

**LEASE AGREEMENT FOR LANDS WITHIN THE
D&R CANAL TRANSMISSION COMPLEX**

THIS LEASE AGREEMENT (“Lease”) made on _____, by and between **THE NEW JERSEY WATER SUPPLY AUTHORITY**, a public body, corporate and politic, constituted as an instrumentality of the State of New Jersey, exercising public and essential government functions with its principal business address at 1851 Highway 31, PO Box 5196, Clinton, New Jersey 08809, hereinafter referred to as “the Authority”; and **THE STATE OF NEW JERSEY, DEPARTMENT OF ENVIRONMENTAL PROTECTION, STATE PARKS, FORESTS AND HISTORIC SITES**, with an address of, P.O. Box 420, Mail Code 501-04, Trenton, New Jersey 08625, hereinafter referred to as “the Department”; and **THE DELAWARE & RARITAN CANAL COMMISSION**, with an address of Prallsville Mills, PO Box 539, Stockton, New Jersey 08559, hereinafter referred to as “the Commission”; and **NEW JERSEY-AMERICAN WATER COMPANY, INC.**, with an address of 1 Water Street, Camden, New Jersey, 08102, hereinafter referred to as “Tenant” or “NJAW”.

WHEREAS, the Authority is charged with maintaining and operating the State’s water supply facilities, including the Delaware & Raritan Canal, to ensure a dependable water supply and is authorized to lease real property in the exercise of its powers and performance of its duties; and

WHEREAS, the Department is charged with the responsibility and is empowered to acquire, hold, lease, operate, manage, protect and develop lands which are the property of the State of New Jersey for recreation, conservation, historic, cultural and educational purposes; and

WHEREAS, the Commission is charged with executing a coherent approach to preserving the Delaware and Raritan Canal State Park lands and conserving its natural resources, recognizing

that the canal is a vital source of water supply and is of historic, ecological and recreational value;
and

WHEREAS, the Department, the Authority, and the Commission executed an “Agreement for the Development, Maintenance and Operation of the Delaware and Raritan Canal Transmission Complex as a Water Supply Facility and for Public Recreation, Conservation and Historic Purposes as Part of the Delaware and Raritan Canal State Park,” hereinafter referred to as the “Canal Agreement,” dated June 17, 1986; and

WHEREAS, pursuant to Paragraph IV(A) of the Canal Agreement, the Authority is responsible for administering all non-recreational or non-historic concession agreements, leases and special use permits for structures located within the Delaware and Raritan Canal Transmission Complex, hereinafter referred to as the “Canal ” and defined as the waterway, embankments, flood guard banks, hydraulic and flow control structures, instrumentation, tow path, and land necessary to operate and maintain the Canal as a water supply system; and

WHEREAS, pursuant to Paragraph IV(B) of the Canal Agreement, the Authority retains administration of all agreements for pipeline crossings of the Canal which affect its structural integrity and shall administer amendments, modifications or revisions to these property use agreements with the prior written approval of the Department and the Commission; and

WHEREAS, in 1976, the Division of Water Resources of the Department issued a 25-year lease with a 25-year renewal term to Elizabethtown Water Company for a 16” water main to be installed under and along the Canal between the Quaker Road and Province Line Road bridges in Lawrence Township, Mercer County, New Jersey (hereinafter referred to as the “Pipeline Facilities”); and

WHEREAS, the pipeline has been constructed and the 1976 lease has expired; and

WHEREAS, Tenant, successor to Elizabethtown Water Company, has proposed to continue leasing approximately 28,000 square feet of State property, owned by the Department, designated as Block 5101.01, Lot 5.01 on the tax maps of the Township of Lawrence, Mercer County (hereinafter referred to as the “Leased Premises”), more particularly depicted on **Exhibit A** attached hereto and made a part of this; and

WHEREAS, the Authority has determined that entering the Lease will not interfere with Canal operations.

NOW THEREFORE, in consideration of the payments and privileges herein named, and the payment of rent to be made by Tenant as herein below provided and the mutual covenants hereinafter made, the parties hereto agree as follows:

1. **RECITALS:** The “whereas” recital clauses stated above are incorporated herein by reference.

2. **LEASED PREMISES:** In accordance with N.J.S.A. 58:1B-7 et seq., the Authority hereby allows Tenant to use the Leased Premises, totaling approximately 28,000 square feet, more particularly depicted on **Exhibit A** attached hereto and made a part of this Lease, for the sole purpose of installing, removing, repairing, maintaining, and operating the Pipeline Facilities. It is expressly understood that this Lease does not in any way whatsoever grant or convey any permanent easement, fee, or other interest in the Leased Premises to Tenant.

3. **TERM AND EFFECTIVE DATE:** This Lease shall commence on the date that this Lease is duly executed by the Authority (“Effective Date”) and be in effect for a period of twenty (20) lease years (the “Term”) from July 1, 2026 to June 30, 2046, unless sooner terminated as herein provided.

4. **RENT:** Tenant agrees to pay the Authority the lease rate of \$26,200 per contract year adjusted annually after year one by a 2.5 percent escalation factor (“Lease Payment”). The

Lease Payment shall be made immediately upon being billed by the Authority. The Authority reserves the right to review the charges at the end of the first ten-year period for the purpose of adjusting the lease rate. Any increase shall be reasonable. The total rent for the Leased Premises is based on an independent appraisal, obtained at Tenant's sole cost and expense, of the value of the Leased Premises. All rent payments shall be by check made payable to "New Jersey Water Supply Authority" and sent to:

New Jersey Water Supply Authority
Accounts Receivable
1851 Highway 31
PO Box 5196
Clinton, New Jersey 08809-5196

5. PURPOSE: Tenant shall use and occupy the Leased Premises exclusively for the purpose of installing, removing, maintaining, repairing, and operating the Pipeline Facilities. Tenant shall, at its sole cost and expense, be solely responsible for the maintenance, operation and security of the Leased Premises for the stated purpose.

