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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:	:	Chapter 9
	:	
CITY OF CHESTER, PENNSYLVANIA,	:	Case No. 22-13032
	:	
Debtor.	:	Judge Ashely M. Chan
	:	

PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF CHESTER

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TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Title</u>
[•]	Plan Supplement
[•]	Assumed Executory Contracts and Unexpired Leases
[•]	Retained Causes of Action

INTRODUCTION¹

The City of Chester, Pennsylvania (the “City”) proposes the following plan (this “Plan”) for the adjustment of its debts pursuant to and in accordance with chapter 9 of the United States Bankruptcy Code. This Plan is submitted pursuant to Section 263 of Act 47 and Section 941 of the Bankruptcy Code in order to avoid the unknown effect or impact to the City of, among other things, disincorporation of the City pursuant to Sections 431-439 of Act 47 if the City is unable to confirm a plan that adjusts its debts. This Plan, if approved by the Bankruptcy Court, shall constitute an amendment to the Recovery Plan but shall not be subject to review or approval by any other court, as set forth in Act 47.

The City has not completed its review to determine which Executory Contracts and Unexpired Leases the City may seek to assume or reject. Although the default under this Plan is the rejection of all Executory Contracts and Unexpired Leases, contract and lease counterparties should rely on the Plan Supplement, to be filed at a later date, to determine whether their Executory Contract or Unexpired Lease will be assumed or rejected by the City.

A discussion of the City’s organizational structure, operations, capital structure and events leading to the commencement of the City’s Chapter 9 Case, as well as a summary description of the Plan, risk factors and other related matters, is included in the Disclosure Statement. Other agreements and documents, which have been or will be filed with the Bankruptcy Court, are referenced in the Plan or the Disclosure Statement and are available for review.

The City encourages all of its creditors and other parties in interest to read the Plan, the Disclosure Statement and the other material that has been approved for use in soliciting votes on the Plan before casting a vote to accept or reject the Plan.

ARTICLE I

DEFINED TERMS, RULES OF INTERPRETATION AND COMPUTATION OF TIME

A. Defined Terms.

Capitalized terms used in the Plan have the meaning given in this Section. Any term that is not defined in this Section, but that is issued in the Bankruptcy Code or Bankruptcy Rules, shall have the meaning given in the Bankruptcy Code or Bankruptcy Rules.

1. “Act 47” means the Municipalities Financial Recovery Act of 1987, P.L. 246, No. 47; 53 P.S. §§ 11701.101 *et seq.*

2. “Administrative Claim” means a Claim against the City arising on or after the Petition Date and prior to the Effective Date for a cost or expense of administration related to the Chapter 9 Case that is entitled to priority or superpriority under sections 364(c)(1), 503(b) or 507(b)(2) of the Bankruptcy Code, including: (a) Claims, pursuant to section 503(b)(9) of the Bankruptcy Code, for the value of goods received by the City in the 20 days immediately prior to

¹ Capitalized terms used in this Introduction are defined in Section I.A below.

the Petition Date and sold to the City in the ordinary course of the City's operations, and (b) any Allowed Claims for reclamation under section 546(c)(1) of the Bankruptcy Code or section 2-702 of the Uniform Commercial Code; provided that no claim for professional fees or any other costs or expenses incurred by any unofficial creditors committee or any member thereof shall be considered an Administrative Claim.

3. "Administrative Code" means Part One of the Codified Ordinances of the City of Chester, as the same may have been amended from time to time.

4. "Affiliate" shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

5. "Allowed Claim" means: (a) a Claim, proof of which has been timely Filed by the applicable Bar Date (or for which Claim under express terms of the Plan, the Bankruptcy Code or a Final Order of the Bankruptcy Court, a proof of Claim is not required to be Filed); (b) a Claim allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; (c) a Claim designated as allowed in a stipulation or agreement between the City and the Holder of the Claim that is Filed; provided that with respect to any Claim described in clause (a) above, such Claim shall be considered allowed only if and to the extent that (x) no objection to the allowance thereof has been Filed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court, or (y) if an objection is so Filed, the Claim shall have been allowed by a Final Order. Notwithstanding anything to the contrary herein, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed to be an Allowed Claim unless and until such Entity pays in full the amount that it owes the City. "Allow" and "Allowing" shall have correlative meanings.

