To the Honorable Members of the Pennsylvania Senate and House of Representatives who represent ratepayers in the Chester Water Authority service area

RE: Chester Water Authority ("CWA") Update No. 13
September 2, 2021

TITLE: More evidence of secret dealings between the DCED, the Chester Receiver and Aqua - Four Smoking Guns attached

DCED did another document dump on August 31, 2021 in response to CWA's RTKL requests. Look what we found:

Smoking Gun No. 1

On August 19, 2021 CWA Vice Chair Paul Andriole wrote to the Mayor of the City pointing out to him that the Receiver was not pursuing the City's claims for payment from the DELCORA Aqua transaction.

The DCED, the Act 47 Team, the Receiver and the City **already knew about the City's claims** almost a year before Vice Chair Andriole's letter and apparently still **did nothing**. See attached email from the City Solicitor to the Receiver dated October 8, 2020.

Smoking Gun No. 4

Attached is a collection of emails between the DCED, the Act 47 Team, the Receiver and the City and Aqua dated October 7, 2020 talking about DELCORA. Note: Aqua still doesn't own DELCORA and DELCORA is not part of the email exchange so why are Aqua's lawyers talking about DELCORA with the City? Do not miss the **big redaction** by DCED about Aqua's offer to amend the City's agreement with an entity that Aqua does not own -- DELCORA. What is going on here? Did the City already get $$$ from Aqua? The Receiver knows but is not talking.

Smoking Gun No. 2

Attached are emails dated August 13, 2020 and August 15, 2020 between Ballard Spahr (the law firm represents the City and Aqua) the DCED, Act 47 Team, the Receiver and the City, talking about the sale of the Chester Water Authority to Aqua. Hasn't the DCED, the Act 47 Team, the Receiver and the City been saying that no decision has been made about the sale of the Chester Water Authority to Aqua? How can the same firm represent both the City and Aqua? Why did the City not pursue its claim for the assets that it transferred to DELCORA? Or did it?

Smoking Gun No. 3

With the encouragement and blessing of DCED on August 13, 2020 the City hired Ballard Spahr (Aqua's lawyers) to sell the Chester Water Authority (ignoring Judge Angelos Order that the City alone could not sell the Chester Water Authority). The fee agreement is attached. The agreement sets an October 15, 2020 deadline for signing the agreement to sell the CWA to Aqua. Note page 2 of the fee agreement where the City waives conflicts of interests.

This agreement between the City and Ballard Spahr was negotiated and executed under the DCED's supervision while both the DCED and Receiver were saying publicly that no decisions had been made about selling the Chester Water Authority.

The DCED and the Receivers deception has continued into 2021. In February 2021 after questioning from State Representative John Lawrence, DCED Secretary Dennis Davin stated that he did not know what was going on regarding the sale of the Chester Water Authority to Aqua while his employee, the Receiver was orchestrating the City's hiring of Aqua's lawyers to help with a forced sale of the CWA. Do you believe the Secretary?

Why all the lies?

Is there no penalty for appointed governmental officials who don't tell the truth?

Will someone hold these actors accountable?

The Ratepayers deserve to have these questions answered.

Any questions or comments should be directed to Chester Water Authority. It is best to communicate with CWA via email, info@chesterwater.com

To: Michael Doweary[mdoweary@pa.gov]; vkapoor@kapoorco.com[vkapoor@kapoorco.com]; John McLaughlin[jmclaughlin@cdblaw.com]; Santucci, Adam[ASantucci@mcneeslaw.com]
Cc: Thaddeus Kirkland[tkirkland@chestercity.com]; nnichols@chestercity.com[nnichols@chestercity.com]
From: Ken Schuster[ken@schusterlaw.com]
Sent: Thur 10/8/2020 5:11:22 PM (UTC-04:00)
Subject: Agreement of Sale and Service City of Chester-Chester Sewer Authority-DELCORA
141. Exhibit F119 - Agreement of Sale and Service City of Chester-Chester Sewer Authority-DELCORA 021273-012186.pdf
ATT00001.txt

[EXTERNAL]

EXHIBIT F119

AGREEMENT OF SALE AND SERVICE, DATED
FEBRUARY 12, 1973 AND AMENDED JANUARY 21, 1986,
BY AND AMONG CITY OF CHESTER,
CHESTER SEWER AUTHORITY AND DELCORA

City of
CHESTER
PENNSYLVANIA

OFFICE OF CITY SOLICITOR
(215) 447-7715

★ ★ ★ MUNICIPAL BUILDING – FIFTH AND WELSH STREETS – CHESTER, PA. 19013

RECEIVED FEB 10 1986
REFER TO
ANSWD

February 6, 1986

Mr. William C. Ross
Executive Director
Delaware County Regional Water
Quality Control Authority
100 East Fifth Street
P.O. Box 999
Chester, PA 19016

COPY

Re: Amendment to Agreement of Sale and Service

Dear Bill:

In accordance with your letter dated January 31, 1986, the City has reexecuted the Amendment to Agreement of Sale and Service on the Agreement which DELCORA signed. Attached is a copy for your records.

Sincerely,

Edward J. Zetusky, Jr.
City Solicitor

EJZ,JR/jmb

Attachment

COPY

AMENDMENT TO

AGREEMENT OF SALE AND SERVICE

This Agreement, dated as of the 21ST day of JANUARY, 1986, between the City of Chester ("City") and Delaware County Regional Water Quality Control Authority ("DELCORA") is intended to amend a certain Agreement of Sale and Service entered into between the parties hereto as of the 12TH day of FEBRUARY, 1973.

WITNESSETH:

WHEREAS, the parties hereto entered into a certain Agreement of Sale and Service dated February 12, 1973; and

WHEREAS, certain questions of interpretation have resulted from that Agreement; and

WHEREAS, the passage of time and compliance with USEPA MIPP Requirements has dictated the necessity of certain modifications to that Agreement.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby agree as follows:

1. All terms and conditions of the Agreement of Sale and Service dated February 12, 1973, between the parties hereto shall remain in full force and effect as modified or amended by this Agreement.

2. The cost sharing provisions of Article 15.3 of the original Agreement are amended and consolidated with notice provisions as follows: Rehabilitation, improvement, replacement, additions and repairs to the sanitary sewer system located within the City of Chester will be planned and implemented at the sole discretion of DELCORA. Similar work on combined sewer systems necessary to maintain or improve their sanitary flow capacities

006723

will also be at the sole discretion of DELCORA. DELCORA will not be required to upgrade or improve combined sewers for the primary purpose of conveying storm flows unless the City agrees to bear an equitable share of the costs. For other than emergencies, DELCORA will give notice by certified letter of any major improvements, replacements or additions to these systems within the City ninety (90) days in advance of the scheduled date for bid advertisement. This notice shall provide the location, purpose and duration of the work, and any impact it may have on service to the City. DELCORA will consider any comments received from the City within sixty (60) days of such notice. Cost apportionment for separation of combined sewers will be handled as described in Section 15.3. of the original agreement.

3. The City agrees to advise DELCORA by certified letter of any storm sewer construction undertaken or planned which will affect storm flows to the sewer system owned by DELCORA. If any such projects would increase storm flows to DELCORA's system, such work shall not be undertaken without DELCORA's written approval. The City further agrees to exert its best effort to provide a minimum of thirty (30) days notice of any need to adjust manhole frames and covers on DELCORA's system to facilitate highway repaving.