6. CONDITION OF LEASED PREMISES

The Leased Premises are leased to and accepted by Tenant in their present condition and without representation or warranty of any kind by the Department or the Authority. Tenant shall keep the Leased Premises in good order and shall comply with the requirements of federal and State authorities with respect thereto, and shall deliver up peaceable possession of the Leased Premises to the Department and the Authority upon any termination of this Lease in as good condition as it was delivered at the commencement of the term. Tenant shall not assign this Lease or sublet the whole or any part of the Leased Premises, except in accordance with this Lease. Tenant has made a physical inspection of the Leased Premises and has found the same satisfactory for the purpose of this Lease.

7. **MAINTENANCE:** Tenant shall, at its own sole cost and expense, maintain, renew, revise, repair and operate the Pipeline Facilities and Leased Premises in good order and condition, so that they shall not interfere with the flow of the Canal, recreational use of the Canal and its environs, impair, pollute, or prevent the safe use of the Canal and associated Delaware and Raritan Canal State Park property.

- a. Tenant shall not cut or remove any trees, undergrowth, or vegetation without the prior written approval of the Authority, the Commission or the Department, as applicable. Tenant shall keep and maintain the Leased Premises in good repair and condition at all times during the Term of this Lease.
- b. If Tenant desires to revise, renew, add to or alter in any manner whatsoever the Pipeline Facilities on the Leased Premises, Tenant shall submit a copy of all proposed plans and applicable permit applications to the Authority and obtain all necessary Department and Commission permits and approvals. Tenant shall not perform any work unless and until the plans are approved in writing by the Authority, the Department and the Commission, as applicable, except that in an emergency when lives or property of others might be in danger, Tenant may proceed with whatever work is necessary to correct such condition without such approval but only until such emergency has been abated. Tenant shall provide written notice to the Authority for any emergency work undertaken as soon as any immediate threat to lives or the property of others has been addressed.
- c. In the event of replacement, renewals, repairs or revision of the Pipeline Facilities, or emergency work on the Pipeline Facilities, Tenant agrees to provide for maintenance of such Canal flow as the Authority may specify in writing.

- d. Tenant agrees to complete any replacement, renewals, repairs or revision of the Pipeline Facilities and/or crossings of the Canal within ten (10) days after receipt of written notice from the Authority, as the Authority determines is required is necessary to restore or maintain the integrity of the Canal and its waters and shall ensure said construction is conducted in a manner that does not compromise the physical integrity of or increase the discharge of pollution or sedimentation into the Canal or cause any other potential damage to the Canal and associated Delaware and Raritan Canal State Park property. If Tenant fails to do so, the Authority may make such repairs at the sole cost and expense of Tenant, which cost and expense Tenant hereby expressly agrees to pay upon demand. In the event of an emergency requiring the Authority to take immediate action to preserve the integrity of the Canal or the safety of Canal operations without prior notice to Tenant, such notice shall be waived and the Authority may take such emergency action as the Authority determines is required, at the sole cost and expense of Tenant, which cost and expense Tenant hereby expressly agrees to pay upon demand. The Authority shall notify Tenant as soon as practicable of any such emergency action taken.
- e. If the Authority determines that the Pipeline Facilities, in whole or in part, must be relocated because of changes of Canal grade, alignment, recreational uses or operating conditions, Tenant shall comply and complete such changes within one hundred twenty (120) days from notice, at its sole cost and expense.

8. SECURITY: Tenant shall, at Tenant's sole cost and expense, be solely responsible for all security and safety of the Leased Premises. The Department and the Authority have no obligation to Tenant for security and safety of the Leased Premises and shall not be responsible to Tenant, its agents, servants, employees, visitors, or contractors for personal injury, death, and/or

loss, damage or destruction of improvements, supplies, equipment or other personal property on the Leased Premises.

9. COMPLIANCE WITH LAWS, LICENSE AND PERMITS: At Tenant's sole cost and expense, Tenant shall comply and shall cause the Leased Premises to comply with all duly promulgated and applicable federal, State and local laws, ordinances, rules and orders affecting the Leased Premises, or any part thereof, or the use thereof. Tenant shall obtain, maintain, and comply with all applicable licenses, permits and approvals required by the appropriate federal, State and local authorities for the use of the Leased Premises in accordance with this Lease. Nothing in this Lease affects the Tenant's obligation to apply for and obtain any necessary permits or approvals, including from the Commission or the Department, for activities on the Leased Premises.

10. ACCESS TO LEASED PREMISES: The Department, the Authority and/or their authorized representatives shall have the right to enter upon the Leased Premises and evaluate Tenant's operation thereof and take such action as the Department or the Authority is authorized to take to assure compliance by Tenant with the terms and conditions of the Lease. Notice of any deficiency shall be delivered to Tenant in writing, and if related to public health, safety, or welfare, must be corrected within thirty (30) days or such lesser time as may be determined by the Authority or the Department. The Department and the Authority shall exercise their rights under this Paragraph in such manner so as not to damage Tenant's property or unreasonably interfere with Tenant's use and occupancy, and so as not to interfere with Tenant's compliance with any rules, requirements, or regulations of any other government agency and coordinated so as to allow Tenant to comply with all laws concerning construction and operation activities. The Lease shall generally not limit the public's access to the Leased Premises. Tenant shall not install any fences, walls, or structures to enclose the Leased Premises. Tenant, with prior approval from the Authority, the

Department and the Commission, shall be permitted to place reasonable restrictions on the public's access to the Leased Premises when such restrictions are necessary and proper under the circumstances to ensure public safety during the conduct of improvement, maintenance, repair and/or utility activities on the Leased Premises.

