

**Second Response to
Chester Water Authority's Right to Know Law Request
of
the Pennsylvania Department of Community and Economic Development ("DCED")
dated August 16, 2017**

this Response was received November 16, 2017

Part 1 of 3

1. Email from Daniel J. Schuller of Aqua to Dan Connelly of Fairmount Capital Advisors, Inc. (Chester Act 47 consultant) (one (1) page) dated April 24, 2017.
2. Email from Dan Connelly of Fairmount Capital Advisors, Inc. (Chester Act 47 consultant) to Daniel J. Schuller of Aqua (one (1) page) dated April 25, 2017.
3. Email from Daniel J. Schuller of Aqua to Dan Connelly of Fairmount Capital Advisors, Inc. (Chester Act 47 consultant) (one (1) page) dated April 26, 2017.

Note that the unsolicited offer letter that Aqua submitted to the Chester Water Authority was delivered to the Authority on May 8, 2017.

Email from Daniel J. Schuller of Aqua to Dan Connelly of Fairmount Capital Advisors, Inc. (Chester Act 47 consultant) (one (1) page) dated April 24, 2017.

From: Schuller, Daniel J. [mailto:DJSchuller@aquaamerica.com]
Sent: Monday, April 24, 2017 7:51 PM
To: Dan Connelly
Cc: Lucca, Marc A.; Davis, William B.; Luning, Christopher
Subject: City's Debt Balance

Dan:

We enjoyed meeting you and your colleagues today and look forward to continuing the dialogue. Your insights on Chester really helped us to understand the dynamics in the City. We didn't understand the interactions between you and the municipal leaders prior to today's lunch. Sounds like every day is interesting.

When you get a chance, could you please send us the City's outstanding debt balance?

Thanks and best regards,

Dan

AQUA.

Dan Schuller
Strategy & Corporate Development
Aqua America, Inc.
762 W. Lancaster Avenue, Bryn Mawr, PA 19010
O: 610.645.4266 M:917.376.2875



Email from Dan Connelly of Fairmount Capital Advisors, Inc. (Chester Act 47 consultant) to Daniel J. Schuller of Aqua (one (1) page) dated April 25, 2017.

From: Dan Connelly [mailto:DConnelly@fairmountcapital.com]
Sent: Tuesday, April 25, 2017 9:27 AM
To: Schuller, Daniel J.
Cc: Lucca, Marc A.; Davis, William B.; Luning, Christopher; Mullin, Stephen (Mullin@ECONSULTSolutions.com); Queenan, Brooke (Queenan@EconsultSolutions.com)
Subject: RE: City's Debt Balance

Dan,

It was nice meeting you and your team yesterday. We are interested in the discussions that are taking place regarding the Chester Water Authority and would like to be helpful where appropriate.

The city's outstanding debt balance entering this year was \$18,929,027. That includes a portion of a 2009 borrowing that was issued through a County Authority. The city is obligated to pay 25% of the annual debt service on that issuance, so 25% of the outstanding amount is included in our summary.

The city is in the process of executing a borrowing of about \$20 million to fund much of the past obligations that we discussed yesterday. We are targeting a July close on that issuance.

In addition to their debt liability, their unfunded pension liability is \$61,239,939, which is based on the most recent actuarial report. We expect that unfunded liability to be larger when the next actuarial report is released sometime this summer.

The city also has a very large unfunded Other Post-retirement Employee Benefits liability, but they are not required to fund the same way they are required to fund the pension.

I hope this information is helpful. We look forward to being in touch with you in the future.

Dan

CITY OF CHESTER
OUTSTANDING DEBT SUMMARY

Aggregate Principal Payments

DATE	Series 2009 Del County Lease	Series 2010A	Series 2010B	Series 2015A	Series 2015B	TOTAL
12/31/2017	165,000.00	681,000.00	257,000.00	942,500.00	603,777.42	2,649,277.42
12/31/2018	170,000.00	694,000.00	264,000.00	942,500.00	-	2,070,500.00
12/31/2019	175,000.00	709,000.00	271,000.00	942,500.00	-	2,097,500.00
12/31/2020	181,250.00	-	279,000.00	942,500.00	-	1,402,750.00
12/31/2021	187,500.00	-	287,000.00	942,500.00	-	1,417,000.00
12/31/2022	195,000.00	-	295,000.00	942,500.00	-	1,432,500.00
12/31/2023	203,750.00	-	303,000.00	942,500.00	-	1,449,250.00
12/31/2024	211,250.00	-	311,000.00	942,500.00	-	1,464,750.00
12/31/2025	220,000.00	-	318,000.00	-	-	538,000.00
12/31/2026	230,000.00	-	-	-	-	230,000.00
12/31/2027	240,000.00	-	-	-	-	240,000.00
12/31/2028	251,250.00	-	-	-	-	251,250.00
12/31/2029	262,500.00	-	-	-	-	262,500.00
12/31/2030	273,750.00	-	-	-	-	273,750.00
12/31/2031	287,500.00	-	-	-	-	287,500.00
12/31/2032	301,250.00	-	-	-	-	301,250.00
12/31/2033	315,000.00	-	-	-	-	315,000.00
12/31/2034	330,000.00	-	-	-	-	330,000.00
12/31/2035	346,250.00	-	-	-	-	346,250.00
12/31/2036	363,750.00	-	-	-	-	363,750.00
12/31/2037	382,500.00	-	-	-	-	382,500.00
12/31/2038	401,250.00	-	-	-	-	401,250.00
12/31/2039	422,500.00	-	-	-	-	422,500.00
Total	\$6,116,250.00	\$2,084,000.00	\$2,585,000.00	\$7,540,000.00	\$603,777.42	\$18,929,027.42

Par Amounts Of Selected Issues

Series of 2009 - Del County Le	6,116,250.00
Series of 2010 -A	2,084,000.00
Series of 2010 -B	2,585,000.00
Series 2015A - Refund Series 2	7,540,000.00
Series 2015B - Refund Series 2	603,777.42
TOTAL	18,929,027.42

Aggregate | 4/25/2017 | 9:12 AM

Email from Daniel J. Schuller of Aqua to Dan Connelly of Fairmount Capital Advisors, Inc. (Chester Act 47 consultant) (one (1) page) dated April 26, 2017.

From: Schuller, Daniel J.
To: Dan Connelly
Cc: Lucca, Marc A.; Davis, William B.; Lunino, Christopher; Mullin, Stephen (Mullin@ECONSULTSolutions.com); Queenan, Brooke (Queenan@EconsultSolutions.com)
Subject: RE: City's Debt Balance
Date: Wednesday, April 26, 2017 6:26:15 PM
Attachments: image002.png
image003.png
image004.png

Thank you, Dan. We really appreciate the additional information. Hope your meeting with the City went well.

Looking forward to continuing our dialogue.

Best,

Dan

AQUA.

Dan Schuller
Strategy & Corporate Development
Aqua America, Inc.
762 W. Lancaster Avenue, Bryn Mawr, PA 19010
O: 610.645.4266 M:917.376.2875

