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Elizabeth Preate Havey
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May 11, 2026

Via Email

Bonnie Arnone
Borough Manager
Borough of Forty Fort
Forty Fort, Pennsylvania

Re: Proposed Engagement Letter for Legal Services- Potential Sewer System Sale

Dear Ms. Arnone:

I am pleased that you have asked us to submit this engagement letter to serve as special counsel to the Borough of Forty Fort (“Borough”) in connection with the possible sale of its sanitary sewer collection system (“System”).

Our Firm and Background in Monetization Transactions

Dilworth Paxson LLP is a multi-disciplinary law firm of approximately 130 attorneys headquartered in Philadelphia, with additional offices in Harrisburg, Pennsylvania; Cherry Hill, Princeton and Freehold, 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.

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 for many municipalities, including but not limited to Springfield, West Conshohocken, Cheltenham, Upper Pottsgrove and Limerick, Townships as well as the Cities of McKeesport and Beaver Falls. We are currently representing East Coventry Township, the Borough of Pittston and a borough in Western PA in their potential sale transactions. We have also handled the process for municipalities who eventually chose not to sell their systems such as the Townships of Lower Pottsgrove and Towamencin.

Dilworth has substantial knowledge of Act 12, the PUC fair market value statute and the implementation orders that govern 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 and a municipality filing its own application, *nunc pro tunc*, to comply with PUC regulations. 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. We also have experience dealing with the ancillary litigation brought by other municipalities and individual residents which occurs on occasion.

1. Scope of Service

The scope of our engagement will include assisting with the procurement process, working with the Borough's financial and other advisors, drafting an asset purchase agreement, negotiations with prospective bidders, structuring, attending meetings, drafting agreements, guiding the Borough through the Public Utility Commission process which includes drafting interrogatory responses, preparing witness testimony, preparing any necessary filings with the Commission and providing other support as requested by the Borough with regard to the System.

At your direction, we will work with the you, the Borough's Solicitor and other Borough 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, real estate matters and recommendations for retention of experts or consultants, if appropriate.

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

2. Hourly Rates and Personnel:

We will charge the Borough a blended hourly rate of \$475.00 billed in one quarter or less increments. The bulk of the work on this transaction will be handled by me. We may utilize other attorneys in our firm when appropriate, such as PUC litigation, real estate, labor or environmental attorneys. This blended rate is significantly below what our rates would otherwise be. (My regular rate is \$600).

3. Monthly Retainer with balance due at closing or decision not to proceed.

We propose a monthly retainer of \$3,000 to be credited to our final invoice for our total fees and costs which will be billed either at (i) the time of a decision by the Borough to not proceed with the sale after issuance of the Request for Bids (“RFB”) or (ii) the closing of the sale of the system. While our fees and costs above the retainer will not be billed until the decision date or the closing, we will provide the Borough with a monthly statement of the incurred fees and costs for each month.

4. 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 decision not to proceed is made after the issuance of the RFB or closing. 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. See attached standard terms and conditions regarding our billing.

5. Conflict of Interest.

We also advise you that from time to time, the Firm does legal work for Essential Utilities, Inc. (formerly Aqua) and has done work in the past for American Water Company, a subsidiary of each of which is likely to be a bidder should the Borough proceed with the issuance of the RFB. The work is totally unrelated to the sale of sewer systems. We do not believe that these representations will impact our representation of the Borough and we will request that you waive any conflict resulting from our representation of those companies in matters unrelated to the Borough’s System. We would obtain waivers from those companies as well with respect to our representation of the Borough. Both Aqua Pennsylvania and Pennsylvania American Water, two of the likely bidders for your System, will employ their own counsel to represent them in any transaction with the Borough.

6. Arbitration Clause.

Any dispute involving the relationship between the client and the Firm will be arbitrated in Philadelphia by a neutral arbitrator selected by the parties. If the parties are unable to reach agreement regarding the selection of the arbitrator, the arbitrator shall be appointed by the United States District Court for the Eastern District of Pennsylvania or the Court of Common Pleas of Philadelphia County in a proceeding to enforce this arbitration provision. To the extent that the dispute is a fee dispute within the limits of the Philadelphia Bar Association's client fee dispute procedures, the parties agree to arbitrate in that forum. Any arbitration between the client and this Firm shall be final, binding and not appealable.

You further understand and agree that in any dispute arising out of or relating to this engagement, both parties knowingly and intentionally waive their right to a trial by jury. In connection with any such dispute, all claims by either party will be strictly limited to actual and direct economic loss. The parties waive any right to claim consequential or punitive damages. The prevailing party in the resolution of any dispute shall have the right to be reimbursed by the other party for all fees and expenses, including reasonable attorney's fees, incurred in the dispute.