11. NO INTERFERENCE WITH OPERATION, USE OR INTEGRITY OF CANAL OR STATE PARK: Tenant shall conduct all activities on the Leased Premises in a manner that will not interfere with, impair or prevent the Authority's maintenance, operation and management of the Canal, the flow of the Canal, recreational use of the Canal and its environs, the Department's development, maintenance and management of the associated Delaware and Raritan Canal State Park property, or in a manner that will impair, pollute, or prevent the safe use and enjoyment of the Canal and associated Delaware and Raritan Canal State Park property. Tenant shall, at its sole cost and expense, upon receipt of written notice from the Authority or the Department and within the time period prescribed in said notice, take such action as may be required by the Authority or the Department to eliminate any interference or impairment occasioned by Tenant's use of the Leased Premises.

12. DAMAGE TO LEASED PREMISES:

- a. In the event of damage or destruction of the Leased Premises and/or any improvement located thereon, in whole or in part, by fire, explosion, vandalism, the elements, or otherwise, or damage caused by Tenant, its contractors, agents, servants, employees, invitees express or implied, or trespassers which the Authority, the Department or Tenant reasonably determine materially affects Tenant's use and occupancy of the Leased Premises for the purposes herein provided, the Authority, the Department or Tenant may declare this Lease null and void from the date of such damage or destruction. The Authority and the Department shall not be liable to Tenant or any

person claiming by, through, or against Tenant for any loss occasioned by the damage or destruction of the Leased Premises and/or the Pipeline Facilities and the declaration by the Authority or the Department that this Lease is null and void as a result thereof.

- b.** In the event of damage or destruction of the Leased Premises and/or any improvement located thereon by fire, explosion, vandalism, the elements, or otherwise during the Term of this Lease or damage caused by Tenant, Tenant's contractors, agents, servants, employees, invitees express or implied, or trespassers which the Authority, the Department and Tenant reasonably determine does not materially affect Tenant's use and occupancy of the Leased Premises for the purposes herein provided, Tenant shall, at Tenant's sole cost and expense, promptly repair all such damage to the Leased Premises and/or Pipeline Facilities. If Tenant fails to so repair after written demand therefor by the Authority or the Department and within the period prescribed in said written demand, the Authority or the Department, as applicable, shall declare this Lease null and void as of the date of such damage.
- c.** In the event that the Authority, the Department or Tenant declares this Lease null and void, Tenant shall, at Tenant's sole cost and expense, remove the Pipeline Facilities located on the Leased Premises and restore the Leased Premises in accordance with a plan and schedule therefor approved by the Authority and the Department. If Tenant fails or refuses to comply, the Authority may appropriate the Pipeline Facilities located on the Leased Premises in its sole discretion without payment of any compensation therefor to Tenant and shall maintain or remove the Pipeline Facilities as the Authority determines in its sole discretion, and restore the Leased Premises. Tenant shall, within thirty (30) days after written demand therefor by the Authority,

reimburse the Authority for all costs incurred by the Authority in the removal of the Pipeline Facilities and restoration of the Leased Premises.

- d. All repairs by Tenant of damage to any State-owned property or improvement, the Leased Premises and/or the Pipeline Facilities located thereon shall be completed in accordance with plans and specifications submitted to and approved by the Authority and in accordance with the provisions of Paragraph 7 (“MAINTENANCE”) above.

13. INDEMNIFICATION: Tenant shall indemnify the Department and the Authority and any of their departments, divisions, councils, bureaus, or other agencies or subdivisions, and their officers, directors, trustees, employees and contractors, as the case may be, for any damage to the Leased Premises arising through the installation, operation, maintenance, or removal of the Pipeline Facilities on the Leased Premises whether or not the damage is caused by the negligence of Tenant or its servants, employees or contractors. Tenant shall require its contractor(s) to assume all risk and liabilities arising out of the contractor’s use and/or occupancy of the Leased Premises and shall require the contractor to indemnify and hold harmless the Department and the Authority and any of their departments, divisions, councils, bureaus, or other agencies or subdivisions, and their officers, directors, trustees, employees and contractors, as the case may be, from any damage to the Leased Premises arising from the installation, operation, maintenance, or removal of the Pipeline Facilities on the Leased Premises whether or not the damage is caused by the negligence of Tenant, its servants, employees, or contractors.

Tenant shall save and keep harmless and indemnify the Department and the Authority and any of their departments, divisions, councils, bureaus, or other agencies or subdivisions, as the case may be, against any claim, liability, or loss for personal injury, property damage or workers’ compensation, or any other type of claim, arising from the construction, operation, maintenance or removal of the Pipeline Facilities on the Leased Premises whether or not the damage is caused

by negligence of Tenant or by its servants, employees or contractors, or otherwise, but not including any and all liability, claims or loss that arise out of, be occasioned by, or result from the sole negligence of the Department or the Authority.

14. INSURANCE: Tenant shall, at its sole cost and expense, obtain and maintain at all times during the Term of this Lease insurance on the Leased Premises for damages imposed by law and assumed under this Lease, of the types and in at least the minimum amounts hereinafter provided. All insurance is to be with insurance companies authorized to do business in the State of New Jersey with Best's Key Rating of "A" or better. The State of New Jersey (including the "New Jersey Water Supply Authority" and the "Department of Environmental Protection, State Park Service") and its agencies, employees and officers shall be named as an "Additional Insureds" for all insurance coverages except Workers Compensation. If the Tenant proposes to use a Contractor and any Subcontractor (including for transportation and disposal), the documentation which the Tenant submits in accordance with this Section must demonstrate that any work by the Contractor and Subcontractor(s) is covered by the Tenant's insurance and/or liability guarantees, or that the Contractor and Subcontractor maintain their own insurance and/or liability guarantees. The Tenant, Contractor and any Subcontractor(s) shall submit proof(s) of insurance and proof of the Authority and the State as an additional insureds for all policies to serve as Exhibit C to this Lease to the Authority for all insurance required under this section.

