



Agenda Date: 9/12/07
Agenda Item: 5B

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE APPLICATION OF EAST)
COAST OAKWOOD APARTMENTS SEWAGE L.L.C.)
FOR APPROVAL OF A TRANSFER OF CONTROL OF)
OAKWOOD VILLAGE DECISION AND ORDER)
SEWERAGE ASSOCIATES, L.L.C.)

OFFICE OF THE ECONOMIST
& DIVISION OF WATER

DECISION AND ORDER

DOCKET NO. WM07070535

(SERVICE LIST ATTACHED)

BY THE BOARD:

Petitioner, East Coast Oakwood Village Apartments L.L.C., seeks approval of the New Jersey Board of Public Utilities (hereinafter "Board") for a change of ownership and control in Oakwood Village Sewerage Associates, L.L.C. (hereinafter "OVSA"), a public utility regulated by the Board and operating in accordance with a tariff approved by the Board's Order issued on December 19, 2002 in BPU Docket No. WE00120986. The Petition for change of ownership and control is brought before the Board pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14.

Petitioner also seeks approval of a Mortgage Security Agreement, Fixture Filing, Financing Statement and Assignment of Leases and Rents executed as of October 28, 2005 the ("Mortgage") by Oakwood Garden Associates, L.L.C ("Mortgagor"). in favor of and for the benefit of American General Life Insurance Company ("Mortgagee") and a Pledge and Security Agreement dated as of October 27, 2005, the ("Pledge") by Oakwood Residential Corp., Charles Kushner, The Dara Kushner Trust, The Jared Kushner Trust, The Nicole Kushner Trust, The Joshua Kushner Trust, Richard Stadtmauer, Linda Laulicht, and Westminster Holdings L.L.C. (collectively the "Pledgors" and "Kushner Interests") for the benefit of American General Life Insurance Company (together with its successors and assigns" Lender") pursuant to N.J.S.A. 48:3-7 to the extent that the Board deems such approval necessary. Petitioner seeks approval of its assumption and assignment of the Mortgage and Pledge pursuant to N.J.S.A. 48:3-7 to the extent the Board deems such approval necessary.

BACKGROUND AND PROCEDURAL HISTORY:

On July 17, 2007, East Coast Oakwood Village Apartments Sewage L.L.C. ("Petitioner"), a Delaware limited liability company, filed a Verified Petition seeking approval of the Board under N.J.S.A. 48:2-51.1 and N.J.A.C.14:1-5.14 to acquire a one hundred percent (100%) ownership interest in Oakwood Village Sewerage Associates, L.L.C. ("OVSA"), a public utility regulated by the Board. The Verified Petition also was filed to facilitate a larger transaction whereby East Coast Residential Associates L.L.C. ("ECRA"), and affiliated entities, will be purchasing 86 rental properties from Westminster Management and affiliated entities. The majority of these

rental properties are located in New Jersey, including the Oakwood Village Apartments complex, in Mount Olive Township, Morris County, New Jersey, which receives sewer service from OVSA.

According to the Verified Petition, the Petitioner's membership interests are held by ECRA, a Delaware limited liability company. ECRA's membership interests are held by AIG Global Real Estate Investment Corp. and MPM Acquisition Corp. AIG Global Real Estate Investment Corp., a member company of American International Group, Inc. ("AIG"), is a part of AIG Global Real Estate, a group of international real estate companies that actively invest in and manage real estate for clients and AIG member companies in over 50 countries around the world. AIG Global Real Estate owns, manages, or has under development approximately \$14.6 billion in equity in more than 53 million square feet of all property types in major global markets. AIG Global Real Estate is affiliated with AIG Investments. MPM Acquisition Corp., a Pennsylvania corporation, is wholly-owned by Morgan Properties. Morgan Properties, individually and jointly with their institutional partners, own approximately 14,000 apartment units in Delaware, Indiana, Maryland, Nebraska, New Jersey, Ohio, Pennsylvania, South Carolina and Virginia. Since 1996, Morgan Properties in conjunction with its institutional partners have invested in multi-family assets with an aggregate purchase price in excess of \$1.1 billion (\$1,100,000,000).