6. "Ballot" means the ballot upon which a Holder of an Impaired Claim entitled to vote shall cast its vote to accept or reject the Plan and make certain elections provided for in the Plan.

7. "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* as now in effect or hereafter amended.

8. "Bankruptcy Court" means the United States Bankruptcy Court for the Eastern District of Pennsylvania having jurisdiction over the Chapter 9 Case, and, to the extent of the withdrawal of any reference under 28 U.S.C. § 157 or the Standing Order of Reference pursuant to § 151 of title 28 of the United States Code, the District Court.

9. "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy Procedure and the general, local and chambers rules of the Bankruptcy Court, as now in effect or hereafter amended, as applicable to the Chapter 9 Case.

10. "Bar Date" means the applicable bar date by which a proof of Claim must be or must have been Filed, as established by an order of the Bankruptcy Court, including a Bar Date Order and the Confirmation Order.

11. “Bar Date Order” means any order of the Bankruptcy Court establishing Bar Dates for Filing proofs of Claim in the Chapter 9 Case, including the *Order Approving the Motion of the City of Chester, Pursuant to Sections 105, 501, and 503 of the Bankruptcy Code and Bankruptcy Rules 2002 and 3003(c), for Entry of an Order Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof* (Docket No. 475), entered by the Bankruptcy Court on the docket of the Chapter 9 Case on November 3, 2023, as it may be amended, supplemented or otherwise modified.

12. “Business Day” means any day, other than a Saturday, Sunday or “legal holiday” (as defined in Bankruptcy Rule 9006(a)).

13. “Cash” means legal tender of the United States of America and equivalents thereof.

14. “Causes of Action” means, without limitation, any and all actions, causes of action, controversies, liabilities, obligations, rights, suits, damages, judgments, claims and demands whatsoever, whether known or unknown, reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Effective Date, including without limitation (a) claims and causes of action under sections 502(d), 510, 544, 545, 547, 548, 549(a), 549(c), 549(d), 550, 551 and 553 of the Bankruptcy Code and (b) any other avoidance or similar claims or actions under the Bankruptcy Code or under similar or related state or federal statutes or common law, and, in the case of each Cause of Action, the proceeds thereof, whether received by judgment, settlement or otherwise.

15. “CBA” means a collective bargaining agreement between the City and the FOP, IAFF or Teamsters which were properly accepted by the union and the City and publicly approved by the City in accordance with Pennsylvania law. A “CBA” includes any amendment or additional amendment to such CBA through a collectively bargained memorandum of understanding, memorandum of agreement, side letter or interest arbitration award between the applicable parties and arising from or related to such collective bargaining agreements, all of which were properly accepted by the union and the City and publicly approved by the City in accordance with Pennsylvania law.

16. “Chapter 9 Case” means the bankruptcy case commenced by the City under chapter 9 of the Bankruptcy Code, captioned as *In re City of Chester, Pennsylvania*, Case No. 22-13032 (Bankr. E.D. Pa.), and currently pending before the Bankruptcy Court.

17. “City” means the City of Chester, a home rule city of the third class located in Delaware County, Pennsylvania.

18. “City Charter” means the City’s Home Rule Charter, which became effective January 7, 1981, as modified.

19. “City Council” means the duly-elected City Council of the City.

20. “Claim” means a claim, as defined in section 101(5) of the Bankruptcy Code, against the City.

21. “Claims and Balloting Agent” means Donlin, Recano & Company, Inc., in its capacity as Bankruptcy Court-appointed claims and balloting agent for the Chapter 9 Case.

