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November 10, 2017

Cynthia F. Leitzell, Chairperson
Chester Water Authority
415 Welsh Street
Chester, PA 19013

RE: Exploration of Potential Monetization of Chester Water Authority Assets

Dear Chairperson Leitzell,

As you may know, we serve as the Recovery Coordinator for the City of Chester appointed by the Pennsylvania Department of Community and Economic Development (“DCED”) pursuant to Pennsylvania’s Act 47. We write in regard to the above reference matter and to address the Authority’s recent action to engage special legal counsel to pursue certain claims against DCED. Perhaps most importantly, we write to take the opportunity to provide the Chester Water Authority (“Authority”) with the position of the Recovery Coordinator with respect to the potential monetization of the Authority.

Our position is and has been clear: the City must carefully explore a possible sale, lease or other monetization strategy. City officials have an obligation to the City’s residents and stakeholders to evaluate all available options to pay down debt, balance the budget and avoid bankruptcy or receivership.

This is, of course, a position we would have been more than willing to share with you at any time, had you or any representative of the Authority simply asked. Our position on this issue has been consistent, and has been clear to the City and others for months.

The Recovery Coordinator has advocated that the City explore options, nothing more. The Recovery Coordinator has not advocated a sale to any organization, a sale over a lease or any other specific strategy. Instead, the Recovery Coordinator has encouraged the Mayor and his staff to explore each and every possible course of action that may be available to help the City climb out of fiscal distress, including the possible monetization of the Authority’s assets. The

Recovery Coordinator also strongly suggested that the City hire special legal counsel and a financial advisor to guide the exploration process. As you now know, the Mayor and his team have done just that. In his recent letter to you, Mayor Kirkland has confirmed for all of us that the City has adopted our recommendations.

At this point, it appears that all three parties are on the same page. The Authority, the City and the Recovery Coordinator all believe that further consideration of any potential sale, lease or other strategy is appropriate and in each party's best interest. It appears we all understand the great importance of this process, the need to ensure high quality service and to maintain rates at the lowest possible level.

We look forward to working with the Authority, the City and others as we explore these possibilities. We are hopeful that the parties can work together cooperatively to achieve an outcome beneficial to all involved. We hope to avoid the need for any additional finger pointing or litigation. With that in mind, in the future, should you have any questions regarding our role or our position on any relevant matter, please do not hesitate to reach out to us.

We look forward to working with you.

Sincerely,



Stephen Mullin

Econsult Solutions, Inc.

cc: Francis J. Catania, Esquire, Chester Water Authority
Mayor Thaddeus Kirkland, City of Chester
Kenneth Schuster, City of Chester
Nafis Nichols, City of Chester
Marita Kelley, PA Department of Community and Economic Development
Adam Santucci, McNees Wallace & Nurick LLC
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