4. Parties hereto agree that Section 15.4 of the original agreement is hereby modified and amended to allow for a utility rate basis for treatment, conveyance and collection services. These rates would be uniform for all users within a particular class in the region served and would be equitable between classes. Costs may include pro rata shares of administrative and general expenses, costs of effective and reasonable operation, maintenance, repair, renewal, and replacement, ordinary improvements, and all amounts required to carry and amortize

temporary and bonded indebtedness and required and reasonable reserves. Such charges will not include any costs of collection, conveyance and treatment of wastewaters in the Eastern Delaware County service area. DELCORA's good faith determinations as to elements of costs, classification of customers, size of reasonable reserves and like matters shall be conclusive.

5. Sewer Use. City agrees to comply with DELCORA's regulations on sewer use, to fully cooperate with DELCORA in the administration and enforcement of such regulations, and to adopt such ordinances as may be reasonably required by DELCORA to facilitate such control, administration, and enforcement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers of the date first stated.

CITY OF CHESTER

By: W. H. Jones Locke
Mayor

Attest: Peggy W Charleston
City Clerk

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

By: John J O'Malley
Chairman

Attest: Peggy J. Wythe
Secretary

006725

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
P.O. Box 999 • 100 East Fifth Street • Chester, Pa. 19016

May 30, 1991

Mr. Dan Stimax
Hartford Insurance
1515 Market Street, Suite 212
Philadelphia, Pennsylvania 19102

RE: Claim #339L 31655

Dear Mr. Stimax:

In response to our telephone conversation on May 29, enclosed is a copy of Agreement of Sale and Service between City of Chester, Chester Sewer Authority and DELCORA dated February 12, 1973. Please refer to Page 2 (b) which identifies property acquired from Chester. As you will note curb vents and laterals were not included in the acquisition of the sewer system.

Sincerely,

Frances M. Bender
Office Manager

FMB:smf
Enclosure

DIRECT-DIAL TELEPHONES (AREA CODE 215)

ADMINISTRATION ☐ 876-5523 • CUSTOMER BILLING ☐ 876-5526 • PURCHASING ☐ 497-6775 • PLANT & MAINTENANCE ☐ 485-1925

AGREEMENT OF SALE AND SERVICE

THIS AGREEMENT, dated February 12th, 1973, between the CITY OF CHESTER (the "Seller"), a third-class city in the Commonwealth of Pennsylvania, CHESTER SEWER AUTHORITY ("Chester Authority"), an authority created by Seller under the provisions of the Pennsylvania Municipality Authorities Act of 1945, P.L. 382, as amended (the "Act"), and DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY (the "Buyer"), and authority created by the County of Delaware under the said Act.

W I T N E S S E T H:

WHEREAS, Seller is the owner of facilities used for the collecting, transporting and treating of sewage in the City of Chester and in certain adjoining areas where it serves private users directly, as shown on a service map delivered by Seller prior to the date hereof (the "Service Area" - City of Chester), and Seller also receives sewage from municipal systems outside the Service Area pursuant to agreements (the "Municipal Agreements") listed on Exhibit A attached hereto; and

WHEREAS, the Chester Authority has applied for a permit from the Pennsylvania Department of Environmental Resources to construct a new sewer plant in the City of Chester; and

WHEREAS, Seller desires to sell and Buyer desires to purchase all of Seller's property constituting its sewer system and related property in the aforesaid Service Area, all as hereinafter described; and

WHEREAS, the properties being sold hereunder have been appraised by independent experts as a basis for determining the price to be paid hereunder; and

WHEREAS, the Seller desires to have Buyer assume responsibility for providing sewage collection and treatment service in the Service Area and also under the Municipal Agreements, and Buyer is willing to assume such responsibility, subject to the provisions hereof.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Property to be Acquired. Subject to the terms and conditions hereinafter set forth Seller will sell, assign, transfer and deliver to Buyer, and Buyer will purchase from Seller, at the time of the Closing hereinafter provided, all of the property, real, personal and mixed, constituting Seller's system for the collection, transportation and treatment of sewage, including without limitation, all of the following types of property which together are herein sometimes called the "Sewer Properties":

(a) The real property, together with all structures and improvements thereon, including without limitation, the sewage treatment plant and all Seller's land at the location of said plant, as described on Exhibit B attached hereto, pumping stations and such land around them as may be necessary for future use and expansion, based upon surveys to be obtained by Seller and approved by Buyer, fixtures, private rights-of-way and other interests in land (all being herein referred to together as the "Real Property");

(b) All sewer mains, interceptors, force mains, collection systems, valves, pumps, machinery, equipment, siphons, regulators and tide gates, inventory, small tools, office equipment, furniture, supplies, customer lists and accounts, franchises, licenses, sewage permits, accounts receivable and unbilled revenues subject to Section 12 hereof, contract rights and related assets, all rights in connection with Federal, State or other grant, loan or similar applications for assistance with sewer projects (including without limitation Seller's pending application for a State subsidy under Act 13 (Harness Racing), to the extent permitted by law, and all documents and papers used or held for use by Seller in the operation of the Sewer Properties, but not including cash, bank accounts or securities (all being herein referred to together as the "Personal Property"). Books, records, maps, surveys, drawings, engineering and financial studies and reports, plans, of Seller, that Seller is now using and may need in the future, shall be available for Buyer's inspection, and Buyer may make such copies as it requires, at its expense. The tract of Real Property at the location of Seller's existing sewage treatment plant (as shown on the abovementioned Exhibit B), together with said plant and all of the Personal Property on said tract is herein referred to as the "Treatment Plant", and all of the remainder of the Sewer Properties are herein referred to as the "Collection System";

(c) All collectors and interceptors used as combined sewers, for sanitary, wastes and storm drainage, subject to the provisions for Section 15.3 below, but excluding all mains which are used exclusively for storm drainage; and

(d) All contracts and related rights (excluding accounts receivable and unbilled revenues) arising under the Municipal Agreements.

2. Purchase Price. As the purchase price for the Sewer Properties; Buyer shall pay to Seller:

(a) For the Treatment Plant, the sum of $1,296,922.

(b) For the mobile equipment, listed on page 56 of the Appraisal made by George D. Sinclair, the sum of $21,200.00.

(c) For other mobile and small equipment and tools, that Buyer may purchase, an amount to be determined by the parties by negotiation.

(d) For those facilities in the Collection System used to transport in

combination sewage from within the City limits of Seller and sewage from outside, an amount which bears the same proportion to the total value of such facilities, 2,551,926, as the number of equivalent dwelling units located outside said City limits and served by said facilities bears to the total of all equivalent dwelling units served by said facilities, all as jointly determined by the Consulting Engineers of the parties hereto.

(e) For the remainder of the Sewer Properties, an amount equal to the net amount of all current assets included therein, including unbilled revenues and certain customer accounts receivable at the valuation, and in other aspects as provided in Section 12 hereof, less the sum of all current liabilities assumed pursuant to Section 3 hereof and the credit for unearned revenues paid to Seller prior to the Closing as referred to in Section 12 hereof, all as shown on a balance sheet of Seller's sewer operations dated as close to the Closing as possible and jointly audited by the accountants of Seller and Buyer, subject to adjustment by said accountants immediately after the Closing. If the current liabilities exceed the current assets, the amount of the excess will be deducted from the amount determined under paragraph (a) of this Section.