22. “Claims Objection Bar Date” means the deadline for objecting to a Claim, which shall be on the date that is the latest of (a) 180 days after the Effective Date, subject to extension by an order of the Bankruptcy Court, (b) 90 days after the Filing of a proof of Claim for such Claim and, (c) such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court, which other period may be set without notice to Holders of Claims.

23. “Claims Register” means the official register of Claims maintained by the Claims and Balloting Agent.

24. “Class” means a class of Claims, as described in Section II.B.

25. “Commonwealth” means the Commonwealth of Pennsylvania.

26. “Commonwealth Court” means the Commonwealth Court of Pennsylvania.

27. “Confirmation” means entry of the Confirmation Order by the Bankruptcy Court on the docket of the Chapter 9 Case.

28. “Confirmation Date” means the date on which the Bankruptcy Court enters the Confirmation Order on the docket in the Chapter 9 Case, within the meaning of Bankruptcy Rules 5003 and 9021.

29. “Confirmation Hearing” means the hearing held by the Bankruptcy Court on Confirmation of the Plan, as such hearing may be continued.

30. “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan pursuant to section 943 of the Bankruptcy Code, as it may be subsequently amended, supplemented or otherwise modified, and § 706(a)(9) of Act 47 (53 P.S. § 11701.706(a)(9)).

31. “Contribution Agreement” means the Contribution Agreement dated as of February 15, 2009 between the City and Delaware County.

32. “Contribution Agreement Claim” means any Claim of Delaware County arising from and related to the Contribution Agreement, including but not limited to Claim Number 53 on the Claims Register (as may be amended).

33. “Convenience Claim” means a Claim that would otherwise be a General Unsecured Claim that is: (a) an Allowed Claim in an amount less than or equal to \$1,000.00; or (b) in an amount that has been reduced to \$1,000.00 pursuant to an election made by the Holder of such Claim; provided that, where any portion(s) of a single Claim has been transferred, (y) the amount

of all such portions will be aggregated to determine whether a Claim qualifies as a Convenience Claim and for purposes of the Convenience Claim election, and (z) unless all transferees make the Convenience Claim election on the applicable Ballots, the Convenience Claim election will not be recognized for such Claim. Convenience Claims shall not include Series 2017 Bond Claims, any Contribution Agreement Claim, the DCED Act 47 Loan Claim, OPEB Claim, or Retiree Pension Claim, Pension Spiking Claim or Subordinated Claim.

34. “Cure Amount Claim” means a Claim based upon the City’s defaults under an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the City under section 365 of the Bankruptcy Code to the extent such Claim is required to be cured by section 365 of the Bankruptcy Code.

35. “CWA” means the Chester Water Authority.

36. “DCED” means the Pennsylvania Department of Community and Economic Development.

37. “DCED Act 47 Loan Claim” means the Claim of the Commonwealth, acting through DCED, arising from the City’s obligations under the DCED Act 47 Loan and DCED Act 47 Note.

38. “DCED Act 47 Loan” means the loan provided by the Commonwealth, acting through DCED, to the City on or about January 13, 2017 pursuant to Act 47 and evidenced by that certain Loan Agreement between the Commonwealth, acting through DCED, and the City bearing Contract #L160489994.

39. “DCED Act 47 Note” means the note executed by the City in favor of the Commonwealth, acting through DCED, dated January 13, 2017 evidencing the DCED Act 47 Loan.

40. “Delaware County” means the County of Delaware, Pennsylvania.

41. “DELCORA” means the Delaware County Regional Water Quality Control Authority.

42. “Disbursing Agent” means the disbursing agent(s) appointed pursuant to Section V.A.

43. “Disclosure Statement” means the disclosure statement (including all exhibits and schedules thereto or referenced therein) that relates to the Plan and has been prepared and distributed by the City and approved by the Bankruptcy Court in the Disclosure Statement Order, as the same may be amended, supplemented or otherwise modified.

