver this Agreement.

Section 11.02. Approval and Authority to Contract.

Agreement and the performances and obligations hereunder have been approved by the Mayor and City Council of City, the governing authority of City, and regularly entered upon its Minutes; and this Agreement represents obligations binding upon the City, enforceable against Seller in accordance with its terms and conditions, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally. The person executing this Agreement hereby has full authority to act on behalf of and bind the City to the obligations imposed on it by this Agreement.

Section 11.03. <u>No Other Agreements to Sell Property.</u> Seller does not have any obligation, absolute or contingent, to any other Person to sell any of the Property, or to effect any merger, consolidation or other reorganization of Seller or to enter into any agreement with respect thereto.

Section 11.04. Condition of Property. City warrants that at the time of closing the tangible properties described in Section 2.01 hereof will be in the same condition as they are on the date of this Agreement, natural wear and tear excepted. However, should such tangible properties be destroyed or substantially damaged in whole or part before closing, then, provided City agrees to such in writing, County may consummate this Agreement by payment of the purchase price less the value of the property destroyed or substantially damaged; or, County may proceed to consummate this Agreement without reduction in the purchase price; or, County may choose to not consummate this Agreement, and terminate this Agreement with no penalty and same shall become null and void. City shall promptly notify County of any such substantial damage which comes to its attention prior to closing.

Section 11.05. <u>Litigation.</u> There are no judgments, liens, actions, or proceedings pending or threatened against the City which would restrain or enjoin execution of this Agreement or the performance by City of any of its obligations hereunder, nor any such which contest City's right to use private and other properties not owned by City. City assumes any and all liability as a result of any pending litigation or known or unknown claims against City with regard to water or sewer service to city customers, arising out of facts or occurrences prior to closing. County assumes no obligation or liability with regard to such claims or litigation. City shall indemnify and hold County harmless from and against any loss, damage

or cost of any kind, including court costs and attorneys' fees, as a result of any such pending litigation or known or unknown present or future claims arising out of facts or occurrences prior to closing, all of which City shall defend.

Section 11.06. Prepaid Taps.

Seller warrants and represents that there are no customers or potential customers of its water and sewage system who have purchased and paid for prepaid sewer or water taps with the exception of those listed on Exhibit hereto attached. Those taps shall be honored by the Purchaser for a period of one (1) year from the Closing, and Purchaser shall make no charge therefore. Seller further warrants and represents that it shall not collect from any source any tap-on fees from date of execution of this Agreement to Closing, but that any such source or customer or potential customer shall be referred to Purchaser. In the event any prepaid fees are found to exist in addition to those listed in Exhibit _____, or if the taps on Exhibit _____ are not used within one (1) year from the date of Closing, then at the time of such customer's request to tap into Purchaser's system, Seller shall refund to such customer the amount paid to Seller, and the customer shall be referred to Purchaser.

Section 11.07. Accounting. City warrants and represents that all bills or invoices for labor and/or materials furnished to or on behalf of City relating to the Property prior to the time of conveyance to County, if any, will be paid or provided for by City within ninety (90) days after Closing.

Section 11.08. Environmental Compliance. Seller shall be responsible for any and all environmental matters up and to the date of Closing.

Section 11.09. Compliance with Law. The Water System is in material compliance with all applicable Laws. Seller is not in material violation of any Law applicable to the Water System, its Employees or any of the Property, nor is Seller aware that any factual circumstances are reasonably likely to result in such violation.

Section 11.10. <u>Marketable Title.</u> City is the owner of and has good and marketable title to the Property, free of all debts, liens, security interests and encumbrances, except as explicitly set forth in this Agreement.

Section 11.11. All Material Information. Seller has not withheld from Purchaser any material facts relating to the Water System or the Property. To the Knowledge of Seller, no representation or warranty made herein by the Seller and no statement contained in any certificate or other instrument furnished or to be furnished to Purchaser by the Seller in connection with the transactions contemplated by this Agreement contains or will contain an untrue statement of material fact or omits or will omit to state any material fact necessary in order to make any representation, warranty, or other statement of the Seller not misleading.