On June 24, 2007, ECRA and Westminster Management, along with various entities owning the 86 rental properties, entered into a Purchase and Sale Agreement by which Petitioner will purchase the portfolio of real property. The Oakwood Village Apartment complex, consisting of 1,224 one and two-bedroom units, in Mount Olive, New Jersey, is among the properties being purchased by ECRA. The property upon which the apartments are located is owned by Oakwood Garden Associates, L.L.C.

Sewerage collection and treatment service is provided to the Oakwood Village Apartments by OVSA. OVSA is one hundred percent (100%) owned by Oakwood Apartments, L.L.C. Millbrook Estates at Flanders Homeowners Association, L.L.C. ("Millbrook"), formerly known as Dara Estates Homeowners Association, Inc., is a non-equity member of OVSA with a zero percent (0%) ownership interest in OVSA. The members of Oakwood Apartments, L.L.C. are Oakwood Residential Corp. (the Managing Member), Westminster Holdings, L.L.C., a Kushner affiliate, and various members of the Kushner family, as well as individually named trusts formed for the benefit of such family members.

OVSA provides service pursuant to its Board authorized Tariff, approved by Board Order dated December 19, 2002 in Docket No. WE00120986 and two ninety-nine year leases dated July 1, 2003. The first lease is between OVSA, as tenant, and Oakwood Garden Associates, L.L.C. ("Oakwood Lease"), as assignee of Oakwood Apartments, L.L.C. (the assignment document will be executed at or before closing), as landlord. The Oakwood Lease demises to OVSA the waste water treatment plant, including the building and plant equipment, the septic fields, appurtenant parking and access and the right to flow sewerage to the plant through the existing sewerage mains in the Oakwood Village Apartments complex. The second lease is between Millbrook and OVSA ("Millbrook Lease"). The Millbrook Lease allows OVSA to operate the sewerage pump station, a force main and related facilities located within Millbrook Estates, so as to deliver sewage from Millbrook Estates to the waste water treatment plant. Millbrook Estates at Flanders Homeowners Association, Inc. (formerly known as Dara Estates Homeowners Association, Inc.) executed a Consent to Assignment dated July 27, 2007 whereby it consented to the assignment to East Coast Apartments Sewage, L.L.C. of the Oakwood Apartments, L.L.C.'s membership interests in Oakwood Village Sewerage Associates, L.L.C.

The waste water treatment plant is located on Rt. 206 in Flanders, New Jersey on approximately 40 acres. The plant is a Tertiary Waste Water Treatment Plant with spray irrigation overland flow which services the 1,224 apartments comprising the Oakwood Village Apartments as well as the 34 residential homes of Millbrook Estates. The plant is currently managed by Applied Water Management, by virtue of an Operations, Maintenance and Management Agreement ("Operating Agreement") effective as of April 1, 2003 and expiring on April 1, 2008. The waste water treatment plant was built in 1972 and upgraded by Applied Water Management in 1997.

OVSA is also subject to an Operating Agreement for Oakwood Village Sewerage Associates, L.L.C., dated July 1, 2003, between Oakwood Apartments, L.L.C., and Millbrook ("Financial Operating Agreement"). The Financial Operating Agreement specifies, among other things, that capital contributions under enumerated circumstances are to be made by Oakwood Apartments, L.L.C. to OVSA and operating expenses are to be provided to OVSA by both parties. Petitioner will assume Oakwood Apartments, L.L.C.'s obligations under the Financial Operating Agreement.

At closing, the Petitioner proposes that East Coast Oakwood Village, L.L.C., an entity created by ECRA, will take title to the Oakwood Village Apartments complex, the waste water treatment plant, and the property on which the waste water treatment plant is located from Oakwood Garden Associates, L.L.C., and become the assignee of the landlord's interest under the Oakwood Lease. Thereby, East Coast Oakwood Village, L.L.C. would become lessor under the Oakwood Lease. At closing, Petitioner also proposes to acquire from Oakwood Apartments, L.L.C. its one hundred percent (100%) ownership interest in OVSA, valued by Petitioner at \$802,666.54, and to assume the obligations of Oakwood Apartments, L.L.C. under the Financial Operating Agreement.