44. “Disclosure Statement Order” means the *Order Approving Disclosure Statement* (Docket No. [•]), entered by the Bankruptcy Court on the docket of the Chapter 9 Case [•], approving the Disclosure Statement as containing adequate information pursuant to section 1125

of the Bankruptcy Code, as it may have been subsequently amended, supplemented or otherwise modified.

45. “Disputed Claim” means any Claim that is not Allowed.
46. “Distribution” means any initial or subsequent payment or transfer made on account of an Allowed Claim under or in connection with the Plan.
47. “Distribution Date” means any date on which a Distribution is made.
48. “Distribution Record Date” means 5:00 p.m., Eastern Time, on the Confirmation Date.
49. “District Court” means the United States District Court for the Eastern District of Pennsylvania.
50. “Document Website” means the internet site address [•], at which the Plan, the Disclosure Statement, Plan Supplement and all Filed Exhibits to the Plan shall be available to any party in interest and the public, free of charge.
51. “DROP” means any Deferred Retirement Option Plan, which is a method of distributing pension benefits while an employee temporarily remains employed by and working for the City as provided by the terms of any City Pension Plan.
52. “Effective Date” means the Business Day, as determined by the City, on which each applicable condition contained in Section III.A has been satisfied or waived.
53. “Entity” shall have the meaning set forth in section 101(15) of the Bankruptcy Code.
54. “Environmental Law” means any law in effect at the relevant date or for the relevant period relating to the protection of human health and safety or the environment or natural resources (including air, surface water, groundwater, drainage basins, catchment basins, drinking water and drinking water supply, wetlands, streams, ponds, sediment, soil, land surfaces or subsurface strata, and plant and animal life), and including, any law relating to releases of or exposure to Hazardous Materials or the handling, generation, treatment, transportation, storage, use, arrangement for disposal or disposal, manufacture, distribution, formulation, packaging or labeling of Hazardous Materials.
55. “Estate” means the City’s bankruptcy estate created pursuant to section 541 of the Bankruptcy Code.
56. “Exculpated Parties” means (i) the Receiver, all professionals retained by the Receiver, and all professionals retained by the City related to the Chapter 9 Case, including but not limited to: The Kapoor Company; Ballard Spahr LLP; PFM Group Consulting LLC; Herbert Rowland & Grubic, Inc.; Hangley Aronchick Segal Pudlin & Schiller; Campbell Durrant P.C.;

Conrad Siegel; Bennett, Bricklin & Saltzburg LLC; Fox Chase Advisors, LLC; Shilvosky M. Buffalo Consulting & Resources, LLC; and, any Receiver-approved subcontractors retained by the foregoing professionals; (ii) the members of the Retiree Committee and its professionals; (iii) the Mayor and the members of City Council serving on the Effective Date; and (iv) [•]. For the avoidance of doubt, Exculpated Parties shall not include any Mayor or member of City Council who served during the Chapter 9 Cases but was not the Mayor or a Member of City Council on the Effective Date or any professional retained by City Council, any Mayor or member of City Council during the Chapter 9 Cases without the approval of the Receiver.

57. “Executory Contract” means a contract to which the City is a party that is subject to assumption, assumption and assignment, or rejection under section 365 of the Bankruptcy Code.

58. “Exhibits” means, collectively, the documents listed on the “Table of Exhibits” included herein, all of which will be made available on the Document Website once they are Filed. The City reserves the right, in accordance with the terms hereof, to modify, amend, supplement, restate or withdraw any of the Exhibits after they are Filed and shall promptly make such changes available on the Document Website.

59. “Face Amount” means either (a) the full stated amount claimed by the Holder of such Claim in any proof of Claim Filed by the Bar Date or otherwise deemed timely Filed under applicable law, if the proof of Claim specifies only a liquidated amount, or (b) the amount of the Claim (i) acknowledged by the City in any objection Filed to such Claim, (ii) estimated by the Bankruptcy Court for such purpose pursuant to section 502(c) of the Bankruptcy Code, or (iii) proposed by City, if (A) no proof of Claim has been Filed by the Bar Date or has otherwise been deemed timely Filed under applicable law, or (B) the proof of Claim specifies an unliquidated amount (in whole or in part).

