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August 15, 2018

VIA CERTIFIED MAIL AND EMAIL

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Mike Adams, Chief Counsel
Commonwealth of Pennsylvania
Governor's Office of General Counsel
Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120

Re: City of Chester – Final Recovery Plan

Dear Mr. Adams:

I am the solicitor for the Chester Water Authority (“the Authority”).

As you know, the financial recovery coordinator for the City, Econsult Solutions, Inc., along with Econsult’s team of advisors from McNees Wallace & Nurick, LLC and Fairmount Capital Advisors, Inc. (collectively, the “Recovery Team”) issued a Financial Condition Assessment for the City of Chester on May 4, 2018, alleging that “potential monetization [of the Authority] is the only option [the Recovery Team] can identify that could produce sufficient funds to allow the City to achieve long-term fiscal balance.” Assessment, p. 12.

If a recommendation to monetize the Authority is included in the Final Recovery Plan due on August 20, 2018, the Authority may be required to notify its bondholders pursuant to the Authority’s Continuing Disclosure Agreement.¹ Additionally, the Authority’s auditors may issue

¹ See Chester Water Authority, Water Revenue Bonds, Series of 2014, at Appendix C, Continuing Disclosure Agreement (“The Authority agrees that it shall provide the Dissemination Agent, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event and upon determining the materiality thereof [] notice of any of the following Listed Events with respect to the Bonds: . . . (3) modifications to rights of the holders of the Bonds, . . . (7) the consummation of a merger, consolidation, or acquisition involving the Authority, the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.”).

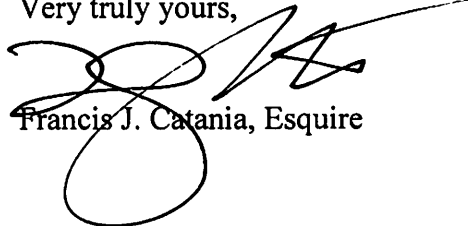
a qualified audit opinion questioning the Authority's ability to continue as a going concern, *See generally* AS 2415. These notifications and a going concern qualified audit opinion may result in substantial financial damage to the Authority, its ratepayers, and bondholders.

In connection with analyzing its reporting obligations, it is important for the Authority to know whether and to what extent the Commonwealth / DCED is obligated to indemnify Econsult or its contractors for their actions in connection with the Final Recovery Plan, including but not limited to indemnity for damage to the Authority or its ratepayers and bondholders. The Authority needs this information to fully evaluate its options, in the event the Final Recovery Plan recommends monetization.

Further, please advise whether the DCED required and/or received a certificate of insurance for its contracts with McNees Wallace & Nurick LLC, Econsult Solutions, Inc., or Fairmount Capital Advisors. Kindly respond with this information at your earliest convenience, and, if DCED received a certificate of insurance for its contracts with McNees Wallace & Nurick LLC, Econsult Solutions, Inc., or Fairmount Capital Advisors, please provide a copy of same.

Thank you for your attention to this matter.

Very truly yours,



Francis J. Catania, Esquire