ARTICLE XII. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser makes only the representations and warranties which are set forth in this Article XII. As a material inducement to Seller to enter into this Agreement and to consummate the transactions contemplated hereby, Purchaser hereby represents and warrants to Seller, all of which survive Closing, as follows:

Section 12.01. Entity Organization and Power. Purchaser is a political subdivision of the State of Georgia and has all requisite power and authority to own and operate the Acquired Assets and the System as operated on the Effective Date and to perform its obligations hereunder. Purchaser has the right and authority to enter into this Agreement, subject to the terms contained in this Agreement, to consummate the sale contemplated herein, and to observe and perform all its covenants and obligations hereunder.

Section 12.02. <u>Authorization and Validity of Agreement.</u> Execution of this Agreement and the performances and obligations hereunder have been approved by the Cobb County Board of Commissioners, the governing authority of County, and regularly entered upon its Minutes; and this Agreement represents obligations binding upon County, enforceable against Purchaser in accordance with its terms and conditions, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally. The person executing this Agreement required hereby has full authority to act on behalf of and bind the County to the obligations imposed on it by this Agreement.

Section 12.03. <u>Judgments and Liens.</u> There are no judgments, actions, or proceedings now or at Closing, pending or threatened against County which could or would restrain or impair consummation of this Agreement or performance by County of any of its obligations hereunder.

Section 12.04. Deliverables at Closing.

- (a) on and after Closing, County warrants that it shall provide the same level of service as current County customers enjoy to all City customers, who pursuant to this Agreement, will be served by County, including the provisions of sufficient and adequate water and sewer capacity for all existing City residents and businesses and any future City residents and businesses which are located on property which is annexed into the corporate limits of City, where there is available capacity and such offering is compliant with County regulations, policies, and procedures;
- (b) on and after Closing, County warrants that in its ownership, operation and maintenance of all Property conveyed by this Agreement, of any future water and/or sewer distribution, collection or disposal facilities and easements and of

any future acquisition of water distribution and/or sewer, collection or disposal facilities and easements within City, the County will make a good faith effort to comply with Georgia State law, Georgia's Environmental Protection Division rules and regulations, the United States Environmental Protection Agency rules and regulations and any related state or federal rules and regulations which regulate the ownership, operation and maintenance of a water/sewer system and related facilities. It is understood by the parties, however, that if City's system is non-compliant with any applicable laws or regulations then County shall, if it is deemed responsible, have a reasonable amount of time to bring any noncompliant portion of City's system in compliance.

ARTICLE XIII. DEFAULT

Except as otherwise expressly provided herein, either party shall be in default of this Agreement if such party (a) fails to comply with the terms and conditions set forth herein in any material respect for any reason, except either Party's failure to consummate the closing on the closing date pursuant to a right to terminate expressly set forth in this Agreement, and (b) said default continues for a period of thirty (30) days after receipt of written notice from the non-defaulting party specifying the default, except with respect to either party's failure to deliver any or all of the documents which such party is required to deliver at the closing or otherwise perform its obligations at closing, for which no notice or cure period shall apply.

If any of the foregoing events of default shall occur and be continued, the non-defaulting party may declare by written notice to the other that it is in default with an explanation of the reason for such default. Upon such notice of default, either party shall have the right, at its option, to seek any of the following remedies, wherein such remedies may be exercised individually or collectively at the party's option:

- A. Damages
- B. Specific Performance
- C. Termination if closing has not occurred
- D. Injunctive Relief

Notwithstanding the above, the parties shall first attempt to resolve amicably any disputes related to this Agreement. If such disputes cannot be resolved amicably, either party shall have the right to have the dispute(s) submitted to non-binding mediation. Notice of such request shall be delivered to the other party as soon as practicable after an impasse is reached. If County and City cannot agree on a person to mediate, the mediator shall be chosen by agreement between the County Manager and City Manager. Such mediation shall occur, unless mutually agreed otherwise, within 30 days of such request and the cost of the mediation shall be borne equally between the parties.

ARTICLE XIV. OTHER AGREEMENTS

Section 14.01. Files and Records. After the Closing Date, upon reasonable notice and during normal business hours, Seller shall provide access to Purchaser and its attorneys, accountants and other representatives, at Purchaser's expense, to Files and Records that remain in Seller's possession as Purchaser may reasonably deem necessary to properly prepare for, file, prove, answer, prosecute, and/or defend any such return, filing, audit, protest, claim, suit, inquiry or other proceeding.