60. “File,” “Filed,” or “Filing” means file, filed or filing with the Bankruptcy Court or the Claims and Balloting Agent, as applicable, in the Chapter 9 Case.

61. “Final Order” means an order or judgment of the Bankruptcy Court, or any other court of competent jurisdiction, as entered on the docket in the Chapter 9 Case or the docket of any other court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari or move, under Bankruptcy Rule 9023 or Rule 59 of the Federal Rules of Civil Procedure, for a new trial, reargument or rehearing has expired, and no appeal or petition for certiorari or other proceedings for a new trial, reargument or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing shall have been denied or resulted in no modification of such order; provided that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed shall not prevent such order from being a Final Order.

62. “Fiscal Year” means a fiscal year for the City, commencing on January 1 of a year and ending on December 31 of the same year.

63. “FOP” means the Fraternal Order of Police, Lodge No. 19.

64. “FOP CBA” means the CBA between the City and the FOP as amended or modified through the Effective Date, which was properly accepted by the union and the City and publicly approved by the City in accordance with Pennsylvania law.

65. “FOP Claim” means the Claim of the FOP, including any claim filed by the FOP on behalf of any individual FOP member arising from or related to any grievance or grievance arbitration proceeding asserted under the FOP CBA, the Police and Fire Collective Bargaining Act, 43 P.S. §§ 217.1 *et seq.* or the Pennsylvania Labor Relations Act, 43 P.S. §§ 211.1 *et seq.*

66. “General Fund” means the primary governmental fund and the chief operating fund of the City, which fund accounts for several of the City’s primary services, including police, fire, public works, and community services.

67. “General Unsecured Claim” means any Claim that is not an Administrative Claim, a Convenience Claim, a Secured Claim, a Subordinated Claim, or otherwise separately Classified. For the avoidance of doubt, Tort Claims, Indirect Employee Indemnity Claims, Section 1983 Claims, Series 2017 Bond Claims, any Contribution Agreement Claim and the DCED Act 47 Loan Claim are General Unsecured Claims.

68. “Hazardous Material” means any substance, material or waste, to the extent the presence and amount of which is limited or regulated by any governmental unit under any applicable Environmental Law, including petroleum and its by-products, asbestos, and any material or substance, and including, any material or substance which is defined as a “hazardous waste,” “hazardous substance,” “hazardous material,” “restricted hazardous waste,” “industrial waste,” “solid waste,” “contaminant,” “pollutant,” “toxic waste” or “toxic substance” or “special waste” under the Bevill Amendment to the federal Resource Conservation and Recovery Act, or otherwise regulated under any provision of Environmental Law.

69. “Holder” means an Entity holding a Claim.

70. “IAFF” means the Chester City Fire Fighters Association, Local 1400, International Association of Fire Fighters.

71. “IAFF CBA” means the CBA between the City and the IAFF as amended or modified through the Effective Date, which was properly accepted by the union and the City and publicly approved by the City in accordance with Pennsylvania law.

72. “IAFF Claim” means any Claim of the IAFF including any claim filed by the IAFF on behalf of any individual IAAF member arising from or related to a grievance or grievance arbitration proceeding asserted under the IAAF CBA, the Police and Fire Collective Bargaining Act, 43 P.S. §§ 217.1 *et seq.* or the Pennsylvania Labor Relations Act, 43 P.S. §§ 211.1 *et seq.*

73. “Impaired” means, with respect to a Class or a Claim, that such Class or Claim is impaired within the meaning of section 1124 of the Bankruptcy Code.

