September 6, 2024

VOLUNTARY NOTICE OF

RATING ACTION

Chester Water Authority
Delaware County, Pennsylvania
Water Revenue Bonds, Series of 2014
Six Digit Base CUSIP: 166178

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12, the "Rule"), the Chester Water Authority, whose service area includes portions of 31 municipalities in Delaware and Chester Counties in southeastern Pennsylvania (the "Authority"), entered into a continuing disclosure undertaking (the "Undertaking") with respect to the above-captioned Bonds (the "Bonds"). The Undertaking requires the Authority to provide notice of certain enumerated events, including any rating changes. At the time of issuance, the Bonds were assigned a rating of "Aa2" (the "Rating") by Moody's Investors Service ("Moody's"). On September 3, 2024, Moody's issued a press release stating that it had placed the Rating under review for possible downgrade ("Rating Action").

Notwithstanding that neither the Rule nor the Undertaking technically requires the Authority to provide notice thereof, a copy of the Rating Action is attached hereto for convenience of reference. The Rating Action reflects only the view of Moody's and any further explanation of the significance of such Rating Action should be sought from Moody's.

The Authority's voluntary disclosure should not be construed as a judgment about the materiality of the Rating Action or the likelihood of a downgrade.

MOODY'S
RATINGS

Rating Action: Moody's Ratings places Chester Water Authority, PA under review for possible downgrade

03 Sep 2024

New York, September 03, 2024 -- Moody's Ratings (Moody's) has placed the Chester Water Authority, PA's water revenue bonds Aa2 ratings under review for possible downgrade. The authority has about $60 million of debt outstanding.

RATINGS RATIONALE / FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The review for possible downgrade of the Aa2 rating on the Chester Water Authority, PA's Water Revenue Bonds reflects the uncertainty surrounding the fate of the bonds in light of their inclusion in the Chapter 9 bankruptcy Plan of Adjustment for the City of Chester. The plan contemplates the dissolution of the authority and the transfer of its assets, with the possibility that the authority's debt would be assumed by an acquirer. Previously, our analysis had incorporated the prospect that in the event of a transfer or change in ownership of the authority's assets, CWA's debt would be defeased per state law, rather than assumed.

In the event that the debt is assumed by a lower-rated acquirer, the rating on the bonds would likely be downgraded to match the acquirer's rating.

During the review, we will evaluate the feasibility of the city's plan and the possibility that the authority's bonds would be assumed by a lower-rated acquirer rather than defeased. Although the rating could be downgraded to account for this possibility, favorably the plan does clearly provide for payment of CWA debt, either by defeasance or assumption by another entity. Rather than evaluating the likelihood that the bonds would incur a loss under the city's bankruptcy, this action will reflect the possibility that the bonds will ultimately be paid by an entity rated lower than the CWA's current rating.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- We are unlikely to upgrade this rating during this review. The upside scenario for the bonds is either that they will be defeased or continue to be paid by CWA in its current

form.

FACTORS THAT COULD LEAD TO AN DOWNGRADE OF THE RATINGS

- Assumption of debt by lower-rated entity
- Lack of clarity surrounding plan for CWA bonds

LEGAL SECURITY

The authority's bonds are payable

PROFILE

The Chester Water Authority provides drinking water to 32 communities in Delaware County and Chester County, serving about 200,000 people.

METHODOLOGY

The principal methodology used in these ratings was US Municipal Utility Revenue Debt published in March 2024 and available at https://ratings.moodys.com/rmc-documents/416489. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions .

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For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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