

MINUTES

MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE FOR THE CITY OF CHESTER January 25, 2022 1:00 p.m.

VIA Microsoft Teams

Present: Michael T. Doweary, Receiver
Kelly Diaz, County of Delaware, Office of the Controller, Sr. Accountant
Vijay Kapoor, Chief of Staff to the Receiver
Mayor Thaddeus Kirkland
Councilman William Morgan
Cody Deal, Executive Assistant

Absent: Kim Bracey, DCED, Executive Director for the Governor's Center for Local Government Services

The Municipal Financial Recovery Advisory Committee meeting began at 1:00 p.m. The meeting was streamed on the Chester City's Facebook page at <https://www.facebook.com/cityofchester/>.

The Receiver began by mentioning Director Bracey's absence was due to the City of Scranton holding a press conference for their exit from Act 47.

Minutes of January 11th MFRAC Meeting

The Receiver asked if there were any changes or addendums to the January 11th Municipal Financial Recovery Advisory Committee meeting minutes.

Before a motion was requested, Mayor Kirkland asked to acknowledge the presence of the City solicitor Ken Schuster which was noted by the Receiver.

The Receiver asked for a motion to accept the minutes of January 11th.

It was moved by Ms. Diaz that:

"The minutes of the December 14th Municipal Financial Recovery Advisory Committee Meetings be accepted as written."

The Receiver asked for a 2nd to which Mayor Kirkland chose not to 2nd, stating that this may be the 2nd or 3rd time the minutes appeared incomplete or one-sided, noting that there were comments made in the prior two meetings that were not included in the minutes.

The Receiver responded that this was part of the reason why the agenda packet is distributed a week in advance to receive this kind of feedback on what is included before the meeting. He asked if Councilman Morgan would 2nd the minutes, which he agreed to do.

The matter was placed before the floor for any questions, comments or concerns. Mayor Kirkland referenced negative comments made by Director Bracey in a previous meeting as well as other missing comments which were not specified. He stated that he felt that only the comments of himself and Councilman Morgan appeared to be in the minutes.

The Receiver asked if there were any other questions, with Councilman Morgan asking if there would still be a vote, to which the Receiver replied there would be. Ms. Diaz voted to pass the minutes, with Councilman Morgan and Mayor Kirkland voting no. The Minutes were not approved and will be raised again at the next MFRAC Meeting on February 8th. The Receiver asked for any input on the meeting minutes of January 11th to be provided before the next meeting by the committee.

Public Comments

The receiver noted all comments received pertained to Chester Water Authority. He asked if there were any comments from the committee in response to what was received, which there were none.

Recovery Plan Update

The Receiver passed the floor to Mr. Kapoor for an update on the Receiver's recovery plan.

Mr. Kapoor began his update by reiterating that the team is still waiting for a new Judge to be appointed to oversee Receivership, noting that the Commonwealth Court is most likely busy with redistricting now.

He next mentioned that the 2019 audit is still underway with the Receiver's team, the city, and their outside auditor working together.

He also mentioned that recently the incinerator host fee issue is also being worked on, which will be included in a presentation later in the meeting.

Next, he discussed the police pension recalculations that have been ongoing. He mentioned the discovery last October that the final average salary calculation was not being done correctly which was shared with the committee previously. To date, recalculations done for 19 officers have been implemented by the pension board resulting in substantial savings to the pension plan of about \$445,000 annually, about 5% of the current payment. They believe there are about 80 total recalculations that will be completed, with no current timeline.

He then went on to mention a virtual information session that will be held by the Receivership team on retiree benefits on February 15th from 5:30-7:30pm on the Receiver's Facebook page, with letters for these retirees planned to go out soon.

The Receiver opened the floor for any questions, which were none.

Receiver Update

The Receiver provided a brief update, starting with a note that recruiting for firefighters and police officers is underway, with more info to be found on the city's website. He also mentioned that covid testing has been occurring at various locations throughout the city, noting that more info can be found on the city's website as well. Lastly, he noted that the next MFRAC will be held on February 8th.

The Receiver then passed the floor to Mr. Kapoor for his presentation.

Presentations RE: Incinerator Host-Fee Follow-up, Water system Monetization Evaluation Progress

Mr. Kapoor provided an update on the Host-fee issue since there has been new information learned on how much rates were reduced in 2017. Based on the Receiver's team's estimates, the city has missed out on about \$5.5 million and \$6.8 million due to the 2017 host fee restrictions. If this structure would remain unchanged, Chester would miss out on another \$4.9 to \$5.6 million over the next three years, for a total of \$10.5 to \$12.3 million. He provided a bit of background on what the host-fees are and how this agreement came to be. In conclusion, Mr. Kapoor stated that a February Meeting with Covanta is in the works. The full recording of the presentation and PowerPoint can be viewed on the www.chesterreceivership.com website.