(f) The cost of any audit, performed by accountants who are not Seller's employees, that Seller must obtain pursuant to the terms of this Agreement.

(g) For the additions and purchase of equipment mentioned in Section 4.0 (a) (ii), and Exhibit C, an amount to be determined by the Consulting Engineers of both parties.

3. Assumption of Liabilities. Buyer will assume and agree to pay or discharge (by appropriate instrument delivered at the Closing) all current liabilities of Seller incurred in the ordinary course of operating the Sewer Properties, but only to the extent reflected in the belowmentioned balance sheet of Seller dated December 31, 1971, as adjusted by any changes in the ordinary course of business and reflected in the adjusted balance sheet provided for in Section 2 hereof, and all of Seller's obligations under contracts listed on Exhibit A attached hereto, correct copies of which have been delivered by Seller, (together herein called the "Sewer System Liabilities") but such assumption shall not include taxes withheld from Seller's employees or social security taxes on Seller, or any other obligation except as set forth in this Section and in Section 9.1. Buyer also agrees to assume and to pay or discharge any liability of the Seller and the Chester Authority, under a loan, made to the Chester Authority and secured by a Contribution Agreement between Seller and Chester Authority, from Southeast National Bank for engineering fees, and related expenses, incurred in the preparation of plans for the new treatment plant. The total liability to be assumed by Buyer under said loan shall not exceed the total of the amounts due Seller under Sections 7.1, 7.2, and 7.3 hereof, together with interest thereon.

4. Representations and Warranties of Seller. The Seller represents and warrants as follows:

4.1. Seller is now the legal and beneficial owner of the Sewer Properties,

with good and marketable title thereto, free and clear of all liens, encumbrances, charges and defects in title, and in the case of the Real Property, such as will be insured by a reputable title insurance company at regular rates, except for those easements and restrictions in the line of title and minor encumbrances and defects which Seller represents will not individually or in the aggregate materially and adversely affect the use and operation of, or the right to use and operate, the Real Property. The Deed conveying the Real Property and the Bill of Sale and Assignment conveying the Personal Property, which have been or will be examined and approved by the parties, will properly describe or identify all the important Sewer Properties.

4.2 The Sewer Properties are in good and operable condition and are adequate in all respects for the providing of all sewage services in the Service Area as now being provided by Seller, except for the defects heretofore disclosed by Seller, and except those known by Buyer from its inspection of said properties, made prior to the date of this Agreement, and except for the need to enlarge and improve the quality of treatment at the Treatment Plant, referred to in Section 15.2 below.

4.3. Seller has all requisite, valid and assignable licenses, non-exclusive franchises, easements, consents, permits and regulatory approvals (including, without limitation, sewerage permits Numbers 5679 from the Pennsylvania Department of Environmental Resources, all requisite certificates of public convenience and rate approvals from the Public Utility Commission, all requisite permits for stream encroachments from the Pennsylvania Department of Forests and Waters and all requisite highway crossing permits from the Pennsylvania Department of Highways), to engage in the business of collecting, transporting and treating sewage in the Service Area, as such business is now conducted. Seller is not in violation of any of the provisions of any of the foregoing permits or any statutes under which such permits were granted, as now in force, except those of which Buyer is aware, Seller and Chester Authority also have applied for a sewage permit to enlarge the Treatment Plant, which is hereby assigned to Buyer. Seller and Chester Authority will join in executing the requisite applications to transfer the abovementioned sewerage permits to Buyer and will cooperate in effectuating such transfer as well as the transfer of all other permits from the Seller to the Buyer.

4.4. The execution, delivery and performance of this Agreement by Seller and Chester Authority have been duly authorized by all necessary municipal action, and this Agreement constitutes a valid and binding obligation of Seller in accordance with its terms, and the execution and performance of this Agreement by Seller will not violate any provisions of law and will not result in the breach of any term or provision of, or constitute a default or result in the acceleration of any obligation under, any loan agreement, indenture, financing agreement, lease, franchise, license, or any other agreement or instrument of any kind to which Seller is a party.

4.5. There is now pending no litigation, proceeding or controversy or complaint (formal or informal) to which Seller is a party or of which it has knowledge before any court, public utility commission, or other authority with respect to (1) the Sewer Properties, (b) Seller's right to operate any of them or the manner of such operation,

(c) its duty to serve elsewhere, or (d) contesting Seller's right to enter this Agreement, except the pending appeal by the Seller and The Chester Authority from the order of the Commonwealth of Pennsylvania relating to regional service in Delaware County, which Seller and Chester Authority will promptly discontinue of record, upon execution of this Agreement by all parties by February 14, 1973, and except a suit now pending against Seller requesting the preparation of a plan by Seller concerning the separation of the combined sanitary and storm sewers.

4.6. There are no contracts, indentures, refunding agreements or agreements in aid of construction, service or main extension deposits with respect to Seller or the Sewer Properties, except as listed in Exhibit A attached hereto or as heretofore disclosed in writing to Buyer. Neither Seller nor any of its property is subject to any commitments, obligations with respect to future employee compensation, licenses, reservations, exceptions, rights-of-way, judgments or court orders which (a) relate to and adversely affect the Sewer Properties, Seller's sewer service, or Seller's right to enter and perform this Agreement, or (b) extend beyond the Closing Date, except as heretofore disclosed in writing to Buyer.

4.7. Seller has delivered to Buyer certified financial statements relating to the Sewer Properties, as of December 31, 1971, and unaudited financial statements for the period June 30, 1972 to December 31, 1972, including reports of the results of operation of said Properties for the periods then ended, which are correct and complete and fairly present the financial condition of such Properties at such times including accurately stating all assets and liabilities, accrued, absolute, contingent or otherwise, and the results of operations for the periods then ended, all in accordance with generally accepted accounting principles consistently applied, except as set forth in the footnotes thereto. There has been no material and adverse change in said financial condition of said Properties or operations since December 31, 1971: Seller has no outstanding bonds or lease obligations relating to the Sewer Properties.

4.8. The Sewer Properties have not been, since December 31, 1971, materially and adversely affected permanently as a result of any casualty, drought, flood, strike, or other labor dispute, governmental order, litigation or administrative proceeding, riot, activities of armed forces, war or acts of God or the public enemy.

4.9. Since December 31, 1971: (a) Seller has not initiated any additions to the Sewer Properties, except for (i) the proposed expansion of the Treatment Plant referred to in Section 7.1 below, (ii) certain additions and purchases of equipment as described in Exhibit C to be attached hereto, and (iii) such minor additions as have been necessary to provide reasonably adequate service in the regular and ordinary course of business; or (b) made any increases in the rates of compensation of supplementary benefits payable to any of its employees or entered any other contract or commitment except as disclosed in writing to Buyer.

4.10. Seller is not, with respect to the Sewer Properties, in default under any provision of law, regulation, zoning or other ordinance, articles of incorporation, by-laws, franchise, permit (including, without limitation, those referred to in Section 4.3

above), indenture, contract or other document which is applicable to or binding upon it.