- a. **Workers' Compensation** – The Tenant, Contractor and any Subcontractor(s) are required to obtain Workers' Compensation Insurance covering full benefits afforded under New Jersey Statute and **Employers Liability** with a limit of \$1,000,000. A waiver of subrogation in favor of New Jersey Water Supply Authority is required if available from the insurer. If work is to be done on or near

waterways, United States Longshoremen's and Harbor Workers Act coverage is to be included.

- b. **Automobile Bodily Injury & Property Damage** – The Tenant, Contractor and any Subcontractor(s) are required to obtain Commercial Automobile Liability Insurance covering owned, leased, hired and non-owned vehicles with limit of at least \$1,000,000 Combined Single Limit (CSL) per occurrence. If hauling contaminants, vehicles and their operators must adhere to Sections 29 and 30 of Motor Carrier Act, which shall include Form MCS-90. If applicable, Tenant, Contractor and any Subcontractor(s) shall also be insured in the minimum limits required by the Motor Carrier Act of 1980.
- c. **Commercial General Liability** – The Tenant, Contractor and any Subcontractor(s) are required to obtain Commercial General Liability Insurance on an 'occurrence' based form with limits of \$1,000,000 Combined Single Limit (CSL) per occurrence for bodily injury and/or property damage; \$2,000,000 General Aggregate per project; \$2,000,000 Products/Completed Operations Aggregate; and \$1,000,000 Personal/Advertising Injury Aggregate. Explosion, Collapse & Underground (XCU) perils are not to be excluded. Products/Completed Operations coverage shall be maintained for a period of no less than 5 years after completion of any construction activities (including but not limited to installing, removing, maintaining, or repairing the Pipeline Facilities) or the NJ Statue of Repose, whichever is longer.
- d. **Umbrella Liability** – The Tenant and Contractor are required to obtain Commercial Umbrella Liability Insurance on an 'occurrence' based form with limits of \$10,000,000 Combined Single Limit (CSL) per occurrence and in the

aggregate, providing excess coverage over Commercial General Liability, Automobile Liability and Employers Liability. Explosion, Collapse & Underground (XCU) perils are not to be excluded. Products/Completed Operations coverage shall be maintained for a period of no less than 5 years after completion of any construction activities (including but not limited to installing, removing, maintaining, or repairing the Pipeline Facilities) or the NJ Statute of Repose, whichever is longer.

- e. **Watercraft Liability** – The Tenant, Contractor and any Subcontractor(s) are required to obtain and maintain watercraft liability insurance with a limit of no less than \$5,000,000 Combined Single Limit (CSL) per occurrence and in the aggregate, if watercraft are to be used.
- f. **Commercial Pollution/Environmental Liability** - The Tenant, Contractor and any Subcontractor(s) are required to obtain Commercial Pollution/Environmental Liability Insurance with a limit of no less than \$5,000,000 providing that the Insured becomes legally obligated to pay as a result of Claims for Third Party Bodily Injury or Property Damage, and for Clean-up Costs or Corrective Action from an environmental event.
- g. **Contractors Equipment Insurance** - The Tenant, Contractor and any Subcontractor(s) shall also procure and maintain Contractor's Equipment Insurance for mobile equipment and machinery owned/leased by the Tenant, Contractor and any Subcontractor(s) and utilized during the course of any construction activity (including but not limited to installing, removing, maintaining, or repairing the Pipeline Facilities). A waiver of subrogation in favor of the "New Jersey Water

Supply Authority" and the "State of New Jersey and its agencies, employers and officers" shall be included.

All of the policies of insurance so required to be purchased and maintained (or the certificates or other evidence thereof) shall contain a provision or endorsement that the coverage afforded will not be canceled, materially changed or renewal refused until at least thirty (30) days prior written notice has been given to the Authority by certified mail.

The Tenant, Contractor and any Subcontractor(s) shall not proceed with any construction activities (including but not limited to installing, removing, maintaining, or repairing the Pipeline Facilities) under this Lease until all required insurance coverage is obtained and bound. In the event of Tenant's failure to maintain any of the insurance policies to the extent required under this Lease or provide the Authority with valid certificates of renewal of insurance upon expiration of the policies, termination of this Lease shall, in the Authority's sole discretion become effective ten (10) days after Tenant's receipt of written notice of such failure served by Certified Mail Return Receipt Requested if such failure is not cured, beforehand.

15. SUBLETTING: Tenant shall not sublet the whole or any part of the Leased Premises without first obtaining the Authority's prior expressed written approval thereof and upon such terms and conditions required by the Authority. In the event Tenant violates this term, Tenant shall be liable for any and all actions of the unauthorized sub-lessee on the Leased Premises. In the event the Authority approves subletting the whole or any part of the Leased Premises, Tenant shall pay to the Authority a co-location fee of fifty (50%) percent of the rental fee paid by such third-party operations. The co-location fee shall be paid by Tenant directly to the Authority. Tenant shall notify any prospective sub-lessee that any sublease is void and of no effect unless same is first approved by the Authority. Such subletting shall be in writing, and Tenant shall furnish the Authority with a copy of same and agreement in writing wherein the sub-lessee assumes and agrees

to be jointly and severally, directly, and primarily liable with Tenant to keep, observe, and perform all of the covenants, conditions, and obligations to be kept, performed and observed under this Lease on the part of Tenant, including the Insurance and indemnification provisions described herein. Any party wishing to install additional equipment or facilities at the Leased Premises must first submit plans and specifications for such installation to the Authority and the Department for approval, together with an acknowledgement that such party expressly agrees to comply with each and every term and provision of this Lease. Any sublease entered into by the Tenant without having obtained the Authority's express written approval thereof shall be null and void and shall, in the sole discretion of the Authority, constitute grounds for termination of this Lease in accordance with Paragraph 18. However, the Authority may, in its sole discretion, approve such a sublease entered into by the Tenant if the Tenant so requests in writing along with an acknowledgement that the sub-lessee expressly agrees to comply with each and every term and provision of this Lease.