After closing, the Petitioner states that: Applied Water Management will continue to operate the sewer system in accordance with its Operating Agreement and OVSA will remain a sewer utility subject to the Board's jurisdiction, operating in accordance with its Board-approved tariff. After closing, Petitioner will assume the responsibilities of Oakwood Apartments, L.L.C. under the Financial Operating Agreement and Operating Agreement, thereby assuring the continued financial support of OVSA. Petitioner will utilize Mitchell L. Morgan Management, Inc. ("Morgan") to actively manage Oakwood Village Apartments and the non-sewerage system operational functions of OVSA.

Board Staff and Rate Counsel propounded discovery requests upon Petitioner, and Petitioner responded to same. On August 16, 2007, a duly noticed public hearing was held at the Mount Olive public library, at which representatives of Petitioner described the overall transaction and the proposed change in control of OVSA. No members of the public attended or filed comments. Rate Counsel, by letter dated August 31, 2007, provided comments with respect to the proposed change in control stating that Rate Counsel was not opposed to the Board's approval of Petitioner's application. By letter dated September 11, 2007, Rate Counsel stated that after review of Petitioner's correspondence to the Board of September 6, 2007 and September 10, 2007 that it has no objection to the Board approving the mortgage and pledge, as well as their assumption by East Coast Oakwood Village, L.L.C.

Rate Counsel noted that: there is no current rate impact as a result of the change in control. OVSA will continue to exist as the regulated entity and Applied Water Management will continue to operate the sewerage treatment plant and collection system. While there have been several compliance issues regarding DEP rules and permits, these have been, or are being addressed by Applied Water Management. The proposed change in control brings a more substantial owner in charge of the system. Additionally, it also brings a professional on-site manager

(Morgan Properties) that has not previously existed. There is no indication that environmental performance shall be degraded as a result of the transaction. The presence of a full-time on-site manager and a fiscally substantial owner can only improve future performance.

Rate Counsel submits that approval of the Petition should not include authorization to include in rate base the specific assets that will be acquired as a result of this Petition. The determination of any assets to be included in rate base should be addressed in a future base rate proceeding. Rate Counsel therefore recommends that any Board Order approving the Petition contain the following language:

- 1 This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by the Petitioner.
2. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.

Rate Counsel states that these provisions will satisfy its concerns that BPU approval is limited to the acquisition of control of OVSA by the Petitioner, should not indicate authorization to include any specific assets or amounts in rate base, or indicate authorization for any other ratemaking treatment. With these caveats, Rate Counsel is not opposed to approval of the Petition.

REGULATORY REQUIREMENTS:

As a result of the proposed transaction, Petitioner at closing would acquire from Oakwood Apartments, L.L.C. its one hundred percent (100%) ownership interest in OVSA, a public utility regulated by the Board. N.J.S.A. 48:2-51.1 provides:

No person shall acquire or seek to acquire control of a public utility directly or indirectly through the medium of an affiliated or parent corporation or organization, or through the purchase of shares, the election of directors, the acquisition of proxies to vote for the election of directors, or through any other manner, without requesting and receiving the written approval of the Board of Public Utilities. Any agreement reached, or any other action taken, in violation of this act shall be void. In considering a request for approval of an acquisition of control, the Board shall evaluate the impact of the acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. The Board shall accompany its decision on a request for approval of an acquisition of control with a written report detailing the basis for its decision, including findings of fact and conclusions of law.

The proposed acquisition of control of OVSA by Petitioner will have no impact on competition. OVSA will remain a stand-alone sewer utility with a new entity, Petitioner, holding a controlling interest.

The proposed acquisition of control of OVSA by Petitioner will have no impact on the rates charged OVSA's customers as Petitioner has advised that OVSA will continue to operate under its current Board-approved tariff.