4.11. The Sewer Properties are insured against all risks usually insured against by persons operating similar properties, under valid and enforceable policies issued by insurers of recognized responsibility in reasonably sufficient amounts. Seller will continue to maintain such insurance coverage up to and including the Closing Date, endorsing the policies to include Buyer's interest hereunder.

5. Conduct Pending Closing.

5.1. Pending the Closing Seller and Chester Authority will:

(a) operate the Sewer Properties only in the ordinary course and in accordance with all applicable local, state and federal laws and requirements;

(b) not enter into by or on behalf of Seller any contract or commitment relating to the Sewer Properties, except (i) normal and usual commitments for the purchase of materials and supplies, (ii) commitments related to the items referred to in Section 4.9 (a) (ii) above, or (iii) any which may receive the prior written approval of Buyer;

(c) not change the rate of compensation or the supplementary benefits payable by Seller to any employees operating the Sewer Properties, except any such changes that apply to all City employees;

(d) not mortgage, pledge or subject to lien or other encumbrance or dispose of any of the Sewer Properties; and

(e) give to Buyer and its authorized representatives full access during normal business hours throughout the period prior to the Closing to the Sewer Properties, and all related books, contracts, commitments and records of Seller, and will furnish Buyer during said period copies of all outstanding agreements, licenses and permits, summaries of insurance policies, lists of employees, descriptions of real estate, and such other information concerning the Sewer Properties and matters related thereto as Buyer may request. Seller will also inform Buyer promptly upon its learning of any event of fact which would adversely affect any representation or warranty herein.

(f) complete the design for a new sewage treatment plant (the "New Plant") on the site of the existing Treatment Plant, as a regional facility, with a capacity of 40 M.G.D. per day or more if requested by Buyer, pursuant to the comprehensive plan of the Delaware River Basin Commission and the requirements of Buyer, and pursuant to the existing contract between Chester Authority and Catania Engineering Associates, Inc., dated June 7, 1971, and the contract between such firm and Albright & Friel, dated May 24, 1972, copies of which agreements have been delivered to Buyer. Said Agreement between Seller and Catania Engineering Associates, Inc. will be amended

prior to the Closing in manner satisfactory to Buyer with respect to fees and options to terminate, and as so amended, said contract will be assumed by Buyer at the Closing. Seller hereby authorizes its above-named engineers to deliver copies of said plans to Buyer.

5.2. Pending the Closing Buyer will:

(a) use its best efforts to conclude long term service agreements with municipalities and large industrial discharges for treatment of wastes in the new Plant; and

(b) use its best efforts to conclude mutually satisfactory amendments to the Municipal Agreements, so that the provisions thereof will be the same as those of new agreements entered by Buyer with other discharges, for the same class of service (such service may, but need not, include operation of collection systems as determined by Buyer and the customers).

6. Conditions to Buyer's Obligations. The obligation of Buyer to complete the purchase hereunder is subject to fulfillment of the following conditions on or before the Closing Date (in addition to those expressed elsewhere herein):

6.1. Design of the New Plant shall have been completed.

6.1. A Buyer will have sold its sewer revenue bonds and received the proceeds from the sale thereof or made a temporary borrowing in an amount at least sufficient to pay the purchase price hereunder.

6.2. Seller's permits shall have been transferred to Buyer where such transfer is required by applicable laws or regulations.

6.3. Buyer shall have received a satisfactory opinion of Seller's solicitor, dated the Closing Date with respect to the matters referred to in Section 4.2, 4.3,4.4, 4.5, and 4.10 as of the Closing Date, and to the effect that he has no knowledge of any fact which would cause the representations and warranties in this Agreement not to be true or the conditions of Closing herein not to have been performed as of the Closing Date. In giving his opinion with respect to the title to Real Property such solicitor may rely upon the policy of title insurance issued to Buyer.

6.4. Buyer shall have received from its Solicitors an opinion satisfactory to the Buyer with respect to all legal matters in connection with the transactions under the Agreement.

6.5. Seller shall have delivered to Buyer such deeds, easements, or assignments of easements, assignments, bills of sale, documents, instruments, information certifications and further assurances as solicitor for Buyer may reasonably require as necessary or desirable for transferring, assigning and conveying hereunder to Buyer

good and marketable title to the Sewer Properties, and otherwise affecting performance of this Agreement by Seller, and all shall be satisfactory in form and substance to Buyer and its solicitors. The Deed for the Real Property shall be a special Warranty deed of conveyance, with the requisite Pennsylvania Transfer Tax Stamps and any local real estate transfer tax stamps attached thereto and cancelled. The payment for any such transfer tax and stamps, if any, shall be made by Buyer.

6.6. Buyer shall have received from Seller, in form satisfactory to Buyer and its solicitor:

(a) a certified copy of the Ordinance duly enacted by Seller authorizing the transactions herein provided for; and

(b) a certificate to be delivered on the Closing Date, signed by the proper officers of Seller to the effect that (1) the representation of Seller in this Agreement are true, and (2) Seller has performed all conditions and Agreements contained herein.

7. Conditions to Seller's Obligations. The obligation of Seller to complete the sale hereunder shall be subject to fulfillment of the following conditions on or before the Closing Date (in addition to those stated elsewhere herein):

7.1. Buyer shall reimburse Chester Authority for amounts paid by it to its consulting engineers prior to the Closing under the contract (as amended) referred to in Section 5.1 (f), representing fees for services of such engineers under such contract, as amended, less amounts paid from proceeds of loans the liability on which is being assumed by Buyer hereunder. Said payments shall be made to said consulting engineers against release and discharge of all parties hereto as to all claims for services performed by said engineers prior to the Closing Date. All plans, studies and related papers prepared by said consulting engineers for which the abovementioned fees were charged, shall become the property of Buyer on the Closing Date.

7.2. Buyer shall have paid to Chester Authority for its solicitor, the amount of $29,779.85, representing the agree upon fee, or portion thereof which is now owing, for services of such solicitor prior to the date hereof in connection with expansion of the Treatment Plant.

7.3. Buyer shall have paid to Seller the amount of $26,148.37, representing other fees and expenses incurred by Seller and Chester Authority in the proposed enlarging of the Treatment Plant, prior to the date hereof, an itemized list of which has been delivered to Buyer. Said payment, and other payments provided for in Section 7.1 and 7.2 above shall be in addition to the purchase price provided for in Section 2 above, but none of the items thereby reimbursed shall be capitalized as part of the value of the Treatment Plant.

7.4. Buyer shall have given reasonable assurances of its ability and intention to proceed promptly following the Closing to construct the New Plant as a regional facility.

8. Closing. The Closing hereunder shall take place at the office of Buyer or of its indenture trustee, on such date as may be specified by Buyer on 45 days' written notice on or before September 30, 1973. The Closing Date shall be no later than September 30, 1973. Upon the performance of all conditions and covenants set forth herein and delivery to Buyer of all documents and instruments required hereby, Buyer shall deliver to Seller at the Closing: (a) cash or certified check (s) in the amount due under Section 2 above; and (b) a certified copy of all resolutions adopted by the Board of Buyer authorizing the transaction provided for herein; and (c) cash or certified check (s) for all other amounts due to Seller and/or Chester Authority hereunder.