16. ASSIGNMENT: The rights hereby conferred upon Tenant shall not be assigned, sublet or transferred by it without the Commission, the Department and the Authority's prior written approval, which shall not be unreasonably withheld. In the event Tenant merges, is acquired by another company, reorganizes, or changes its name or its corporate structure, Tenant shall provide notice of same to the Authority in accordance with Paragraph 22.

17. TERMINATION:

- a. Tenant shall comply with the terms and conditions of this Lease. Failure to comply and/or the existence of any circumstance which the Authority or the Department determines to be in violation of the terms and conditions hereof shall be a material breach, and shall authorize the Authority or the Department to terminate this Lease, in addition to exercising any other right or remedy provided for by law or in equity,

upon ninety (90) days' advance written notice to Tenant ("Notice Period"), unless a shorter period is specified in this Lease. The notice shall include a statement specifying the alleged material default, and when the alleged default occurred. Upon receipt of a written notice of termination for violation served by Certified Mail, Return Receipt Requested, Tenant shall have thirty (30) days to begin to cure such violation as the Authority or the Department shall describe therein and an additional thirty (30) days to substantially cure such violation. If Tenant has not begun to cure such violation by the end of the first thirty (30) days, termination shall, in the discretion of the Authority or the Department, be effective at the conclusion of such thirty (30) day period. If Tenant has begun to cure such violation within the first thirty days but does not substantially cure it within said sixty (60) day period, termination shall, in the discretion of the Authority or the Department, be effective at the conclusion thereof. In the event that the conditions which give rise to the default are of such nature that they cannot reasonably be remedied within the notice period, then such default shall not be deemed to continue so long as Tenant, after receiving such notice, proceeds to remedy the default as soon as is reasonably possible within the notice period and continues diligently to take all steps necessary to complete such remedy within a reasonable period of time.

- b.** If the Authority or the Department fails to cure any material default of the Authority or the Department, as applicable, of which it has been notified by Tenant in writing within the time reasonably required to cure such default, Tenant shall have the right to terminate this Lease, upon sixty (60) days' written notice of Tenant's intention to terminate hereunder, which right shall be in addition to any and all other remedies available to Tenant. In the event of termination as described herein, Tenant shall be

entitled to a refund of a portion of their Lease payment prorated for the remainder of the Lease Term from the year following the end of the fiscal year in which termination occurs to the end of the Lease Term.

- c. Notwithstanding the Authority or the Department's compliance with all terms and conditions herein, Tenant shall have the right to terminate this Lease upon ninety (90) days' written notice served by Certified Mail, Return Receipt Requested. Said notice shall include a comprehensive explanation and justification of Tenant's reasons for not continuing operations under this Lease. Within forty-five (45) days of receipt of Tenant's notice, the Authority, the Department and Tenant shall determine whether the reasons for termination can be resolved to their mutual satisfaction. In the event that the Authority, the Department and Tenant determine that said reasons cannot be resolved, termination shall become effective ninety (90) days after the agency's receipt of the notice.
- d. The Authority and the Department expressly reserve the right to terminate this Lease without notice in cases of emergency or where there exists a possible risk to public health, safety, and welfare as determined by either agency in its sole discretion. In the event of termination as described herein, Tenant shall be entitled to a refund of a portion of their Lease payment prorated for the remainder of the Lease Term from the year following the end of the fiscal year in which termination occurs to the end of the Lease Term.
- e. Notwithstanding any provision or language to the contrary, the Authority or the Department may terminate this Lease, in whole or in part, solely for the convenience of the State, by ninety (90) days' written notice to Tenant sent by regular and certified mail return receipt requested. Upon receipt of such notice, Tenant may choose for

such termination to become effective immediately, or may instead continue to operate the Leased Premise in accordance with the terms and conditions of this Lease for a period not to exceed ninety (90) days after receipt of the notice or until the end of the current Lease Term, whichever occurs sooner. In the event of termination as described herein, Tenant shall be entitled to a refund of a portion of their Lease payment prorated for the remainder of the Lease Term from the year following the end of the fiscal year in which termination occurs to the end of the Lease Term.

- f.** Any other provision herein contained to the contrary notwithstanding, if the Authority or the Department requires all or any part of the Leased Premises for any reason, upon 90 days written notice to Tenant sent by regular and certified mail return receipt requested, Tenant shall, within the period set forth in said notice and without any compensation therefor by the Authority or the Department to Tenant, turn over to the Authority and the Department possession of the Leased Premises or part thereof designated by the Authority or the Department. If the Department or the Authority takes possession of the entire Leased Premises, the Lease is terminated as of the date provided in the notice. If the Department or the Authority requires only part of the Leased Premises and the Tenant determines that Tenant is unable to utilize the remainder of the Leased Premises for the purposes set forth in this Lease, Tenant may terminate this Lease upon 90 days' written notice to the Authority or the Department. In the event of termination as described herein, Tenant shall be entitled to a refund of a portion of their Lease payment prorated for the remainder of the Lease Term from the year following the end of the fiscal year in which termination occurs to the end of the Lease Term.

