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February 2, 2021

Via Email

Robert Ford
Township Manager
Township of Towamencin
1090 Troxel Road
Lansdale, PA 19446

Re: Proposal for Legal Services- Sewer System Sale

Dear Mr. Ford:

I am pleased that you have asked us to submit this proposal to serve as special counsel to the Township of Towamencin, PA (“Township”) in connection with the possible of its sanitary sewer system (“System”) consisting of a collection system and a sewage treatment facility.

Our Firm and Background in Monetization Transactions

Dilworth Paxson LLP is a multi-disciplinary law firm of 90 attorneys headquartered in Philadelphia, with additional offices in Harrisburg, Pennsylvania; Cherry Hill, New Jersey; New York, New York; and Wilmington, Delaware. The Philadelphia location is our largest office. The Firm conducts a broad and diverse regional and national law practice representing a wide variety of clients from Fortune 500 companies to start-ups, closely-held businesses, governmental entities, institutions, and individuals.

Our attorneys are at the forefront of some of the nation’s most important issues and represent both public and private-sector as well as non-profit clients with a broad range of legal needs. We understand that each matter, transaction, and negotiation must reflect an organization’s mission and further its goals. Furthermore, our business model allows for cost-effective service without compromising legal excellence.

Dilworth’s attorneys are devoted to working closely and collaboratively with clients, as evidenced by the lengthy client relationships which we have developed over the decades. Our

attorneys bring to the table in-depth experience in each of the Firm's practice areas, and our moderate size enables us to carry out sophisticated legal work involving complex transactions with great agility, focus, and efficiency.

Dilworth has been engaged by a number of municipalities to provide legal services in connection with the sale or lease of their sewer and/or water systems. Beginning with the 2013 lease concession of the Allentown water and sewer systems to a municipal authority, the first in Pennsylvania, we have handled the sale of sewer systems in Springfield Township and in West Conshohocken, Montgomery County PA and the sale of a trunk line for Tredyffrin Township and neighboring municipalities in Chester County. We also handled the sale of the Cheltenham Township, Limerick Township and Township of McKeesport sewer systems to regulated utilities and are currently representing Upper Pottsgrove Township and the City of Beaver Falls in their sale transactions. These transactions involve issues of Pennsylvania law, including PUC law, with which we have become intimately familiar.

Dilworth has substantial familiarity with Act 12, the PUC fair market value statute and the implementation order that governs its use. We are very familiar with the filing of a PUC application under Act 12. For instance, we currently represent municipalities as intervenors before the PUC in connection with obtaining PUC approval for system sales. In this capacity, we have counseled those municipalities on the fair market valuation procedures, with coordinating /drafting interrogatory responses, preparing witness testimony and with witness preparation. Our attorneys have also lectured on the Act 12 process.

Scope of Service

The scope of our engagement will include, but not be limited to, research and analysis of legal issues, including, but not limited to, the statutes governing the sale or lease of System assets, assisting with the procurement process, working with the Township's financial and other advisors, drafting an asset purchase agreement, negotiations with prospective bidders, structuring, attending meetings, drafting agreements and providing other support as requested by the Township with regard to the System. We will work closely and coordinate with your financial advisors in this engagement.

At your direction, we will work with the Township's Solicitor and other Township officials in these matters, including providing evaluations of the status of discussions and any recommendations for changes in strategy. Such evaluation will include legal issues, factual problems and recommendations for retention of experts or consultants, if appropriate.

If the Township should request or require additional services and/or services outside of the scope of our engagement, then the Township will either offer a new agreement or propose revisions of this agreement accordingly. Unless the Township and the Firm agree otherwise, our engagement would end at the conclusion of these services.

Fee Structure

Hourly Rates and Personnel: Our approach takes into account that legal fees could create budgetary issues for the Township, so we structure the payment of our fees as follows: (1) a reasonable monthly retainer; and (2) the balance of our fees payable when and if the transaction closes at which time the Township will have received a substantial purchase price from the buyer of the System. Our fee arrangement also takes into account that the Township may decide *not* to proceed with the sale and thus not receive a large payment for the System. Dilworth is willing to share some of the downside risk by only requiring a percentage of our time be paid if the deal does not close. As an alternative to the above arrangement, we are also willing to work on a straight hourly basis, billing the Township monthly for actual time and costs. This arrangement will not be dependent on the transaction closing.