9. Protection of Employees.

9.1. Buyer will use its best efforts to retain after the Closing Date all employees of Seller engaged in operation of the Sewer Properties on the Closing Date who desires to continue such employment, and to assign them to positions as nearly identical as possible to those now occupied by them for which they are found qualified by Buyer pursuant to job classifications established by it. If any employees are found not qualified for positions comparable to those now occupied by them, Buyer will use its best efforts to the end that they may become qualified and will then assign them to such comparable employment or the best available alternative position, subject to Buyer's ultimate right to terminate the employment of any employee who is unable or unwilling, after a reasonable period of time, to become qualified for available job classifications. Seller has no existing collective bargaining agreements. Buyer will provide health and accident insurance and other employee benefits for the employees retained by it at least as favorable to them in the aggregate as those now maintained by the City, subject to Section 9.2.

9.2. Following the Closing Date Buyer will establish pension and other plans for its employees containing such provisions as it may deem appropriate and as similar as feasible to the provisions of Seller's present pension plan. However, if Seller wishes to have employees formerly employed by it receive credit under Buyer's plan for past service with Seller, Seller will pay to Buyer the employee's contribution to the Seller's pension plan fund, and Seller will pay to Buyer the prorated amount Seller has contributed to said fund for the said employee's benefit. At its option Buyer may elect to have said employee or employees continue as members of the Seller's pension plan fund, if the same is permitted by law.

10. Risk of Loss. Seller assumes all risks of destruction, losses or damage to the Sewer Properties due to fire or other casualty up to the Closing. In the event any of the Properties are so destroyed or damaged prior to Closing, the part or parts so destroyed or damaged shall be replaced or repaired by Seller at its sole cost and expense, unless otherwise agreed by Buyer or unless Buyer agrees that the purchase price provided for in Section 2 hereof may be reduced by an amount equal to the estimated cost of replacement or repair of the part or parts so destroyed or damaged, provided, however, if any such destruction or damage shall, in the opinion of Buyer, be so extensive as materially and adversely to affect the feasibility of operation thereof

by Buyer, then Buyer shall not be obligated to consummate the purchase and sale contemplated herein, and Buyer shall not have any obligations whatever to Seller by reason hereof.

11. Indemnifications.

11.1. Buyer shall assume, indemnify and hold harmless Seller against any and all claims or liabilities arising from the ownership and operation of the Sewer Properties and attributable to the period after 11:59 P.M. on the Closing Date.

11.2. For a period of three years after the Closing Seller shall indemnify and hold harmless Buyer against any and all claims, suits, damages, loss, expenses or liabilities whenever presented or determined arising from the ownership or operation of the Sewer Properties by Seller whether under contracts, permits or franchises assigned to Buyer or otherwise, and attributable to the period prior to 11:59 P.M. on the Closing Date.

12. Unbilled Revenues; Accounts Receivable.

(a) All unbilled revenues of Seller and revenues billed in advance (other than those under the Municipal Agreements) will be prorated to the Closing Date, with Buyer receiving a credit for revenues received by Seller prior to, and allocable to service after, the Closing. Such revenues allocable to the period prior to the Closing, will be purchased by Buyer on the Closing Date as part of the Sewer Properties, along with all of Seller's other accounts receivable, less than 90 days old. The purchase price for said accounts and unbilled revenues shall be the face amount thereof less 10% as a reserve for noncollectability, based on Seller's prior experience. Within 90 days after the Closing Date Buyer will notify Seller as to the amount collected by Buyer with respect to said accounts and unbilled revenues. If the amount not collected and thereby deemed to be uncollectable shall vary from the amount of the deduction provided for above, by more than $3,000, then appropriate adjustment will be made in the purchase price hereunder, and additional payment or refund will be promptly made. Uncollected accounts then will be assigned by Buyer to Seller.

(b) Accounts receivable under the Municipal Agreements will be retained by Seller. Unbilled revenues under such Agreements will be collected by Buyer which will promptly remit to Seller an amount thereof allocable to the period prior to the Closing.

13. Survival of Agreements, Representations and Warranties. All agreements, representations and warranties contained in this Agreement will survive completion of the Closing hereunder.

14. Additional Assurances and Payments. Subsequent to the Closing Seller will execute and deliver such additional documents as Buyer may reasonably request to perfect Buyer's title to the Sewer Properties or carry out the intention of this Agreement. Without limiting the foregoing, Seller will pay over to Buyer any amount representing

the State subsidy for sewage treatment plants allocable to the period after the Closing and received by Seller after the Closing, and amounts received in respect of accounts receivable or other rights transferred to Buyer hereunder (subject to Section 12).

15. Service by Buyer following Closing Date.

15.1. Following completion of the Closing Buyer shall have the exclusive right and duty to provide collection, transportation, treatment and disposal of sanitary sewage and industrial wastes (but not storm or surface drainage, except in existing combined sewers subject to Section 15.3 hereof) in the Service Area, to the fullest extent permitted by law within Seller's City limits and only limited elsewhere by the provisions of Seller's existing agreements with private users and shall have the same right and duty outside the Service Area to the extent provided by the Municipal Agreements as they may be amended.

15.2. As soon as possible following the Closing Buyer will use its best efforts to construct and complete the New Plant, and thereafter to operate it as a regional facility for the Service Area and such other areas as Buyer may determine to serve. Buyer may serve by contract with municipalities or may serve the public directly as agreed to by the municipal authorities in each case. Buyer will also operate and maintain the Collection System and make such improvements and extensions thereto as it may deem desirable and financially feasible to construct and operate.

15.3. Existing sewers in the Service Area used for the combined transportation of sanitary wastes and surface drainage shall initially be operated and maintained by Buyer as part of the Collection System. When required by regulatory authorities, or when for other reasons it is determined by Buyer, to replace combined sewers by separate sanitary and storm sewers, Buyer shall cause its consulting engineers to prepare a feasibility study estimating in the case of each sewer the relative cost of building a new sanitary sewer and in the alternative of building a new storm sewer, including in both alternatives the cost of repairing the existing sewer to transport material not carried in the new sewer. Such studies shall be transmitted to Seller. If the total costs, as determined by said studies, of building a new sanitary sewer is less than the cost of building a new storm sewer, then the new sewer will be built and operated by and at the expense of Buyer (which will convey the old sewer to the Seller for a nominal consideration), and Buyer will be entitled to increase its charges to recover the associated costs. If however, the cost of building a new storm sewer is the lesser of the two, then upon request by Buyer Seller will promptly construct such sewer and thereafter operate and maintain it, excluding storm and surface drainage thereafter from the old sewer, all at Seller's expense, and Buyer will continue to operate the old sewer. In each case the party having the duty to construct the new sewer will make at its expense requisite repairs to the old sewer.