- g.** If the Authority or the Department exercises its right to terminate this Lease, with or without breach by Tenant, the agencies shall not be liable to Tenant or any other person claiming by, through, or against Tenant for any losses, damages, costs, or expenses (including reasonable attorney's fees) or other claims occasioned by such termination except as expressly stated in the Lease.
- h.** Upon termination of the Lease for any reason, the Department and the Authority may at once re-enter and retake possession of the Leased Premises and Tenant shall remove all items installed and covered by the terms of this Lease within ninety (90) days of the Notice Period or some other longer period as agreed upon by the parties writing. Upon termination of the Lease for any reason Tenant shall, unless otherwise agreed upon by the Authority in writing, remove within ninety (90) days all items installed and covered under the terms of this Lease and shall restore the Canal and associated Delaware and Raritan Canal State Park property administered by the Authority to its former condition in a manner satisfactory to the Authority. If Tenant fails to do so, the Authority upon seventy-five (75) days' written notice to Tenant, may make such removal and restoration at the sole cost and expense of Tenant, which cost and expense, including but not limited to of all removal, restoration, reasonable legal, litigation and collection costs and expenses, Tenant hereby expressly agrees to pay upon demand.

18. END OF TERM: In the event of any termination or upon expiration of the Lease, Tenant shall deliver up peaceable possession of the Leased Premises to the Department and the Authority in at least as good condition as it was delivered at the commencement of the Lease. Expiration or termination of this Lease by any party shall not release or discharge any payment,

obligation, or liability owed to the other party under this Lease as of the date of such expiration or termination.

19. PAYMENT OF EXPENSES DUE TO BREACH OF TENANT: If the Authority incurs any expense by reason of this Lease by Tenant or Tenant's failure to perform any obligation of Tenant hereunder, Tenant shall be liable for payment of such expense including reasonable attorney's fees and costs which shall be payable by the Tenant to the Authority within thirty (30) days.

20. ENTIRE AGREEMENT; AMENDMENTS: This Lease supersedes and cancels all previous leases and agreements by and among the Authority, the Department, the Commission and Tenant covering the Leased Premises and represents the entire agreement between the parties. This Lease represents the entire agreement between the parties with all negotiations, oral agreements, and understandings merged herein. The Lease may be amended, supplemented, changed, modified, or altered only upon mutual agreement of the parties hereto in writing. The Lease shall be binding upon and inure to the benefit of the successors and assignees of the Authority and the Department and Tenant's successors, heirs, executors, administrators and assigns, except as otherwise provided herein.

21. NOTICES: All submissions, approvals, and notices which may be required under this Lease shall be in writing and shall be delivered: (i) personally; (ii) by certified or registered mail, return receipt requested; or (iii) by overnight delivery by a nationally recognized courier to:

TO AUTHORITY: New Jersey Water Supply Authority
Manager, Contracts & Risk Management
1851 Highway 31
PO Box 5196
Clinton, New Jersey 08809-5196

Copy: New Jersey Department of Environmental Protection
State Parks, Forests and Historic Sites
Office of Transactions and Public Land Administration

501 East State Street
Mail Code 501-04
P. O. Box 420
Trenton, New Jersey 08625-0420

Delaware and Raritan Canal Commission
33 Risler Street
P.O. Box 539
Stockton, NJ 08559

The Parties may, by notice given in the same manner set forth above, designate a different address to which subsequent notices shall be sent. Notice shall be deemed given as follows: (i) when received if delivered personally; (ii) when received or three (3) days after mailing, whichever occurs sooner, if sent by certified or registered mail, return receipt requested; (iii) the day after mailing, if sent by overnight delivery; or (iv) if transmitted by facsimile, upon receipt, provided receipt occurs before 5:00 p.m. on a business day in the jurisdiction of the recipient.

22. WAIVER: Failure of either party to complain of any act or omission on the part of the other party, no matter how long same may continue, shall not be deemed a waiver by said party of any of its rights hereunder. No waiver by either party at any time, express or implied, or breach of any provision of this Lease shall be deemed a waiver or breach of any other provision or a consent to any subsequent breach of the same or any other provision. The consent to or approval of any action on any one occasion by either party hereto shall not be deemed a consent to or approval of any other action on the same or any subsequent occasion. Acceptance by either party of any of the benefits of this Lease with knowledge of any breach thereof by the other Party shall not be deemed a waiver by the Party receiving the benefit of any rights or remedies to which it is entitled hereunder or by law.

23. GOVERNING LAW: This Lease shall be governed by and interpreted in accordance with the Laws of the State of New Jersey and any actions commenced pursuant to or arising directly or indirectly out of this Lease shall be venued in the Superior Court of New Jersey.

24. SOLICITATION: Tenant warrants that no person has been employed directly or indirectly to solicit or secure this Lease in violation of N.J.S.A. 52:34-15 and that N.J.S.A. 52:34-19, as it relates to the procurement and performance of this Lease, has not been violated by any conduct of Tenant, including the paying or giving directly or indirectly of any fee, commission, compensation, gift, gratuity, or consideration of any kind to any State employee, officer, or official.

25. CREATION OF LIENS OR ENCUMBRANCES BY TENANT

- a. Tenant shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage, or other encumbrance upon the interest of the Authority or the Department in the Leased Premises. If Tenant should cause any alterations, rebuilding, replacements, changes, additions, improvements or repairs to be made to the Leased Premises or the buildings thereon or labor performed or material furnished therein, thereon or thereto, neither the Department nor the Authority nor the Commission shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished, but all such alterations, rebuilding, replacements, changes, additions, improvements, repairs, labor and material shall be made, furnished and performed at Tenant's expense and Tenant shall be solely and wholly responsible to the contractors, laborers and materialmen furnishing and performing such labor and material.
- b. If any mechanic's or other lien, charge or order for the payment of money shall be filed against the Leased Premises or against the Authority or the Department (whether or not such lien, charge or order is valid or enforceable as such), Tenant shall, at its own cost and expense, cause the same to be canceled and discharged of record within fifteen (15) business days after notice from the Authority or the

Department of the filing thereof, and Tenant shall indemnify and save harmless the Authority and the Department against and from all costs, expenses, claims and demands, including reasonable counsel fees resulting therefrom.

