



## United Water and KKR Sign Unique Utility Partnership with City of Bayonne, NJ

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Innovative Solution to Meet Growing Water and Wastewater Challenges

HARRINGTON PARK, N.J.--(BUSINESS WIRE)-- Using a new model to address water infrastructure needs, [United Water](#) and [KKR](#) announced today the initiation of a partnership for water and wastewater system operations in the City of Bayonne, NJ. Operations will begin tomorrow December 21. The agreement was approved by the Bayonne Municipal Utilities Authority (BMUA) and by numerous state agencies.

The innovative model is a joint venture between United Water and KKR to acquire a 40-year water and wastewater concession from the BMUA. Under the agreement, the joint venture has made an initial payment to the BMUA of \$150 million, which will be used to eliminate the BMUA's existing debt and improve its finances. The joint venture has further committed to funding another \$157 million into the system over the life of the contract. KKR, which made the investment through its infrastructure fund, will fund 90% of the joint venture with United Water.

The BMUA will maintain ownership of the water and wastewater system and will provide oversight of the partnership and its adherence to high quality standards and customer service performance. In addition, the BMUA will maintain control of rates charged to users, which will be guided by a formula in the agreement. United Water will operate the system for the 40-year term under an operations and maintenance agreement with the joint venture.

"What is unique about this model is that it is a blend of United Water's operations expertise and KKR's long-term vision, which brings credibility to address America's water challenges. Our commitment to funding improvements in the water and wastewater system is critical to keeping rates stable and under BMUA's control," said Bertrand Camus, CEO of United Water. "KKR has a long history of making infrastructure investments and a proven commitment to improving the operational and environmental performance of the companies in its portfolio, making it an ideal partner for this investment."

This investment in Bayonne's infrastructure will lead to improved service reliability and water quality while maintaining rate stability. The funds will be used to upgrade water systems and to help ease pressure on municipal balance sheets, freeing the city to invest in other services. The initial capital investment will provide for the addition of highly accurate wireless water metering and other monitoring systems, such as GIS, SCADA and CMMS, which help reduce water loss from leakage, prioritize pipe replacement and improve operational efficiency.

"The partnership among Bayonne, KKR and United Water is a responsible and innovative transaction that will pay off over \$130 million in Bayonne's debt, thereby cutting our municipal debt burden in half," said Steve Gallo, Executive Director of the BMUA. "The partnership will invest in our aging infrastructure, and provide resources that the BMUA could not otherwise deliver. Simply put, this transaction will result in a more efficient and reliable water and sewer system for today and future generations."

Raj Agrawal, Head of North American Infrastructure at KKR, said: "We are thrilled to help bring this innovative solution to the city of Bayonne. The operational and environmental stewardship of United Water, combined with our commitment to maintain continuous investment into the system, creates a sustainable model that will produce tangible benefits for the city and its residents for a very long time."

### Partnership Recognized by Clinton Global Initiative, American Water Intelligence

This innovative model was recognized as a featured innovation the 2012 [Clinton Global Initiative](#) Annual Meeting in New York City this fall for its commitment to providing cities with an opportunity to address their long term water and wastewater infrastructure needs.

United Water and KKR's partnership with Bayonne was also recognized as Partnership Performance of the Year at the 2012 [American Water Summit](#). Attendees at the Summit, an annual meeting of municipal and industry leaders, voted to recognize the partnership for this innovative partnership approach that offers cities a new way to meet the challenge of improving water and wastewater systems.

"Maintaining clean, sustainable water supplies is the single most important contributor to public health and it is essential to creating vibrant local economies. With ever increasing pressure on scarce water resources and dwindling public funds, the private sector has a more important role than ever to provide a lasting solution to America's water challenge. We hope to expand this innovative model and partner with other communities across the nation seeking a viable solution to the increasing challenge of maintaining water and wastewater infrastructure," said Camus.

### About United Water

United Water is one of the nation's leading environmental companies, providing water and wastewater services to approximately 5.7 million people in the United States. In addition to owning and operating 20 water utilities, the company operates 100 municipal and industrial water and wastewater systems through innovative public-private partnerships and contract agreements. Founded in 1869, United Water is a subsidiary of SUEZ ENVIRONNEMENT. For additional information, please visit United Water's website at [www.unitedwater.com](http://www.unitedwater.com).

## **About SUEZ ENVIRONNEMENT**

Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge of protecting resources by providing innovative solutions to industries and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 91 million people, provides wastewater treatment services for 63 million people and collects the waste produced by close to 57 million people. SUEZ ENVIRONNEMENT has 80,410 employees and, with its presence on a global scale, is a world leader exclusively dedicated to environmental services. For additional information, please visit SUEZ ENVIRONNEMENT's website at [www.suez-environnement.com](http://www.suez-environnement.com).

## **About KKR**

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with \$66.3 billion in assets under management as of September 30, 2012. With offices around the world, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with investors through its client relationships, capital markets and global stakeholder relations platform. KKR & Co. L.P. is publicly traded on the New York Stock Exchange (NYSE: KKR), and references to KKR in this release include its subsidiaries, their managed investment funds and accounts, and/or their affiliated investment vehicles, as appropriate. For additional information, please visit KKR's website at [www.kkr.com](http://www.kkr.com).

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