15.4. In carrying out its responsibilities under this Section 15 Buyer will impose rates involving three elements. First, will be a charge for treatment at the existing Treatment Plant and later at the New Plant, which will be uniform for all users of

particular classes in the region served thereby, to recover in the most equitable manner all costs involved in such treatment. "Costs" when used in this Section shall mean all applicable costs of construction and acquisition and other capital items, all applicable operating items, a prorated portion of general administrative costs and of appropriate amounts to establish reasonable reserves (of money and of capacity in facilities for future need of the Service Area - City of Chester). Second, a charge will be imposed on users outside the Service Area to recover all costs of conveyance of sewage from such areas to the New Plant. The rates for customers in the Service Area will not include any of the costs for conveyance of sewage from places outside the Service Area. Third, a charge will be imposed within the Service Area, to recover the costs of collection and conveyance of sewage originating in such Area, including, without limitation, those referred to in Section 15.3 above, which will be uniform for all users of particular classes. Customers in the Service Area will bear none of the costs of collection of sewage outside such Area. Buyer's good-faith determinations as to elements of cost, classification of customers, size of reasonable reserves and similar matters in carrying out the foregoing principles shall be conclusive, and charges shall be subject to change from time to time as may be necessitated by increasing costs, the need for expansions, replacements and improvements, provisions of bond indentures, State and Federal grant agreements, regulatory requirements and similar developments. Notwithstanding any provision herein to the contrary, users in the Service Area shall not be required to pay, either directly or indirectly through the use of accumulated reserves, for any costs of future expansion of the New Plant or the expansion, extension or construction of any other facility, except to the extent such expansion, extension or construction is needed to serve the Service Area, unless otherwise required by law.

15.5. Seller may exclude from the sale hereunder a reasonable amount of equipment needed by it following the Closing to operate and repair the storm sewers which will continue as its property.

15.6. The provisions of this Section 15 shall continue in force for a term ending November 17, 2022 and thereafter for a term as long as the existence of the Authority unless terminated by either party on one year's notice prior to the end of the then-current term.

15.7. If at any time in the future during the term of this Section 15 or at the end thereof, Buyer ceases to operate the system being purchased by it hereunder, then the fixed assets and the Real Property, other than the Treatment Plant and those facilities in the Collection System described in Section 2 (d) shall revert to Seller's ownership rather than to the County of Delaware or any other agency.

16. Miscellaneous.

16.1. Termination. Both parties hereto will use their best efforts to cause the conditions performable by them to be performed, but if they have not been either performed or waived prior to the last date for Closing hereunder, this Agreement will

automatically terminate and neither party shall have any obligation or liability by virtue of the execution hereof.

16.2. Notices. Any notice to be given either party hereunder shall be given in writing and shall be sufficient if sent by certified mail or by telegram, confirmed by certified mail, if to Buyer, address to Delaware County Regional Water Quality Control Authority, Court House, Media, Pennsylvania, and if to Seller, addressed to Chester Municipal Building, Fifth and Welsh Streets, Chester, Pennsylvania.

16.3. Contents of Agreement, Governing Law, etc. This Agreement sets forth the entire understanding of the parties, shall be governed by the laws of the Commonwealth of Pennsylvania, shall not be assigned by either party hereto, and all amendments to it shall be in writing and signed by both parties hereto.

16.4. Rights of Parties. This Agreement shall not be construed to create any right in favor of anyone except the parties hereto.

16.5. Intent of Parties. It is the intent of the parties that DELCORA will acquire, own, maintain, and operate the property of the Seller, and supply sewage treatment and collection service in accordance with the provisions of this Agreement, even though the proposed new treatment plant is not built at this time.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first stated.

CITY OF CHESTER

By: John H. Narcrelli
Mayor

Attest: Diane Y. Taylor
Acting City Clerk

CHESTER SEWER AUTHORITY

By: Raymond J. McLaughlin
Chairman

Attest: Max S. Polomski
Secretary

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

By: William H. Turner
Chairman

Attest: George F. Blessing
Secretary

EXHIBIT "A"

ATTACHED TO AGREEMENT OF SALE AND SERVICE

BETWEEN

CITY OF CHESTER

CHESTER SEWER AUTHORITY

and

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

MUNICIPAL AGREEMENTS

OF CITY OF CHESTER

	Date	Parties
1.	September 6, 1956 December 1, 1960	Chester Township Supplement
2.	February 13, 1963	Southern Delaware County Sewer Authority
3.	September 10, 1956	Borough of Parkside
4.	June 18, 1963	Nether Providence Township
5.	July 7, 1964	Borough of Upland
6.	September 25, 1964	Borough of Brookhaven
7.	September 27, 1966	Borough of Trainer & Trainer Sewer Authority
8.	May 3, 1966	Borough of Rose Valley
9.	July 30, 1962	Pileggi Development Corp.
10.	February 11, 1969	Alexander Chonez, Sr. Alexander Chonez, Jr. Margarite Chonez
11.	May 4, 1971	Philadelphia Quartz Co.
12.	October 16, 1970	Job Johnny
13.	May 1, 1963	Shane Enterprises

EXHIBIT "B" TO AGREEMENT OF
SALE AND SERVICE

BETWEEN

CITY OF CHESTER

CHESTER SEWER AUTHORITY
and
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

DATED: February 1, 1973

ALL THAT CERTAIN tract, piece or parcel of land, SITUATE in the City of Chester, in the County of Delaware and in the State of Pennsylvania and bounded and described as follows, to wit:

BEGINNING at a point in the Southerly right of way line of the South Chester Branch of the Philadelphia, Baltimore and Washington Railroad, Two hundred sixty feet Southwest of the center of Morton's Run, said point being distance Seventy-four and seventy one-hundredths feet measured Northwestwardly from a point in and at right angles to the center line of Delaware Avenue and being distance Six and thirty-eight one-hundredths feet measured Northeastwardly from a point in and at right angles to the center line of Clayton Street; extending thence along said right of way line North forty-seven degrees, forty minutes, eleven seconds East a distance of Two hundred sixty feet to a point in the middle of Morton's Run; thence along the middle of said Run as follows, viz: South Forty degrees, twenty-six minutes, eleven seconds East a distance of One hundred forty-three and forty-eight one-hundredths feet to a point; said point being in the center line of Delaware Avenue and distance Two hundred eighty-nine and forty-seven one-hundredths feet measured Northeastwardly from a point in and at right angles to the center line of Clayton Street; thence along the middle of said Run as follows: South Forty-five degrees, three minutes, thirty-five seconds East a distance of One thousand one hundred fifty-four and twenty-one one-hundredths feet to a point; thence South Twenty-seven degrees, forty-six minutes, fifteen seconds East a distance of Four hundred two and seventy-three one-hundredths feet to a point, said point being in the Delaware River Bulkhead Line as established by the War Department July 10th., 1916; thence along said Bulkhead Line as follows: South Fifty-four degrees, six minutes five seconds West a distance of Five hundred thirty-five and twenty one-hundredths feet to a point; thence North Forty-five degrees, three minutes, thirty-five seconds West a distance of One thousand five hundred eighty-four and sixty-four one-hundredths feet to a point; said point being in the Southeasterly line of land now or formerly of the Delaware County Electric Company; thence by land of the said Delaware County Electric Company as follows: North Forty-eight degrees, ten minutes, eleven seconds East a distance of Two hundred forty-four and ninety-one one-hundredths feet to a point; thence by land of the said Delaware County Electric Company as follows; North Thirty-one degrees, ten minutes, eleven seconds East a distance of One hundred sixty feet to the point of beginning.

CONTAINING 23.902 Acres of Land.

