Results of Right-To-Know Request
For Information From
The Department of Community and Economic Development (DCED)
Filed on November 28, 2017
Received 464 Days After Initial Request

A Right to Know Law (RTKL) request was submitted to DCED on November 28, 2017 and the attached documents provide some of the responses received **464 days after the request was made**.

The documents show that DCED and the City of Chester's Act 47 Coordinators were pushing the City to sell the assets of CWA to a for-profit company even after the CWA Board voted unanimously (9-0) at its 9/19/17 meeting that it was not in the ratepayers' best interest to sell its customers and assets to a for-profit company.

It is believed that DCED and the City's Act 47 Coordinators may be continuing those efforts to date.

The attached documents include the following:

- Copy of CWA Board resolution adopted on **September 19, 2017** unanimously stating "that it was not in the best interest to sell the CWA's customers and assets to a for-profit company".
- Email dated **November 1, 2017** from David Unkovic to Marita Kelley of DCED.
- Email dated **November 22, 2017** from David Unkovic to Marita Kelley includes an attached draft letter dated **November 27, 2017** to CWA from Stephen Mullin of Econsult Solutions as City's Act 47 Coordinator.
- Email dated **November 22, 2017** from Christopher Houston, DCED Legal Counsel to Marita Kelley et al. regarding a response to CWA Solicitor letter.

Adopted at CWA September 19, 2017 Board Meeting

The Chair recognized Mr. McGinn who made the following four motions:

1. I move that we as a Board find that it is not in the ratepayer customer's best interest to sell the CWA's customers and assets to a for-profit company. Motion was seconded by Mr. Butler. Vote thereon as follows:

Mr. Andriole - Yes	Mr. Butler - Yes	Mr. Chiomento – No
Ms. Leitzell - Yes	Mr. McGinn – Yes	Mr. Riley - Yes
Mr. Rivera – Yes	Mr. Shelton - Yes	Mrs. Smith – Yes

Motion carried.

100159

Fogarty, Jennifer

From: Unkovic, David <DUnkovic@mcneeslaw.com>
Sent: Wednesday, November 1, 2017 11:34 AM
To: Kelley, Marita
Cc: Santucci, Adam; Dan Connelly; Mullin, Stephen (Mullin@ECONSULTSolutions.com); Queenan, Brooke (Queenan@EconsultSolutions.com)
Subject: Letter from Mayor Kirkland to Chester Water Authority
Attachments: Letter to CWA.pdf

Hello Marita,

Here is a letter that Mayor Kirkland sent to Chester Water Authority last week. It is a good letter. In addition, the City sent a right-to-know request to the Authority.

Best regards,
Dave

David Unkovic
McNees
McNees Wallace & Nurick LLC
570 Lausch Lane, Suite 200
Lancaster, PA 17601-3057
Direct Telephone: 717-581-3711
Cell Phone: [redacted]
Direct Fax: 717-260-1647
dunkovic@mcneeslaw.com

The foregoing message may be protected by the attorney-client privilege. If you believe it has been sent to you in error, do not read it. Please reply to the sender that you have received the message in error, then delete it. Thank you.

In the event this communication is provided in connection with a transaction involving, in any way (i) the issuance or proposed issuance of municipal securities or (ii) any municipal financial product, we hereby expressly advise, disclaim and disclose to the recipient(s) that we are not in any way acting in the capacity of a "municipal advisor" to any municipal entity, obligated person or any other participant in such transaction. Our services with respect to the transaction are limited to providing legal services of a traditional nature. The terms used in the foregoing disclosure and disclaimer have those meanings set forth in the Securities Exchange Act of 1934, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as any regulations, interpretations or guidance of the United States Securities and Exchange Commission, the Municipal Securities Rulemaking Board or any other regulatory body promulgated, published or adopted thereunder or pursuant thereto

Longwell, Scott

From: Unkovic, David <DUnkovic@mcneeslaw.com>
Sent: Wednesday, November 22, 2017 2:03 PM
To: Kelley, Marita; Sheaf, Andrew
Cc: Houston, Christopher; Longwell, Scott; Mullin, Stephen; Connelly, Daniel; Queenan, Brooke
Subject: DCED - Chester: Draft Letter to CWA
Attachments: Ltr. to F. Catania RE Recent Correspondence RE Recovery Coordinator (A6081800-2).docx

Importance: High

Marita and Andrew,

Attached is a proposed letter from Steve Mullin to Frank Catania in response to Catania's recent two letters. Are you okay with this letter?