Section 14.02. Future Franchise Agreements. Should County ever in the future enter into a franchise agreement with any of the other five municipalities within Cobb County with regard to County's providing of water and sewage service within all or part of the municipality's city limits, County shall enter into such a franchise agreement with the municipality upon terms which are at least as favorable to City as evidenced by this Agreement between County and City. Otherwise, City shall not establish or enforce any such franchise or related fees, if such are permitted, for any such services for at least fifty years from the effective date of this Agreement. Notwithstanding, however, any other provisions to the contrary contained in this paragraph or this Agreement, City agrees it shall not establish or enforce any franchise fee or any other fee related to County's provision of water and/or sewer services with regard to the Property conveyed pursuant to this Agreement for at least fifty years from the effective date of this Agreement, as such right to occupy and provide services within the City is included in the Purchase Price.

Section 14.03. Future Customers. If, at the time of Closing, City has entered into negotiations with any person or entity regarding the construction of new lines, facilities, and improvements for water and/or sewer services, City warrants and represents that it has not made any binding commitments, nor does City have any outstanding contracts to construct any new lines, facilities, or improvements as a part of its systems. If such negotiations have been entered into, City shall apprise County of the particulars of the aforesaid negotiations to assist County in determining whether to extend and/or improve water and sewer services. Sewer services provided by the County shall comply with and be subject to all regulations, policies, and procedures of County, including, but not limited to, County Water System technical review and requirement of additional capacity paid for by developers.

ARTICLE XV. MISCELLANEOUS

Section 15.01. <u>Annexation of Property.</u> This agreement does not restrict nor does it purport to restrict any future annexations by Seller. Purchaser shall not discriminate against citizens within the incorporated limits of the Seller or those desiring annexation therein because of the fact that Purchaser, rather than Seller, provides water and sewer services to its citizens.

Section 15.02. Nondiscrimination. Purchaser shall make available to Seller and its citizens water and/or sewer installation, development and service programs and facilities on a nondiscriminatory basis as compared to those programs and facilities offered to other municipalities and municipalities 'citizens and all businesses within County. With regard to new development projects and redevelopment projects, Cobb County Water System shall review and approve development plans before a grading permit or land disturbance permit is issued by the City. County shall sign off on all plats and plat revisions. City shall require all plats to include a signature block for the Cobb County Water System. Purchaser shall not unlawfully discriminate against City and its citizens in relation to other municipalities, Redevelopments, Tax Allocation District or Enterprise Zone, or prospective or current businesses located within corporate limits of City and their citizens within County in its offering of economic incentives, (i.e. Purchaser aid in the financing of water and sewer system development fees; waiver of impact fees should such impact fees be charged and the like) so as to not place the residents and businesses of Seller at a competitive disadvantage with residents and business of other municipalities within County. Purchaser agrees that it will provide such water and sewer taps and connections in a nondiscriminating manner, and current or future City citizens or businesses shall be provided access to and ability to connect to such water and sewer services in the same manner and timing as County citizens and businesses.

Section 15.03. Additional Documents. Purchaser and Seller each agree that such additional papers as may be necessary to carry out the terms of this Agreement shall be executed and delivered by such parties at Closing, and each shall take such additional actions as may be necessary and appropriate to carry out the terms and intent of this Agreement.

Section 15.04. Reasonable Efforts; Cooperation. Subject to the terms and conditions of this Agreement, each Party will use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to consummate the transactions contemplated by this Agreement. The Parties each agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement, and from time to time, upon the request of the other Parties to this Agreement and without further consideration, to execute, acknowledge and deliver in proper from any further instruments, and take such other action as the other Parties may reasonably require, in order to effectively carry out the intent of this Agreement.

Section 15.05. Notice. Any notice required or permitted to be given hereunder, shall be sufficient if in writing and sent by U.S. Certified Mail, Return Receipt Requested, postage prepaid, or by hand delivery, to the party being given such notice at the mailing address shown below:

City: Mayor City of Powder Springs 4484 Marietta Street Powder Springs, GA 30127

County: Chairman Cobb County Board of Commissioners 100 Cherokee Street, Suite 300 Marietta, GA 30069

With Copies to:

City Manager 4484 Marietta Street Powder Springs, GA 30127

County Manager 100 Cherokee Street, Suite 300 Marietta, GA 30069

Director Cobb County Water System 660 South Cobb Drive Marietta, GA 30060-3113

Any Party may change its address and preferred recipient or other contact information for notice by giving notice to each other Party in accordance with the terms of this Section 15.04. In no event will delivery to a copied Person alone constitute delivery to the Party represented by such copied Person.