- c. Tenant shall, upon completion of any improvements, provide the Authority with a signed copy of any and all liens indicating that all contractors have been paid and all liens have been discharged.

26. TAXES AND ASSESSMENTS: Tenant shall, as additional rent hereunder during the term of this Lease, promptly pay when due all taxes and/or assessments, together with interest and penalties thereon, which are levied upon or assessed with respect to the Leased Premises or the leasehold estate hereby created. In the event that the full amount of said tax or assessment is not paid prior to the expiration or termination of this Lease, the payment thereof shall remain a continuing obligation of Tenant after the expiration or termination of this Lease.

27. NO DISCRIMINATION: Tenant shall comply with all provisions of the Americans with Disabilities Act (ADA), Pub. L. No. 101-336 (1990), in accordance with 42 U.S.C. 12101 et seq. Tenant shall not discriminate, and shall abide by all anti-discrimination laws, including Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d-2000d-4; the discrimination and affirmative action provisions of N.J.S.A. 10:2-1 through -4; the New Jersey Law Against Discrimination, N.J.S.A. 10:5-1 et seq.; and all rules and regulations promulgated pursuant thereto. Tenant shall comply with all applicable federal, State, and local statutes, rules, and regulations relating to discrimination and affirmative action provisions, including but not limited to N.J.S.A. 10:2-1, the New Jersey Law Against Discrimination, N.J.S.A. 10:5-1 et seq., and Title IV of the Civil Rights Act of 1984 (P.L. 88-352). Tenant shall not unlawfully discriminate against any person, employee, or applicant for employment or in allowing access to and use of the Leased Premises.

28. INDEPENDENT PRINCIPAL: Tenant acknowledges and accepts that it is an independent principal and is not undertaking any activities under this Lease on behalf of the Authority or the Department and that it has no relationship with the Authority or the Department in connection with this Lease as the agent, servant, or employee of the Authority or the Department. Tenant agrees not to enter into any agreement or commitment on behalf of the Authority or the Department.

29. NO THIRD-PARTY BENEFICIARIES: There shall be no third-party beneficiaries of this Lease, and no person, firm or entity not a party to this Lease shall be entitled to claim any right, benefit, or presumption from, or estoppel by this Lease.

30. PEACEFUL ENJOYMENT: The Department and the Authority agree that Tenant, in performing the covenants contained herein, shall peaceably and quietly have, hold, and enjoy possession and use of the Leased Premises for the term of this Lease.

31. NEGOTIATED DOCUMENT: Each and every provision of this Lease has been independently, separately, and freely negotiated by the parties as if this Lease were drafted by both parties hereto. Accordingly, the parties waive any statutory or common law presumption which would serve to have this Lease construed in favor of or against any party as the drafter hereof.

32. HEADINGS: The headings in this Lease are for convenience and reference only and shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of this Lease.

33. SEVERABILITY: If any provision of this Lease or the application thereof shall to any extent be invalid or unenforceable, the remaining provisions shall not be affected, and each provision shall be valid and enforceable to the extent permitted by law.

34. PREVAILING WAGE ACT: Without limiting the scope of any other provision of this Lease, Tenant agrees to comply with the New Jersey Prevailing Wage Act, P.L. 1963, Chapter 150 as codified in N.J.S.A. 34:11-56.25 et seq. Tenant also agrees to comply with 42

U.S.C., Section 9604 (g)(1). If any conflict exists between the New Jersey Prevailing Wage Law and Section 9604 (g)(1), Tenant must comply with the federal requirements.

35. RESOLUTION: Tenant shall adopt a resolution authorizing the execution of this Lease by Tenant for the purposes and subject to the terms and conditions herein provided. In the absence of a formal resolution, Tenant may provide alternate corporate documentation confirming that their signatory to this Lease is authorized to execute and bind Tenant to the lease. When Tenant returns this Lease, signed by Tenant, to the Authority for signature, a certified copy of said resolution or alternate documentation shall be attached hereto as Exhibit D and incorporated by reference.

36. HOLDOVER TENANCY: If the Authority and the Department permit Tenant to remain in possession of the Leased Premises after expiration of this Lease without extending, renewing or executing a new lease, Tenant shall occupy the Leased Premises subject to all terms, covenants and conditions contained in this Lease unless modified by a subsequent Lease amendment and/or extension. Such holding over by Tenant shall not constitute a renewal or extension of this Lease. The Authority and the Department may elect to treat Tenant as one who has not removed at the end of its Term and shall thereupon be entitled to all the remedies against Tenant as provided by law.

37. BANKRUPTCY: If during the term of this Lease, Tenant shall make any assignment for the benefit of creditors, be decreed insolvent or bankrupt, admit in writing Tenant's inability to pay its debts, or if a receiver be appointed to Tenant, and such act by Tenant impairs Tenant's ability to perform its obligations under this Lease, then the Authority may, at the Authority's option, terminate this Lease by serving a notice thereof upon the assignee, receiver, trustee or person in charge of Tenant's affairs. Such termination shall not release or discharge any payment of liability then accrued or owed to the Authority.