The proposed acquisition of control of OVSA by Petitioner will have no impact on OVSA's employees since OVSA has no employees. Petitioner has stated that Applied Water Management will continue to operate the sewerage treatment plant and collection system in accordance with the Operating Agreement. Petitioner will take over management responsibility from Oakwood Apartments, L.L.C., and Millbrook will continue to hold a non-equity interest in OVSA.

The proposed acquisition of control of OVSA by Petitioner will have no adverse impact on the provision of safe, adequate and proper service. Applied Water Management will continue to operate the sewer system in accordance with the Operating Agreement. Petitioner will assume Oakwood Apartments, L.L.C.'s obligations under the Financial Operating Agreement and Morgan will assume management functions of OVSA other than sewerage system operation and maintenance.

In addition to the statutory requirements, N.J.A.C. 14:1-5.14(c) provides:

The Board shall not approve a merger, consolidation, acquisition and/or change in control unless it is satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1.

Petitioner's membership interests are held by ECRA. The Petition states that ECRA's owners are fully capable of funding, through Petitioner or otherwise, any necessary repairs or improvements required for the sewer system for which OVSA is responsible. The Petition further states that while the members of Oakwood Apartments, L.L.C., which currently has the ownership interest in OVSA, included Westminster Holdings, L.L.C. and various Kushner Interests, all of which are financially significant, ECRA's and Petitioner's members are even larger entities with more assets. Thus, OVSA's customers and the State of New Jersey will benefit from the change in control of OVSA.

In addition to the benefits cited above, Petitioner, by letter dated September 6, 2007, committed to take all necessary steps to ensure that OVSA timely complies with the Board's filing requirements for annual reports and other documentation and timely seek necessary Board approvals. If necessary, Morgan states that it will secure assistance from outside experts with experience in utility matters to ensure that this occurs. Morgan also stated that after closing that Applied Water Management will be authorized to undertake and complete within 12 months of closing upgrade projects totaling \$272,269.

The Petitioner also requests the Board approve the 2005 Mortgage and the 2005 Pledge as well as its assumption of each pursuant to N.J.S.A. 48:3-7, should the Board deem such approval necessary. N.J.S.A. 48:3-7 provides:

No public utility shall, without the approval of the board, sell, lease, mortgage or otherwise dispose of or encumber its property, franchises, privileges or rights, or any part thereof; or merge or consolidate its property, franchises, privileges or rights, or any part thereof, with that of any other public utility.

Where, by the proposed sale, lease or other disposition of all or a substantial portion of its property, any franchise or franchises, privileges or rights, or any part thereof or merger or consolidation thereof as set forth herein, it appears that the public utility or a wholly owned subsidiary thereof may be unable to fulfill its obligation to any employees thereof with respect to pension benefits previously enjoyed, whether vested or contingent, the board shall not grant its approval unless the public utility seeking the board's approval for such sale, lease or other disposition assumes such responsibility as will be sufficient to provide that all such obligations to employees will be satisfied as they become due.

Every sale, mortgage, lease, disposition, encumbrance, merger or consolidation made in violation of this section shall be void.

In 2005, Oakwood Garden Associates, L.L.C. ("OGA"), owner of Oakwood Village Apartments and the land upon which they are located and the wastewater treatment plant ("Plant") and the land upon which it is located ("Land"), obtained a \$92,000,000 loan from American General Life Insurance Company ("American"). American is in the AIG family of companies. OGA took the loan in order to refinance debt affecting these properties at a more advantageous interest rate than was the case under the prior loan. The terms of the loan provided that the loan amount bear interest at the fixed rate of 5.498%, with monthly payments of principal and interest (\$526,830.01) to be made on the first day of each month, commencing on December 1, 2005 and continuing through October 31, 2035. The Mortgage replaced the following three loans in the amounts of; \$3,796,000 at a rate of 11.5%, \$71,500,000 at a rate of 7.36% and \$16,703,000 at a rate of 6.515% for a total monthly payment of \$584,716.