7. Withdrawal from Representation.

The attorney/client relationship is one of mutual trust and confidence. If you have any questions at all about the provisions of this engagement, we invite inquiries. We encourage our clients to inquire about any matter relating to our engagement or monthly statements that are in any way unclear or appear unsatisfactory. Conversely, any failure on your part to meet your obligation of timely payments under this agreement will constitute authorization for the Firm to withdraw from representing you and to reveal this agreement and any other necessary documents to any court or agency if the same should prove necessary to effect withdrawal.

This engagement is also subject to termination by either party at its sole discretion, subject to the Rules of Professional Conduct and any applicable court rules. Upon such termination, however, you will remain liable for any unpaid fees and costs, whether or not billed.

8. Privacy.

In the course of providing you with legal services, we may receive significant nonpublic information from you or from other financial advisors at your specific instruction. All information that we receive from you or from others at your direction will be held in confidence and not released to people outside the Firm, except as required in the performance of our services, as agreed to by you, or as required under an applicable law. We consider all information relating to representation of our clients to be confidential, and it is treated accordingly, as required by the Rules of Professional Conduct.

9. Communications.

You may communicate with the Firm and the Firm may communicate with its clients and with third parties, on behalf of its clients, through the use of a variety of technologies, including landline, digital and cellular telephones, text messages, unencrypted e-mail, cloud-based and internet-based communications platforms, and fax machines. Each of these means of communication is practically and technologically susceptible to varying risks of interception by (or misdelivery to) unintended recipients. By executing this letter, you consent to the Firm's utilization of the above-referenced means of communication. You are encouraged to send written substantive communications to the Firm through email or by uploading documents to a secure site, rather than through informal methods of communication such as text messaging.

If you are not fully versed in the risks inherent in each of the aforementioned means of communication, please contact the undersigned to discuss them before executing this letter. If you would prefer that the Firm refrain from using one or more of the above-referenced means of communication please refrain from executing this letter, communicate that preference to us in writing, and we will revise this letter accordingly.

10. Use of Generative Artificial Intelligence (GenAI).

During the course of this representation, the Firm may use GenAI to enhance and streamline certain aspects of our services. Specifically, we may use this technology to assist us in legal research, analysis, review, drafting and/or discovery. For example, and without limitation, the Firm uses or anticipates using various GenAI products offered by Thompson Reuters including Westlaw Deep AI, Co-Counsel, Practical Law and other GenAI products likely to be developed and offered in the future. Like any technology, GenAI carries some degree of risk, which may include the risk of errors in GenAI-generated outputs, data security vulnerabilities, and system malfunctions. We have implemented reasonable measures to safeguard against these risks and our lawyers maintain oversight of GenAI-generated outputs. We believe, and by accepting our services you agree, that the benefits of using this technology outweigh the related risks, and you consent to the use of this technology.

11. Future Services.

The terms of this letter will also apply to services rendered for such future matters that we mutually agree will be handled by the Firm. If, however, such services are substantially different from those to which this letter applies, either party may request that a new engagement letter be executed, or that this agreement be reacknowledged together with payment of a retainer and satisfaction of outstanding invoices. Our undertaking to perform additional services in the future is subject to our Firm's customary intake procedures, including conflict checks.

12. Acknowledgement of Terms.

If this letter correctly sets forth your understanding of the scope of the services to be rendered to you by the Firm, and if the terms of the engagement are satisfactory, please execute the enclosed copy of this letter and return it to us. If the scope of the services described is incorrect or if the terms of the engagement set forth in this letter are not satisfactory to you, please let us know in writing in order that we can discuss either aspect.

By executing this letter, you acknowledge that there is uncertainty concerning the outcome of this matter and that the Firm and the undersigned attorneys have made no guarantees as to the disposition of any phase of this matter. Any representation or expression that the Firm or its attorneys express from time-to-time relative to the outcome of this matter is only an expression of opinion based on information available to the Firm at the time and does not constitute a promise or guarantee. The Firm shall not be responsible for the performance of any legal service under this Engagement Agreement until this letter is returned to the Firm, whereupon our engagement by you is accepted per the stated terms, subject to the approval of the Firm's New Business Committee.

Your signature is not the exclusive means of accepting this agreement. If you do not return a signed copy of this letter but nonetheless request that we perform legal services on your behalf, or if you continue to instruct us after receiving this letter, such actions will constitute your acceptance of this engagement letter and the attached terms and conditions as of the date we begin work.

We look forward to working with you and thank you once again for the opportunity to serve you.

Bonnie Arnone
May 11, 2026
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If this proposal is acceptable, please advise us which arrangement you select and have this letter executed on behalf of the Borough below with the selected arrangement indicated.