38. CONFLICTS OF INTEREST: The New Jersey Conflict of Interest Law, N.J.S.A. 52:13D-12 et seq. and Executive Order 198 (1988), prohibit certain actions by persons or entities which provide goods or services to any State Agency. Specifically:

- a. Tenant shall not pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee or special State officer or employee, pursuant to and as defined by N.J.S.A. 52:13D-13(b) and (e), of the Authority, the Department or any other agency with which such vendor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13(i), of any such officer or employee, or partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52:13D-13(g).
- b. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from the Tenant shall be reported in writing forthwith by the Tenant to the Attorney General and the New Jersey State Ethics Commission.
- c. Tenant may not, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in Tenant to any State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition, or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm, or entity with which he is employed or associated or in which he has an interest within the meaning of N.J.S.A. 52:13D-13(g). Any relationships subject

to this provision shall be reported in writing forthwith to the New Jersey State Ethics Commission, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality, or appearance of a conflict of interest.

- d. Tenant shall not influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee.
- e. Tenant shall not cause or influence, or attempt to cause or influence, any State officer or employee or special State officer or employee to use, or attempt to use, his official position to secure unwarranted privileges or advantages for Tenant or any other person.
- f. The provisions cited in Subparagraph 38(a) through (e) shall not be construed to prohibit a State officer or employee or Special State officer or employee from receiving gifts from or contracting with Tenant under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the New Jersey State Ethics Commission may promulgate.

39. PAY TO PLAY RESTRICTIONS AND CONTRIBUTION DISCLOSURE

- a. Pursuant to: P.L.2005, c.51 (C.19:44A-20.13) (“Chapter 51”), as amended by P.L.2023, c.30; Exec. Order No. 117 (September 24, 2008); and P.L.2005, c.271 (C.19:44A-20.26) (“Chapter 271”), as amended by P.L.2023, c.30, it shall be a breach of the terms of this Lease for Tenant to: (1) make or solicit a contribution in

violation of Chapter 51; (2) knowingly conceal or misrepresent a contribution given or received; (3) make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution; (4) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (5) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by Tenant themselves, would subject that entity to the restrictions of Chapter 51; (6) fund contributions made by third parties, including consultants, attorneys, family members, and employees; (7) engage in any exchange of contributions to circumvent the intent of Chapter 51; or (8) directly or indirectly through or by any other person or means, do any act which would subject Tenant to the restrictions of Chapter 51. Further, where Tenant is a business entity, as defined by N.J.S.A. 19:44A-20.17, and the value of this Lease exceeds \$17,500, Tenant shall submit a “Two-Year Chapter 51/Executive Order 333 Vendor Certification and Disclosure of Political Contributions for Non-Fair and Open Contracts” form, certifying that Tenant has not made any contributions prohibited by Chapter 51 and/or Exec. Order No. 333 and reporting all contributions Tenant made during the preceding four (4) years to any political organization organized under 26 U.S.C. § 527 of the Internal Revenue Code that also meets the definition of a “continuing political committee” within the meaning of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. It is Tenant’s continuing obligation to report any contributions it makes during the term of this Lease. Additionally, unless this Lease is required by law to be publicly advertised

for bids and/or the value of this Lease does not exceed \$17,500, Tenant shall submit with this Lease, a “Vendor/Bidder Certification and Political Contribution Disclosure Form” listing its political contributions as set forth in this subsection that are reportable by the recipient pursuant to the provisions of P.L.1973, c.83 (C.19:44A-1 et seq.) and that were made by Tenant during the preceding twelve (12)-month period, along with the date and amount of each contribution and the name of the recipient of each contribution. The forms and corresponding instructions are available at <http://www.state.nj.us/treasury/purchase/forms.shtml>.

- b. Tenant is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC) pursuant to N.J.S.A. 19:44A-20.13 (P.L.2005, c.271, s.3) if Tenant received contracts in excess of Fifty Thousand (\$50,000.00) Dollars from a public entity in a calendar year. It is Tenant’s responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

40. COUNTERPARTS: This Lease may be executed in counterparts, each of which will be an original, but all of which will constitute one and the same instrument. Each signatory warrants that they have the authority to execute the Lease on behalf of the party for which they sign.

41. RECORDS RETENTION: Tenant is advised of its responsibility to retain all records after the term of this Lease pursuant to N.J.A.C. 17:44-3.10, or five (5) years, whichever is longer. Such records shall be made available to the State, the Authority or the Department for audit or review.

42. ATTACHMENTS: The following are attached to and made a part of this Lease:

- Exhibit A – Map or Survey of Leased Premises
- Exhibit B – Insurance Certificate
- Exhibit C – Corporate Resolution/Documentation

IN WITNESS WHEREOF, the parties have duly executed this Lease Agreement in duplicate as of the day and year first written.

NEW JERSEY WATER SUPPLY AUTHORITY

By: _____
Marc Brooks, Executive Director
Date:

STATE OF NEW JERSEY, DEPARTMENT OF ENVIRONMENTAL PROTECTION

By: _____
John Cecil, Assistant Commissioner, State Parks, Forests and Historic Sites
Date:

DELAWARE & RARITAN CANAL COMMISSION

By: _____
Name, Title:
Date:

NEW JERSEY-AMERICAN WATER COMPANY, INC.:

By: _____
Name, Title:
Date:

THIS AGREEMENT HAS BEEN REVIEWED
AND APPROVED AS TO FORM ONLY FOR THE AUTHORITY BY:

JENNIFER DAVENPORT

ATTORNEY GENERAL STATE OF NEW JERSEY

By: _____
Jonathan Allen, Deputy Attorney General

Date: _____

Exhibit A – Map or Survey of Leased Premises

Exhibit B – Insurance Certificate

Exhibit C – Corporate Resolution/Documentation