To secure the loan, OGA and American entered into a Mortgage, Security Agreement, Fixture Filing, Financing Statement and Assignment of Leases and Rents dated October 28, 2005 ("Mortgage"). The Mortgage, among other things, covers OGA's interest in the Plant and Land and gives to American, in the case of default, all of OGA's right, title and interest in the ninety-nine year lease between OGA and Oakwood Village Sewerage Associates, L.L.C., which entitles OVSA to occupy the Land and operate the Plant ("Oakwood Lease"). So long as OVSA meets its obligations under the Oakwood Lease, its right to operate the sewer system would be unaffected by a default of OGA under the Mortgage. In the proposed transaction, East Coast Oakwood Village would become owner of the Land and Plant and would become assignee of OGA's rights and obligations under the Oakwood Lease.

In addition, as further security for the Mortgage, the members and owners of Oakwood Apartments, L.L.C. ("OVSA Owner"), which owns a 100% membership interest in OVSA, pledged their collective 100% membership interest in OVSA Owner for the benefit of American by way of a Pledge and Security Agreement dated as of October 27, 2005. In the proposed transaction, which is the subject of this Petition, Petitioner East Coast Oakwood Apartments Sewage L.L.C. would acquire the 100% ownership interest in OVSA now held by OVSA Owner and would assume OVSA Owner's rights and obligations under the Pledge. Thus, the members of Petitioner East Coast Apartments Sewage L.L.C., the new owner of OVSA, would pledge their 100% collective membership interests in Petitioner for the benefit of American. In the event of a default under the Mortgage, and American's taking the ownership interest of Petitioner, OVSA would continue to be a Board-regulated public utility fully subject to Title 48 and the Board's regulations.

Petitioner notes that in the proposed transaction, the utility, OVSA, will not be mortgaging its property or pledging its membership interests. Accordingly, Petitioner suggests that Board approval may not be required for the assignment of Oakwood Apartments, L.L.C.'s rights and obligations under the Lease and Mortgage to East Coast Oakwood Village L.L.C. or for the assignment of Oakwood Apartments' rights and obligations under the Pledge to Petitioner. Petitioner requests Board approval of these actions if the Board deems such approval necessary and appropriate.

The Board notes that the OVSA has not previously received Board approval for the Mortgage nor the Pledge and Security Agreement which are the subject of the proposed assignment. Petitioner, in a letter dated September 6, 2007 requests the Board approve the 2005 Mortgage and the Pledge and Security Agreement as well as its assumption, should the Board deem such approval necessary and appropriate.

The Mortgage on the waste water treatment plant and the property upon which it is located, which OVSA controls by virtue of the ninety-nine year Oakwood Lease, encumbers real and personal property essential to provide sewer service to OVSA's service territory. The Board **HEREBY CONCLUDES** that in accordance with applicable statutory authority, the Board has the jurisdiction to review the Mortgage and the proposed assignment and assumption of same.

The Board notes that one of the purposes of the loan which is secured by the Mortgage was to refinance then current debt affecting the properties at a more advantageous interest rate than was the case under the prior loans. The Board further notes that the Mortgage has no impact on the obligations of OVSA's employees, because OVSA has no employees. In the event of a default under the Mortgage, so long as OVSA meets its obligations under the Oakwood Lease, its right to operate the sewer system would be unaffected by a default of Oakwood under the Mortgage. East Coast Oakwood Village would become the owner of the Land and Plant and would become the assignee of Oakwood's rights and obligations under the Oakwood Lease. In the event of a default under the mortgage, and the mortgagee's taking the ownership interest of Petitioner, OVSA would continue to be a Board regulated public utility fully subject to the Board's regulation under Title 48 and the mortgagee and or any other secured party must obtain Board approval before taking any action to enforce any lien on the property of OVSA.