The last paragraph of the letter is set up to include some dates to give Catania for a meeting next month. Are there any specific dates that work for you? If that's a problem, we can cut the language proposing specific dates.

Thank you,
Dave

David Unkovic
McNees
McNees Wallace & Nurick LLC
570 Lausch Lane, Suite 200
Lancaster, PA 17601-3057
Direct Telephone: 717-581-3711
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[ECONSULT SOLUTIONS LETTERHEAD]

November 27, 2017

Francis J. Catania, Esq.
Catania & Parker, L.L.P.
230 N. Monroe Street, Second Floor
Media, PA 19063

RE: Exploration of Potential Monetization of Chester Water Authority Assets

Dear Mr. Catania,

We write in response to your November 16 and November 21, 2017 letters, which include a number of incorrect statements regarding the Recovery Coordinator for the City of Chester and certain assumptions regarding our conduct. We want to take the opportunity to correct some of the misinformation in your letters, but more importantly, we write to hopefully help the parties move to a more productive dialogue regarding the exploration of the potential monetization of the assets of the Chester Water Authority ("Authority").

As you know, we recently turned over to you the internal correspondence and communications of the Recovery Coordinator regarding the Authority pursuant to a Right to Know request. That documentation confirms that the Recovery Coordinator became aware of Aqua American, Inc.'s intention to make an offer to purchase the assets of the Authority about three (3) weeks before the May 8, 2017 offer was made to the Authority. Prior to learning of Aqua's intentions to submit that proposal in late April, we had no communications with Aqua or any other entity regarding the potential sale of the Authority. We met with Aqua representatives at their request and the City was aware of the meeting. At that time we met with Aqua representatives, and we were told that Aqua representatives had already met with other key stakeholders. We learned about Aqua's intentions days before the offer was made. We played no role in their decision to make such an offer.

At no time did we provide confidential information regarding the City to Aqua. The information provided to Aqua, which you referenced in your November 21, 2017 letter, is public information. The Recovery Plan, which is a public document available on the Department of Community and Economic Development's web site, included a section on the City's debt profile. Further, the City's plan to borrow money was public knowledge. In fact, the City had already passed a resolution and issued a Request for Proposals related to the borrowing. Despite your incorrect statements, there was no release of confidential information.

The statement that the Recovery Coordinator was somehow acting outside of the scope of its engagement is also inaccurate. In our role we regularly meet with key stakeholders. We attended the meeting as requested by Aqua, and with the City's knowledge, to learn more about Aqua's intentions regarding the Authority. We took that meeting to learn more, so that we could understand the potential impact on the City. In fact, we were doing what we were engaged to do: explore all possible options for the City to balance its budget, pay its debts and move out of distressed municipality status.

As you have learned from the documents provided to you, once the Recovery Coordinator learned of Aqua's intentions in late April, we advised the City to protect its interests, hire experts and engage in discussions with the Authority. Despite your speculation, our role in this process has been extremely limited.

We continue to believe that the City must protect its rights as the parties explore a potential sale, lease or other monetization strategy. The City has engaged legal and financial experts to aid it in that process. The Recovery Coordinator will continue to play a role in helping the City find ways to resolve its fiscal distress.

We very much look forward to discussing this matter in further detail. With that in mind, we propose a meeting with the Authority representatives, the City and the Recovery Coordinator. The City and the Recovery Team are available on December _, __, and __, 2017. Please let us know if those dates work for you and your team. We look forward to a more productive dialogue regarding this matter.

Sincerely,

Stephen Mullin

Econsult Solutions, Inc.

cc: Mayor Kirkland
M. Kelley

Longwell, Scott

From: Houston, Christopher
Sent: Wednesday, November 22, 2017 12:05 PM
To: Kelley, Marita; Vilello, Richard; Weaver, Neil
Cc: Quain, John; Longwell, Scott; Anstine, Timothy (DCED); Campbell, Sean; Akers, Rodney (GC); Schwab, Gregory (GC)
Subject: Fwd: Chester Water Authority - Preservation Notice
Attachments: 2017-11-22 ltr Houston DCED Preservation Notice.pdf

See the attached letter from the CWA's solicitor. The CWA is putting us on notice of the likelihood of litigation. In light of the receipt of this notification, our office will be issuing a litigation hold on Monday to DCED staff engaged in City of Chester Act 47 matters, so as to preserve all records.