EXCEPTING AND RESERVING thereout and therefrom a right of way Forty feet in width leading from Clayton Street projected across the tracts of the Philadelphia

EXHIBIT "B"
Page Two

EXCEPTING AND RESERVING thereout and therefrom a right of way Forty feet in width leading from Clayton Street projected across the tracts of the Philadelphia and Reading Railway Company and the Pennsylvania Railroad Company and along the Northerly side of the herein described premises and running Southwestwardly to other lands of the Atlantic Refining Company into said right of way The Atlantic Refining Company reserved for itself its successors and assigns, the right of in-ingress, regress and regress over, on and along the said Forty feet wide right of way hereafter and forever in common with the City of Chester. The cost and maintenance of improving roadway in said right of way to be borne equally between The Atlantic Refining Company, its successors and assigns and the City of Chester, its successors and assigns.

EXHIBIT "C"

ATTACHED TO AGREEMENT OF SALE AND SERVICE

BETWEEN

CITY OF CHESTER

CHESTER SEWER AUTHORITY

and

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

The additional equipment installed at the treatment plant, required to initiate chemical treatment process and chlorination as required by the Pennsylvania Department of Environmental Resources in order to have the construction band lifted, including chlorinators, 10,000 gallon tank, and a chemical pump.

Ken

To: Michael Doweary[mdoweary@pa.gov]; vkapoor@kapoorco.com[vkapoor@kapoorco.com]; John McLaughlin[jmclaughlin@cdblaw.com]; Santucci, Adam[ASantucci@mcneeslaw.com]
Cc: Thaddeus Kirkland[tkirkland@chestercity.com]; nnichols@chestercity.com[nnichols@chestercity.com]
From: Ken Schuster[ken@schusterlaw.com]
Sent: Wed 10/7/2020 6:26:58 PM (UTC-04:00)
Subject: Fwd: 8. City of Chester - Amendment to Service Agreement 20200220 draft.docx
image001.gif
ATT00001.htm
8. City of Chester - Amendment to Service Agreement 20200220 draft.docx
ATT00002.htm

[EXTERNAL]

Please review and advise. Thanks!

Ken

Begin forwarded message:

> **From:** Joel Frank <jfrank@lambmcerlane.com>
> **Date:** October 7, 2020 at 4:49:32 PM EDT
> **To:** Ken Schuster <ken@schusterlaw.com>
> **Subject: FW: 8. City of Chester - Amendment to Service Agreement 20200220 draft.docx**
>
> See below and attached for prompt execution and return to me please. Thanks.
>
> **Joel L. Frank**
> *Chairman / Managing Partner*

LAMB | McERLANE PC

006953

ATTORNEYS AT LAW

Main: 610.430.8000

Direct: 610.701.4409
Fax: 610.692.0877
24 E. Market St. PO Box 565
West Chester, PA 19381

West Chester | Philadelphia | Newtown Square

www.lambmcerlane.com

vCard Bio

From: Joel Frank
Sent: Friday, September 4, 2020 1:42 PM
To: Kennneth Schuster <ken@schusterlaw.com>
Subject: Fwd: 8. City of Chester - Amendment to Service Agreement 20200220 draft.docx

As discussed. Prompt execution appreciated.

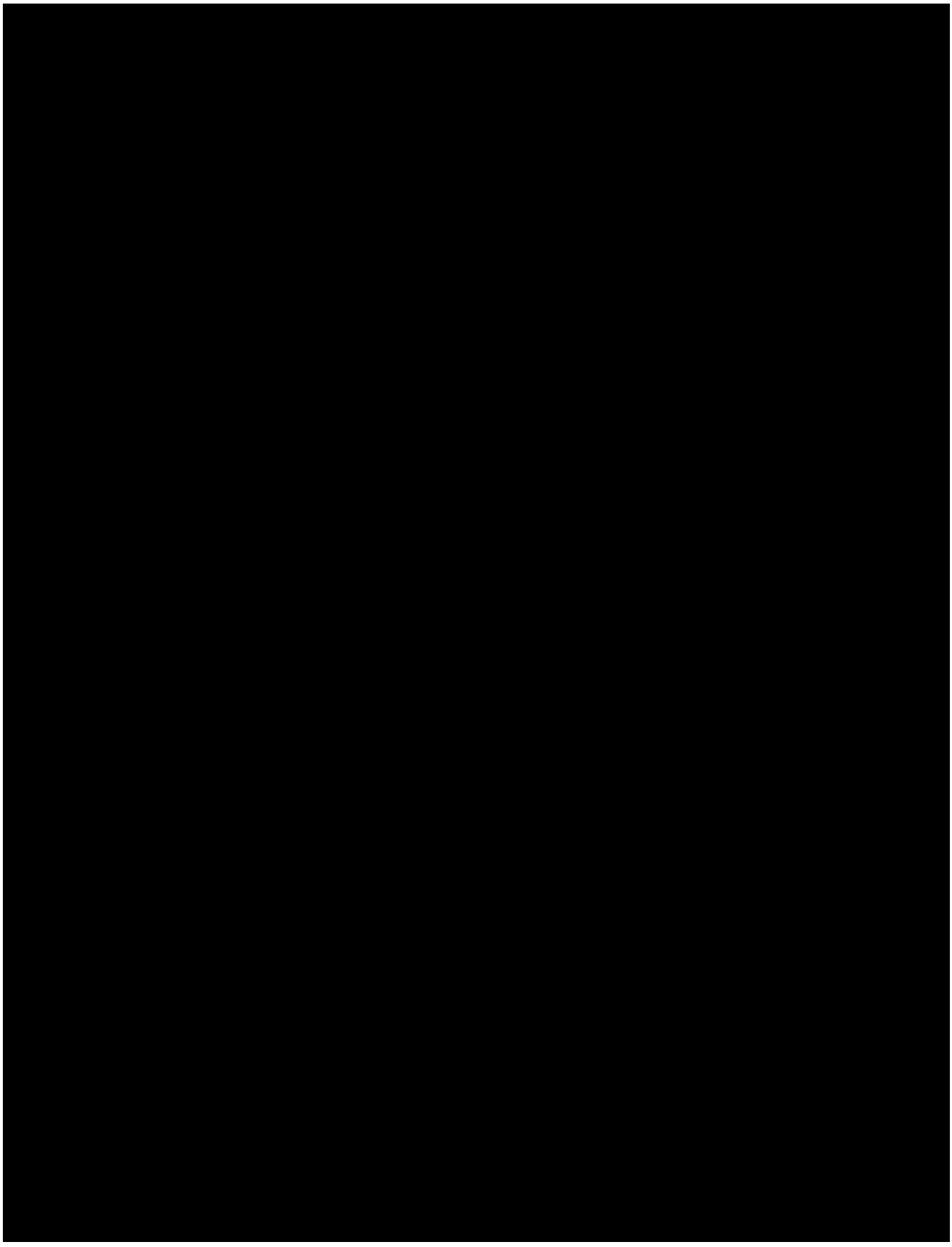
Sent from my iPhone

Total Control Panel Login

Remove this sender from
my allow list

This e-mail contains PRIVILEGED AND CONFIDENTIAL INFORMATION intended only for the use of the Individual(s) named above. If you are not the intended recipient of this e-mail, or the employee or agent responsible for delivering this to the intended recipient, you are hereby notified that any dissemination or copying of this e-mail is strictly prohibited. If you have received this e-mail in error, please immediately notify us by telephone at 610.430.8000 or notify us by e-mail at info@lambmcerlane.com.