The Mortgage and Pledge provide the lender with security in both the Oakwood Apartments and the sewerage collection system which serves the Oakwood Apartments and is an integral part of the operation of Oakwood Apartments as residential housing. The Board **CONCLUDES** under these circumstances that Oakwood Garden Associates, L.L.C.'s Mortgage dated October 28, 2005 should be approved, now as if at the time of the Mortgage, and that East Coast Oakwood Village L.L.C.'s assumption, by way of assignment of Oakwood Garden Associates, L.L.C.'s rights and obligations under the Mortgage, should be approved by the Board under N.J.S.A. 48:3-7.

The Board also **CONCLUDES** that Oakwood Residential Corp's Pledge and Security Agreement dated October 27, 2005 should be approved, now as if at the time of the Pledge, and that Petitioner's assumption of Oakwood Apartments, L.L.C.'s rights and obligations under the Pledge should be approved under N.J.S.A. 48:3-7, because Petitioner will acquire a one-hundred percent (100%) membership interest in OVSA from Oakwood Apartments, L.L.C..

The Board **DIRECTS** OVSA to seek prior approval from the Board for any and all future financings which encumber its property, franchises, privileges or rights, or any part thereof pursuant to N.J.S.A. 48:3-7; and to seek approval from the Board prior to issuing any indebtedness payable more than twelve months after the date of the original instrument pursuant to N.J.S.A. 48:3-9.

DECISION AND FINDINGS:

Based on the entire record in this matter, the Board HEREBY FINDS that:

1. The proposed acquisition of control of Oakwood Village Sewerage Associates, L.L.C. by Petitioner East Coast Oakwood Village Sewerage L.L.C. will have no impact on competition, on the rates charged to Oakwood Village Sewerage Associates, L.L.C.'s customers, or on employees of the utility; and
2. The proposed acquisition of control of Oakwood Village Sewerage Associates, L.L.C. by Petitioner East Coast Oakwood Village Sewerage L.L.C. will have no adverse impact on the provision of safe, adequate, reliable, and proper service at just and reasonable rates by the utility; and
3. The financial capabilities of Petitioner's members and those of East Coast Residential Associates L.L.C. are such that the utility, Oakwood Village Sewerage Associates, L.L.C., its customers and the State will benefit by having greater financial support available to the utility than under the present successful operation,. Customers will also benefit from Petitioner's commitment to take all steps necessary to ensure OVSA complies with Board reporting requirements in a timely manner and Petitioner's commitment to undertake and complete more than \$270,000 in improvements to the system; and
4. The Mortgage between Oakwood Garden Associates and American General Life Insurance Company and the assignment of Oakwood Garden Associates, L.L.C.'s rights and obligations under the Mortgage to East Coast Oakwood Village LLC will not affect any employees of OVSA and will not adversely impact OVSA itself because OVSA's involvement is incidental to the much larger transaction; and
5. The Pledge and Security Agreement between Oakwood Residential, Et al. and American General Life Insurance Company and the assumption by Petitioner of Oakwood Apartments, L.L.C.'s rights and obligations under the Pledge will not affect any employees of OVSA and will not adversely impact OVSA itself because OVSA's involvement is incidental to the much larger transaction.

The Board HEREBY ORDERS the following subject to the conditions set forth below:

Pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14, the Board HEREBY APPROVES the change in control of Oakwood Village Sewerage Associates, L.L.C. by Petitioner East Coast Oakwood Village Apartments L.L.C.'s acquisition from Oakwood Apartments L.L.C. of a one-hundred percent (100%) membership interest in Oakwood Village Sewerage Associates, L.L.C.

The Board, pursuant to N.J.S.A. 48:3-7, FURTHER APPROVES the Mortgage between Oakwood Garden Associates, L.L.C. and American General Life Insurance Company, now as if at the time of the Mortgage, and the assignment of Oakwood Garden Associates, L.L.C.'s rights and obligations under the Mortgage to East Coast Oakwood Village L.L.C. The Board, pursuant to N.J.S.A. 48:3-7 also approves Pledge and Security Agreement between Oakwood Residential Corp., et al and American General Life Insurance Company, now as if at the time of the Pledge, and the assumption by Petitioner of Oakwood Apartments, L.L.C.'s rights and obligations under the Pledge.