Christopher C. Houston | Chief Counsel
Governor's Office of General Counsel
PA Department of Community & Economic Development
Office of Chief Counsel
Commonwealth Keystone Building
400 North Street, 4th Floor | Harrisburg, PA 17120-0225
Phone: 717-720-7328 | Cell: [redacted] | Fax: 717-772-3103
Email: chhouston@pa.gov
dced.pa.gov | www.visitPA.com

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From: Denise Latch <dml@fjccp.com>
Sent: Wednesday, November 22, 2017 11:36:58 AM
To: Houston, Christopher
Cc: Francis Catania
Subject: Chester Water Authority - Preservation Notice

SENT ON BEHALF OF F.J. CATANIA, ESQ.

Mr. Houston:

Please see the attached. Thank you.

F.J. Catania, Esq.

Denise Latch
Assistant to Francis J. Catania, Esquire
Catania & Parker, LLP
230 North Monroe Street, Second Floor
Media, PA 19063
Phone: (610) 565-0100
Fax: (610) 565-7613

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CATANIA & PARKER, L.L.P.
ATTORNEYS - AT – LAW

P.O. BOX 2029 ■ MEDIA, PA 19063
PHONE: (610) 565-8101 ■ FAX: (610) 565-7613

STREET ADDRESS:
230 N. Monroe St., 2nd Fl
Media, PA 19063

November 22, 2017

VIA REGULAR & ELECTRONIC MAIL
chhouston@pa.gov
Christopher C. Houston, Chief Counsel
Governor's Office of General Counsel
The Department of Community and Economic Development
Office of Chief Counsel
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120

Re: Preservation Notice

Dear Mr. Houston:

I am the solicitor for the Chester Water Authority ("the Authority"), a viable municipal authority located in Chester, Pennsylvania that provides life-sustaining water services to approximately 200,000 individuals throughout Chester County, Delaware County, and the City of Chester.

In light of recent communications received from the Pennsylvania Department of Community and Economic Development ("DCED") indicating that the Commonwealth and certain of its agents are proposing the potential monetization of some portion of the Chester Water Authority ("the Authority"), including through lobbying Chester City to attempt a unilateral dissolution of the Authority, I write to put the DCED and its agents, including the Act 47 team it oversees, on notice that this issue is likely to lead to litigation in the near future. Accordingly, DCED should immediately preserve of all documents and electronically stored information ("ESI") related to the City of Chester and/or the Chester Water Authority that are in the possession or control of the following parties:

(i) the DCED
(ii) Econsult Solutions
(iii) Fairmount Capital Advisors, Inc.
(iv) McNees, Wallace & Nurick, LLC
(v) Aqua America, Inc.

(collectively, "the Parties"). The DCED should inform the Parties of this notice, suspend any normal document retention schedule and disposition policies for the Categories of Information

identified below ("Material"), ensure Material is not deleted or destroyed, and suspend any manual or automated practices in effect prior to receipt of this notice that might lead to the deletion or destruction of any Material.

MATERIALS TO BE PRESERVED

The definition of "Material", as used in this Notice, includes: paper documents and electronically stored information (whether in an electronic database, in electronic format, or on electronic media), related to the City of Chester and/or the Chester Water Authority, such as memoranda, notes, letters, e-mails, files, timesheets, calendars, printouts, PDFs, logs, agreements, contracts, proposals, requests for proposals (RFPs), bids, slides, spreadsheets, databases, presentations, charts, graphs, audio files, voicemails, text messages, Instant Messaging communications, blogs, photographs, videotapes, etc. Final versions as well as all drafts of such materials must be preserved. This request includes not only materials in your possession, but those in your custody or control, including materials that are kept in central or shared environments, archives, or in offsite storage (e.g.; departmental files cabinets; central file servers; electronic document repositories; databases; desktop computer; mobile computer; home computer; network data shares; personal intranet sites such as blogs and podcasts; e-mail accounts, including but not limited to, emails in your inbox, sent items, deleted items, drafts folder, and any .pst or .ost files; Instant Messaging applications; portable storage devices such as flash memory devices, DVDs, CDs, diskettes, and iPods; personal data assistant devices such as the Blackberry, Treo, iPhones, and cell phones; file cabinets; drawers; and notebooks; etc.).

If this correspondence is in any respect unclear, please reach out to me immediately. Thank you.

Very truly yours,

Francis J. Catania, Esquire

FJC\dml
cc: Chester Water Authority