Section 15.06. Contingencies.

This Agreement is expressly contingent upon proper approval by and entry upon the minutes of the City Council for City and the minutes of the Board of Commissioners for County. This Agreement, once executed and so approved, shall bind and inure to the benefit of the parties hereto, their Council and Commission, and their agents, successors and assigns. This Agreement is contingent upon City's compliance with O.C.G.A. Section 36-37-8. Following the execution of this Agreement, pursuant to O.C.G.A. Section 36-37-8, City shall provide a notice of intention to sell the Property hereunder, setting forth the price and other general terms and conditions of the proposed sale. Such notice of intention shall be published in the Marietta Daily Journal, the official legal organ of Cobb County, once a week for three consecutive weeks. If within ten days from the last publication of such notice, a petition signed by not less than 20% of the qualified voters of the City is filed, objecting to and protesting against this sale, then this sale shall not be consummated as contemplated hereunder unless a special election is held wherein at least two-thirds of those qualifying at such an election vote in favor of the sale. If such petition is filed with the City,

then the closing date as scheduled herein shall be extended by Amendment to afford the City sufficient time within which to hold the special election. Such election shall be in compliance with O.C.G.A. Sections 36-37-8 through 36-37-10. If such an election is necessary and less than two-thirds of those voting at such an election vote in favor of the sale, then this entire Agreement shall be terminated, null and void.

Section 15.07. Contract Terms. All the terms of this contract shall survive the closing.

Section 15.08. Entire Agreement. This Agreement constitutes the sole and entire agreement between the parties hereto with respect to the subject matter hereof, and no modifications of this Agreement shall be binding unless signed by all parties to this Agreement and unless properly approved and entered upon the minutes of the respective governing authority.

Section 15.09. <u>Governing Law.</u> This Agreement shall be construed and governed by the laws of the State of Georgia. Any dispute that arises hereunder shall be resolved exclusively in the courts of the State of Georgia located in Cobb County and the parties submit themselves to the jurisdiction of those courts for such purposes.

Section 15.10. Headings. The article, section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 15.11. Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 15.12. No Agency. It is expressly agreed and understood by the Parties hereto that neither party is the agent, partner, or joint venture partner of the other. It is also expressly agreed and understood that neither the City nor County has any obligations nor duties to the other except as specifically provided for in this Agreement.

Section 15.13. Time. Time is of the essence in this Agreement; however, if any action is required to be taken on a Saturday, Sunday or legal holiday, the action shall be deemed timely taken on the next regular business day.

Section 15.14. Counterparts. This Agreement may be executed in counterparts, and the signature of any person required by this Agreement shall be effective if signed on any and/or all counterparts. All counterparts together shall be considered one and the same Agreement.

Section 15.14. Amendments; Waivers. This Agreement may be amended or modified, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the Parties hereto, or in the case of a waiver, by the Party waiving compliance. Any waiver by any Party of any condition, or of the breach of any provision, term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall not be deemed to be or construed as a further or continuing waiver of any condition or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

Approved as to form:

Powder Springs Attorney

[SIGNATU	RES ON NEXT PAGE]
IN WITNESS WHEREOF, the parties here their seals the dates shown below.	eto have respectively set their hands and affixed
Powder Springs City Council Approval Date	CITY OF POWDER SPRINGS, GEORGIA

Al Thurman,

City of Powder Springs

Mayor

Date

Attested By:	County Clerk
City Clerk	
Cobb County BOC Approval Date	
Recommended By:	
Cobb County Water System Director	
Approved as to form:	
Cobb County Attorney's Office	
COBB COUNTY, GEORGIA	
By: Michael H. Boyce, Chairman Cobb County Board of Commissioners	
Date	
Attested By:	

Pamela L. Mabry

EXHIBIT A

CITY OF POWDER SPRINGS CONDITIONAL EMPLOYEES

Dexter Babbs
Dawn Chastain
Allen Eakley, Jr.
Michael Hawkins
Linda Higgs
Brttany Lovinggood
Jeffery Romines