AMENDMENT TO SERVICE AGREEMENT



[THIS SPACE INTENTIONALLY LEFT BLANK; SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this Amendment on the date first written above.

CITY OF CHESTER	DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
By: _____	By: _____
Printed: _____	Printed: _____
Its: _____	Its: _____

To: Thaddeus Kirkland[tkirkland@chestercity.com]
Cc: Michael Doweary[mdoweary@pa.gov]; John McLaughlin[jmclaughlin@cdblaw.com]; vkapoor@kapoorco.com[vkapoor@kapoorco.com]; jbrown@chestercity.com[jbrown@chestercity.com]; nnichols@chestercity.com[nnichols@chestercity.com]; Santucci, Adam[ASantucci@mcneeslaw.com]; Unkovic, David[DUnkovic@mcneeslaw.com]
From: Ken Schuster[ken@schusterlaw.com]
Sent: Sat 8/15/2020 10:05:08 AM (UTC-04:00)
Subject: Fwd: APA

Let's discuss Monday. Thanks.

Ken

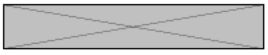
Begin forwarded message:

From: "Karetnick, Aliza" <KaretnickA@ballardspahr.com>
Date: August 13, 2020 at 5:11:51 PM EDT
To: Ken Schuster <ken@schusterlaw.com>
Cc: "Park, Steve T." <ParkS@ballardspahr.com>
Subject: APA

Ken – Hope you're well. I'd like to set up a call tomorrow for some time between 12:30 and 3 to introduce you to Steve Park, my partner who will be handling the transaction. Please let me know your availability. Thank you.

Best,
Aliza

Aliza R. Karetnick



1735 Market Street, 51st
Floor
Philadelphia, PA 19103-7599
215.864.8367 DIRECT

267.760.6503 MOB LE |
karetnicka@ballardspahr.com
LINKEDIN | VCARD

www.ballardspahr.com

To: Michael Doweary[mdoweary@pa.gov]; vkapoor@kapoorco.com[vkapoor@kapoorco.com]; John McLaughlin[jmclaughlin@cdblaw.com]; Santucci, Adam[ASantucci@mcneeslaw.com]
From: Ken Schuster[ken@schusterlaw.com]
Sent: Tue 8/25/2020 11:24:01 AM (UTC-04:00)
Subject: Fwd: Engagement Letter - Transaction -- attorney-client privilege/work product
41951067_1.pdf
ATT00001.htm

FYI

Ken

Begin forwarded message:

From: "Karetnick, Aliza" <KaretnickA@ballardspahr.com>
Date: August 13, 2020 at 4:15:14 PM EDT
To: Ken Schuster <ken@schusterlaw.com>
Subject: Engagement Letter - Transaction -- attorney-client privilege/work product

Ken – Hope all is well. See attached and let me know your thoughts. If this works, please confirm via email. If you'd like to make any changes, just let me know. Thank you.

Best,
Aliza

Aliza R. Karetnick

[redacted]

[redacted]

1735 Market Street, 51st
Floor
Philadelphia, PA 19103-7599
215.864.8367 DIRECT

267.760.6503 MOBILE |
karetnicka@ballardspahr.com
LINKEDIN | VCARD

[redacted]

www.ballardspahr.com

Ballard Spahr LLP

1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

Aliza R. Karetnick
Partner
Tel: 215.864.8367
Fax: 215.864.8999
karetnicka@ballardspahr.com

August 13, 2020

Via E-mail

Kenneth Schuster
Solicitor, City of Chester
405 Avenue of the States
Chester, PA 19013

Re: Legal Representation

Dear Ken

Thank you for selecting Ballard Spahr LLP ("Ballard Spahr") to represent the City of Chester (the "City") in connection with its sale of assets of the Chester Water Authority system to Aqua Pennsylvania, Inc. (the "Matter"). The following lays out the terms of our engagement and the parties' rights and responsibilities.

Our engagement is limited to performance of services relating to the Matter. Because we are not the City's general counsel, our acceptance of this engagement does not involve an undertaking to represent the City's interests in other cases or transactions, although we look forward to working with the City on future projects.

For the most part, our fees are based on the time spent and the regular hourly rates of each attorney and legal assistant providing services on the City's behalf. The hourly rates vary from person to person and are adjusted periodically. At this juncture, it is anticipated that work on the Matter will be handled principally by Steven T. Park and William C. Rhodes, whose standard rates are $595 and $835, respectively. For the Matter, as a courtesy, Ballard is reducing Steven's and Bill's hourly rates by 10%. Whenever possible, in the interest of economy, we will assign work to experienced associates.

The City is solely responsible and will be billed for all disbursements and out-of-pocket expenses made or incurred on its behalf. These expenses may include document reproduction, travel, mailing charges and filing fees. We separately bill for computerized legal research and related expenses. Please note, if we anticipate that substantial expenses will be incurred, we will first discuss with you and we may require that the City pay the vendor directly. Our statements will be rendered monthly, but are payable in full within 3 business days of the Effective Date, as defined by the Asset Purchase Agreement (the "APA"). If the APA is not executed by October 15, 2020, our bills will be due in full on October 31, 2020. We are always

happy to discuss our billings with you, and we welcome the opportunity to address any questions you may have.

New clients of Ballard Spahr are commonly asked to deposit a retainer. If the City deposits a retainer with us, it grants Ballard Spahr a security interest in that deposit. Typically, the retainer is equal to the fees and costs likely to be incurred during a one-month period.

Given the scope of our business and the scope of our client representations, it is possible that some of our present or future clients will have matters adverse to the City during the course of our representation. We understand that you have no objection to our representation of parties with interests adverse to the City, and waive any actual or potential conflict of interest as long as those other engagements are not substantially related to the services subject to this engagement letter. Your consent to and waiver of such representation, however, shall not apply in any instance where, because of our representation of the City, we have obtained proprietary or other confidential information of a non-public nature that could be used to the City's disadvantage or potential disadvantage.

Similarly, new lawyers frequently join our firm. These lawyers may have represented parties adverse to the City while employed by other law firms or organizations. We assume, consistent with ethical standards, that you have no objection to our continuing representation of the City notwithstanding our lawyers' prior professional relationships.

Either party may terminate the engagement at any time for any reason by written notice, subject to applicable rules of professional conduct. Your termination of our services will not affect your responsibility for payment of legal services rendered and additional charges incurred before termination and in connection with an orderly transition of the matter.

Unless previously terminated, our representation of the City will end upon the City's final payment for services rendered in the Matter. Any otherwise nonpublic information you have supplied to and is retained by us will be kept confidential in accordance with applicable rules of professional conduct. At your request, your papers and property will be returned to you promptly upon receipt of payment of outstanding fees and costs. Our own files pertaining to the Matter will be retained by the firm. These firm files include, for example, firm administrative records, time and expense reports, personnel and staffing materials, credit and accounting records, and internal lawyers' work products such as drafts, notes and internal memoranda.

Please do not hesitate to call me if you have any questions or concerns. We look forward to working with you and appreciate your confidence in Ballard Spahr.

Sincerely,

Aliza R. Karetnick

Aliza R. Karetnick

ARK