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

Very truly yours,

Elizabeth Preate Havey

ACCEPTED:

BOROUGH OF FORTY FORT

Thomas J. Murray, III, Council President

Date: _____, 2026

DILWORTH PAXSON LLP

Standard Terms and Conditions of Engagement

Dilworth Paxson LLP (the "Firm") bills for reasonable charges and disbursements incurred in connection with an engagement. Clients are billed for external charges at the actual cost billed by the vendor except in the few cases noted below.

I. Overview. These Standard Terms and Conditions of Engagement ("Standard Terms"), along with the Engagement Letter ("Letter"), comprise the Engagement Agreement between you and the Firm and explain the terms under which the Firm will provide legal services. Any defined term in the Letter shall have the same definition in the Standard Terms. In the event of a conflict, the provisions of the Letter shall control.

II. Affiliations by Client. Client agrees and acknowledges that, unless specifically stated otherwise in the Letter, the Firm has not been engaged to represent any of client's affiliates, subsidiaries, constituents, parents or related individuals, officers, directors, partners, members, shareholders or employees (collectively, "Affiliates"). Client agrees that the Firm's representation of client does not give rise to an attorney-client relationship between the Firm and any of client's Affiliates and will not give rise to any conflict of interest in the event other clients of the Firm are adverse to any of client's Affiliates.

III. Research Services. Use of on-line computerized research (primarily Westlaw) and use of outside research services are billed either at the supplier's standard charges for such services, or, if we purchase them through fixed fee arrangements, we will charge you a rate we reasonably apportion to you.

IV. Travel-Related Expenses. Travel expenses are billed at cost and include air or rail travel, lodging, car rental, taxis or car service, tips and other reasonable miscellaneous items associated with travel.

V. Reproduction. Photocopying performed in-house is charged at 23 cents per page. Photocopying projects performed by outside vendors are billed at the actual invoice amount. Special arrangements can be made for unusually large projects.

VI. Special Services, Items and Equipment. If, due to the nature of a client's legal needs, special services, items or equipment are purchased and/or used, such as case-specific software or computer equipment, the costs thereof may be charged to the client; provided, however, prior to incurring such costs the client will be notified of the need for and cost of such items.

VII. Postage and Courier Services. Outside messenger and express carrier services are charged at the actual vendor invoice amount which frequently involves discounts negotiated by the Firm. For bulk mailings, registered and/or certified mail, postage is charged at actual U.S. mail rates. On certain occasions, internal staff may be required to act as messengers; a standard rate is charged for their time.

VIII. Meals. Business meals with a client are charged at actual cost. Breakfast, lunch and dinner meetings with the client at the Firm are charged based on the actual costs of such meals. Beverage and snack services at the Firm's offices are not charged.

When overtime, weekend or holiday work is required, clients are charged for the actual, reasonable cost of meals for the attorneys and staff who so work specifically for the client.

IX. Staff Overtime. Non-attorney staff are paid time and one-half for every hour of overtime worked on weekdays, and double time on weekends and holidays, when such staff are required to work overtime specifically for the client.

X. Fee and Cost Estimates. If requested, we will provide our best estimate of anticipated fees and costs related to our engagement, and we will gladly update those estimates at any time. However, unless we explicitly state otherwise, any such estimates are based only on our assumptions at the time and do not represent either a minimum or a maximum of the amount you will be required to pay. We do not undertake any obligation to provide you with an estimate or an update of a previous estimate unless you so request.

XI. File Retention. Our firm generally maintains its files electronically, and therefore we retain the tangible copy of only certain original documents. We retain such tangible copies as long as needed for our representation and will return them upon request. We are able to provide electronic copies of your electronic client file upon request. Unless you request otherwise, we normally retain files and corporate records for seven years. After that time, we will dispose of the file content unless you have informed us that you wish to make the file's contents available to you at the end of that period.

XII. Direct Payment by Clients of Other Disbursements. Other major disbursements incurred in connection with an engagement will be paid directly by the client. (Those which are incurred and paid by the Firm will be charged to the client at the actual vendor's invoice amount). Examples of such major disbursements that clients will pay directly include:

- Professional Fees (including disbursements for outside professional services such as local counsel, accountants, expert witness and other professionals).
- Filing/Court Fees (including disbursements for agency fees for filing documents, standard witness fees, juror fees).
- Transcription Fees (including disbursements for outside transcribing agencies and courtroom stenographer transcripts).
- Transactional and Due Diligence Fees (including recording charges, search fees, good standing certificates and service fees).
- Other Disbursements (including any other required out-of-pocket expenses).
- ESI Hosting Costs (The current expense for hosting electronically stored information on our Casepoint platform is \$7 per GB, subject to periodic adjustment. If another third-party E-Discovery platform is chosen, costs will be based on their current rates).