Petitioner is HEREBY DIRECTED to advise the Board in writing of its acquisition of a one-hundred percent (100%) membership interest in Oakwood Village Sewerage Associates, L.L.C.,

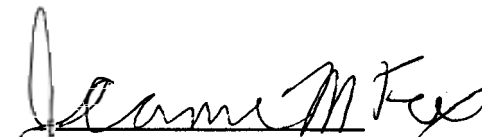
the assumption of East Coast Oakwood Village LLC of the rights and obligations under the Mortgage, and Petitioner's assumption of the rights and obligations under the Pledge within two weeks of their occurrence.

This Order is subject to the following conditions:

1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by Oakwood Village Sewerage Associates, L.L.C.; and
2. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State in any future petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matters affecting Oakwood Village Sewerage Associates, L.L.C.
3. OVSA shall seek prior approval from the Board for all future financings which encumber its property, franchises, privileges or rights, or any part thereof pursuant to N.J.S.A. 48:3-7; and shall seek approval from the Board prior to issuing any indebtedness payable more than twelve months after the date of the original instrument pursuant to N.J.S.A. 48:3-
4. No action may be taken by the Mortgagee , or any other secured party, to enforce any lien on the mortgage of OVSA until all necessary Board approvals have been obtained. Any documentation of the pledge of property, franchises, privileges or rights of OVSA shall note this requirement.

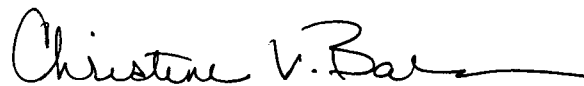
DATED: 9/14/07

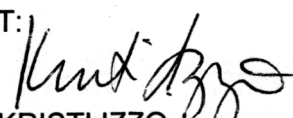
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

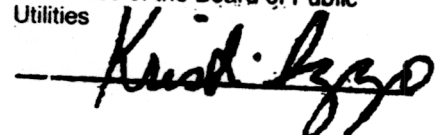

FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



SERVICE LIST

**East Coast Oakwood Apartments Sewage,
LLC for Approval of a Transfer of Control of
Oakwood Village Sewerage Associates L.L.C
BPU Dkt. No. WM07070535**

The Honorable Kristi Izzo, Secretary
NJ Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Kimberly K. Holmes, Esq.
Acting Director
Division of Rate Counsel
31 Clinton Street - 11th Floor
P.O. Box 46005
Newark, New Jersey 07101

Debra F. Robinson, Esq.
Managing Water & Wastewater
Attorney
Division of Rate Counsel
31 Clinton Street - 11th Floor
P.O. Box 46005
Newark, New Jersey 07101

Bernard Smalls, Legal Associate
Division of Rate Counsel
31 Clinton Street - 11th Floor
P.O. Box 46005
Newark, New Jersey 07101

Gina Hunt, Esq.
Division of Rate Counsel
31 Clinton Street - 11th Floor
P.O. Box 46005
Newark, New Jersey 07101

Mark Beyer, Chief Economist
Board of Public Utilities
Office of the Economist
Two Gateway Center
Newark, New Jersey 07102

Maria L. Moran, Bureau Chief
NJ Board of Public Utilities
Division of Water & Wastewater
Two Gateway Center
Newark, New Jersey 07102

Robert Wojciak, Supervising
Accountant
NJ Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Jospeh Quirolo, Esq. Legal Specialist
NJ Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Michael Kammer
Board of Public Utilities
Division of Water & Wastewater
Two Gateway Center
Newark, New Jersey 07102

Dante Mugrace, Chief Bureau of Rates,
Division of Water Board of Public
Utilities
Two Gateway Center
Newark, New Jersey 07102

Edward Hiott
Office of the Economist
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Alex Moreau Deputy Attorney General
State of New Jersey
Office of the Attorney General
Department of Law and Public Safety
Division of Law
P.O. Box 45029
Newark, NJ 07101