We propose to charge the Township a blended discounted hourly rate. The bulk of the work on this transaction will be handled by me and my colleagues, Marc Feller and Skye Nickalls. We may utilize other attorneys in our firm when appropriate, such as real estate, labor or environmental attorneys. Our blended rate would be significantly below what our rates would otherwise be. Our fees can vary significantly depending on a number of factors including the nature of agreements with third parties including other municipalities and regulatory issues involving DEP, EPA etc. Upon request we will provide details about our hourly rates, a blended hourly rate, a retainer and the downside risk sharing.

Billing. We will send you statements of our time and costs on a monthly basis. Other than the retainer mentioned above, no payments will be due until the closing unless you choose for us to bill the Township for time worked on a straight hourly basis in which case an invoice for our actual time will be sent on a monthly basis. Our final bill will include a detailed statement of the time spent and the services rendered by attorneys and paralegals in the Firm during the course of our engagement. The expense portion of the bill represents the costs which we have advanced or incurred on your behalf in connection with the representation. These costs may include transportation expenses and various payments on your behalf to third party providers of services, including the cost to provide you transcripts of the transaction documents.

Conflicts. We also advise you that from time to time, the Firm does legal work for Essential Utilities, Inc. (formerly Aqua) and American Water Company, a subsidiary of each of which is likely to be a bidder should the Township proceed with the issuance of a request for bids. We do not believe that these representations will impact our representation of the Township and we will request that you waive any conflict resulting from our representation of those companies in matters unrelated to the System. We would obtain waivers from those companies as well with respect to our representation of the Township. Those of us working on your transaction would not be involved in other work for those entities.

Thank you and we look forward to the opportunity to serve the Township.

Very truly yours,

Elizabeth Preate Havey

Robert Ford

From: Havey Preate Elizabeth <epreatehavey@dilworthlaw.com> on behalf of Havey Preate Elizabeth
Sent: Thursday, February 18, 2021 11:05 AM
To: Robert Ford
Cc: Havey Preate Elizabeth
Subject: Proposed Fee

Dear Rob – Jack Dooley reached out to me asking for more information about Dilworth’s proposed fees to act as special counsel to Towamencin Township regarding the sale of their sewer system. Below are details about our fees:

Hourly Rates and Personnel: We propose to charge the Township a blended hourly rate of \$405.00 billed in one quarter or less increments. The bulk of the work on this transaction will be handled by Marc Feller, me and our colleague Skye Nickalls. We may utilize other attorneys in our firm when appropriate, such as real estate, labor or environmental attorneys. This blended rate is significantly below what our rates would otherwise be. (Marc Feller’s regular rate is \$630, mine is \$475 and Ms. Nickall’s is \$375). Our fees can vary significantly depending on a number of factors including the nature of agreements with third parties including other municipalities and regulatory issues involving DEP, EPA etc.

Retainer. We propose a monthly retainer of \$3,000 to be credited to our final invoice for the our total fees and costs which will be billed either at the time of issuance of the Request for Bids (“RFB”) (if the Township decides not to proceed) or the closing. While our fees and costs above the retainer will not be billed until the RFB date or the closing, we will provide the Township with a monthly statement of the aggregate incurred fees and costs. In the event the Township decides not to proceed with a transaction after receiving bids, or the transaction does not close, we will apply the retainers to our time and costs and refund any balance. If our time and costs exceed the retainers billed and payable as of the date of such determination, we will apply a 50% discount to such excess time and costs.

Alternative Hourly Billing. As an alternative to the retainer arrangement, we are also willing to work on a straight hourly basis, billing the Township monthly for actual time and costs at the \$405 rate. This arrangement will not be dependent on the transaction closing.

Please let me know if you have any questions.

Best,

Liz Havey

www.DilworthLaw.com

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