74. “Indirect Employee Indemnity Claim” means any Claim against an employee or former employee of the City with respect to which such employee has an Allowed Claim against the City for indemnification or payment or advancement of defense costs based upon, arising under or related to any agreement, commitment or other obligation, whether evidenced by contract, agreement, rule, regulation, ordinance, statute or law, excluding any Claim as to which the City has denied any obligation to defend or indemnify such employee or former employee of the City.

75. “Liabilities” means any and all claims, obligations, suits, judgments, damages, demands, debts, rights, derivative claims, causes of action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, arising in law, equity or otherwise, that are based in whole or in part on any act, event, injury, omission, transaction, agreement, employment, exposure or other occurrence taking place on or prior to the Effective Date.

76. “Lien” shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

77. “List of Creditors” means the *List of Creditors Pursuant to Section 924 of the Bankruptcy Code and Bankruptcy Rule 1007* (Docket No. 1-3), attached to the Petition (Docket No. 1), Filed by the City on November 10, 2022, as such list, summaries or schedules may be amended, restated, supplemented or otherwise modified.

78. “Mayor” means the duly-elected Mayor of the City.

79. “Mediation” means any mediation between the City and any party conducted pursuant to the *Order (I) Appointing a Judicial Mediator, (II) Referring Certain Matters to Mandatory Mediation, and (III) Granting Related Relief* (Docket No. 139), entered by the Bankruptcy Court on December 16, 2022.

80. “MMO” means the minimum municipal obligation payable to a Pension Plan pursuant to the Municipal Pension Plan Funding Standard and Recovery Act of December 17, 1984, P.L. 1005, No. 205, 53 P.S. §§ 895.301-.307 and 16 Pa. Code §§ 201 *et seq.*

81. “MMO Claim” means a Claim for unpaid MMO owed by the City to a Pension Plan or to the Pension Board for the benefit of any Pension Plan.

82. “OEPP” means the Officers and Employees Pension Plan, as established in the Article 145 of the Administrative Code and the Teamsters CBA.

83. “OPEB Benefits” means, collectively, post-retirement health, vision, dental, life and death benefits provided to retired employees of the City and their surviving beneficiaries pursuant to, a CBA, or any other authority or agreements which were properly accepted by the union and the City and publicly approved by the City in accordance with Pennsylvania law.

84. “OPEB Claim” means any Claim (other than a Retiree Pension Claim) against the City for OPEB Benefits held by an individual who is lawfully and properly receiving OPEB Benefits that were lawfully authorized by the City as of the Effective Date and any eligible surviving beneficiaries of such individual, including, but not limited to, Claim Nos. 55, 59 and 61 on the Claims Register filed by the Retiree Committee, as may be further amended.

85. “Other Secured Claim” means a Secured Claim that is not otherwise separately classified and treated under the Plan.

86. “Pension Board” means the City of Chester Aggregated Pension Board.

87. “Pension Plan” means the PPP, OEPP or PFPP.

88. “Pension Spiking” means the inclusion of any form of compensation in a pension calculation, or changing the period of time over which a pension benefit is calculated, to artificially inflate the compensation in the time immediately preceding retirement to create a larger pension benefit than would otherwise result if the calculation and the form of compensation included in that calculation was performed and implemented properly and in accordance with applicable law and the terms of the properly approved pension plan documents.

89. “Pension Spiking Claims” means any Claim of any current or former member of the FOP, IAFF or Teamsters arising from the recalculation of pension benefits under the applicable Pension Plan due to the improper calculation of pension benefits through Pension Spiking. The Pension Spiking Claims include, but are not limited to, any grievance filed by the FOP on behalf of PPP participants whose benefits have been or may be recalculated as a result of pension spiking and any Claim filed by the FOP on behalf of any member of the FOP related to the recalculation of any pension benefit including, but not limited to, any portion of Claim No. 68 on the Claims Register filed by the FOP, as may be amended, that asserts a Pension Spiking Claim.

90. “Petition Date” means November 10, 2022.