Mr. Kapoor then opened the floor for any questions from the Mr. Committee. Solicitor Schuster asked if he could ask questions on behalf of the Mayor, to which the Receiver responded that only members of the committee could participate. Mayor Kirkland asked about the number of members on the committee and the role of Mr. Kapoor. The Receiver stated that he asked Mr. Kapoor to make this presentation on his behalf, to which the Mayor responded that he would like Mr. Schuster to comment on his behalf. The Receiver followed up stating that the City can conduct public meetings through their council meetings but this was not the format for the City to bring in whoever they want to ask questions. Mr. Schuster began to comment but was muted as it was reiterated that only members could participate in this forum.

The Receiver again opened up the floor for any questions from the Committee. Mayor Kirkland noted again that Mr. Kapoor is not a member of the committee, but he is allowed to come to the meetings and take up more of the meetings than any member, however now that the City's legal representation is present they are not given the same opportunity. The Receiver responded that Mr. Kapoor is not legal representation and only made a presentation on his behalf, asking again if there was any questions about the issue at hand being the deal made with Covanta by the city in 2017. Mayor Kirkland stated that there should be discussion about Covanta in York at some point, to which the Receiver replied if York entered receivership and he was appointed that would be appropriate time, but now they are discussing Chester's situation and how they lost out on \$10 million dollars based on this deal entered into by the city. The mayor noted the Receiver may be costing the city this much money as well stating they are yet to hear what the Receiver and his team's salaries are.

The Receiver again asked if there were any comments from the Mayor on the presentation. His first question was who had oversight over the Delaware County Solid Waste Authority, directing the question to Ms. Diaz. She responded that there is a board who provides oversight. Mayor Kirkland asked if they were aware of the revenues that were lost by the City, which Ms. Diaz

stated she could bring the question before the council at the next meeting, but that this is a question for the Solid Waste Authority. Mayor Kirkland responded that he would appreciate this.

The Receiver asked Mayor Kirkland if it was his position that the Solid Waste Authority Negotiated this deal on his behalf, to which Mayor Kirkland could provide that information at a later time. Receiver Doweary asked if Mayor Kirkland would accept responsibility for this deal to which the Mayor responded he accepted responsibility of being Mayor. The Receiver then asked if the fact that this deal cost the city around \$10 million is accepted, to which the Mayor responded how many millions are going to the Receiver and his team in salary that could have come directly to the city. The Receiver noted that it is not that simple.

Receiver Doweary then asked Councilman Morgan if he had any questions on the presentation, which he did not.

He then asked Ms. Diaz if she had any questions, which she did not, but commented that it is important for residents to know what contracts are in place and thanked Mr. Kapoor for providing the numbers.

The next presentation from Mr. Kapoor was regarding the Water System Monetization Evaluation Progress. This full video presentation and PowerPoint can also be found on www.chesterreceivership.com.

Mr. Kapoor began with a bit of background on the Chester Water Authority and what the current issues surrounding it are. In summary, there have been attempts to gather information from the Authority regarding the costs being passed on to the residents of the City. These attempts have all been legally blocked by the Authority. Due to this, there is a lot of information that is unknown, however it appears that Chester residents have been overpaying for water service, which CWA denies. Attempts to meet with the CWA and the firm who developed the private public partnership that appears to not have been adopted, Corvius, will continue as the Receiver would like to keep exploring options to keep the CWA in public hands.

After concluding, Mr. Kapoor and the Receiver opened the floor for any questions, comments or concerns from the Committee.

Mayor Kirkland asked what would happen if the Receiver's team is unable to speak with Corvius. Mr. Kapoor stated that he is hopeful this will not be the case, but they will cross that bridge when they come to it as it is a good question. Mayor Kirkland followed up with another question on if there was a timeline, which Mr. Kapoor responded there was not at this time. Mayor Kirkland's last question was regarding the \$60 million plus dollar offer made by CWA and asked what the other offers received were. Mr. Kapoor explained that they were both over \$400 Million dollars, however if those private offers were accepted, the debt the CWA has would have to be netted out which was not the case with the current offer.

Ms. Diaz then asked if there was any update on the litigation currently taking place, to which Mr. Kapoor responded there is not, stating the Commonwealth Court decision recently made was the last decision.

Councilman Morgan asked when the last time there was any contact between CWA/Corvius and the Receivership team, and when the next time the public may be provided another update on this issue. Mr. Kapoor stated they were attempting to get this information last year

unsuccessfully. He also mentioned that his team has pledged to meet with the City on a monthly basis the last Wednesday of each month to discuss this ongoing situation. Councilman Morgan had one follow up question about how the documents shared in this presentation were obtained since CWA was withholding the information requested, to which Mr. Kapoor responded these were all included in a document published in the Delaware County Times on November 29th, 2020.

Member Comments

The Receiver thanked Mr. Kapoor and the Committee for their engagement today. He noted the next meeting would be on February 8th, opening the floor for any closing comments, which there were none.

There being no further business to discuss, the Receiver adjourned the meeting at 2:12 p.m.

The next Municipal Financial Recovery Advisory Committee meeting is scheduled for Tuesday, February 8th at 1:00 p.m. to be streamed VIA Microsoft Teams and through the Receiver's Facebook page.

Approved this 8th Day of February 2022.

Michael T. Doweary
Receiver for the City of Chester

Secretary – Cody Deal