91. “PFPP” means the Paid Firemen’s Pension Plan established under the Third Class City Code, 11 P.S. §§ 14319-14328, Article 147 of the Administrative Code and the IAFF CBA.

92. “Plan” means this plan of adjustment and all Exhibits attached hereto or referenced herein, as the same may be amended, restated, supplemented or otherwise modified.

93. “Plan Supplement” means any supplement to the Plan containing Exhibits that were not Filed as of the date of the entry of the Disclosure Statement Order.

94. “PPP” means the Police Pension Plan established under the Third Class City Code, 11 P.S. §§ 14319-14328, Article 143 of the Administrative Code and the FOP CBA.

95. “Pro Rata” means, when used with reference to a distribution of property to Holders of Allowed Claims in a particular Class or other specified group of Claims, proportionately so that with respect to a particular Allowed Claim in such Class or in such group, the ratio of: (a)(i) the

amount of property to be distributed on account of such Claim to (ii) the amount of such Claim, is the same as the ratio of (b)(i) the amount of property to be distributed on account of all Allowed Claims in such Class or group of Claims to (ii) the amount of all Allowed Claims in such Class or group of Claims. Until all Disputed Claims in a Class or other specified group of Claims are resolved, Disputed Claims shall be treated as Allowed Claims in their Face Amount for purposes of calculating a Pro Rata distribution of property to holders of Allowed Claims in such Class or group of Claims.

96. “Reassessment Tax Appeal Claim” a Claim arising from an appeal by an owner of real property within the City of the assessed value of real property within the City for purposes of taxation following the reassessment of real property within the City conducted by Delaware County, Pennsylvania, adopted by the City in 2021 and as to which the automatic stay was modified by the *Order Approving the Motion of City of Chester Pursuant to Section 362(d)(1) of the Bankruptcy Code for Entry of an Order Modifying the Automatic Stay to Permit Certain Appeals of City Property Tax Assessments to Proceed in the Ordinary Course* (Docket No. 473) entered on November 3, 2023.

97. “Receiver” means Michael T. Doweary, as the duly-appointed receiver for the City under Chapter 7 of Act 47.

98. “Recovery Plan” means the Recovery Plan submitted by the Receiver to the Commonwealth Court pursuant to Act 47 and initially confirmed by the Commonwealth Court on or about October 19, 2020, as modified by approval of the Commonwealth Court on June 7, 2021, and as further modified by approval of the Commonwealth Court on January 31, 2023.

99. “Reinstated” means (a) leaving unaltered the legal, equitable and contractual rights to which a Claim entitles the Holder or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default, (i) the cure of any such default other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) of the Bankruptcy Code expressly does not require to be cured; (ii) the reinstatement of the maturity of such Claim as such maturity existed before such default; (iii) compensation of the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim arises from any failure to perform a nonmonetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A) of the Bankruptcy Code, compensation of the Holder of such Claim for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the Holder. “Reinstate” and “Reinstatement” shall have correlative meanings.

100. “Related Entity” means, with respect to any Entity, such Entity’s Affiliates, predecessors, successors and assigns (whether by operation of law or otherwise), and with respect to any of the foregoing their respective present and former Affiliates and each of their respective current and former officials, officers, directors, employees, managers, attorneys, advisors and professionals, each acting in such capacity, and any Entity claiming by or through any of them

(including their respective officials, officers, directors, employees, managers, advisors and professionals).

101. “Released Parties” means the Receiver and his employees, attorneys, agents, financial advisers, accountants, actuaries, consultants, other retained professionals and all current and former affiliates, predecessors, successors, assigns, parents and subsidiaries of the foregoing.

102. “Retiree Pension Benefits” means pension (including disability) benefits provided to retired and disabled employees of the City and their surviving beneficiaries pursuant to the Administrative Code, a CBA, a Pension Plan document, applicable law or any other authority or agreements.

103. “Retiree Pension Claim” means any Claim (other than an OPEB Claim) of any current recipient of Retiree Pension Benefits arising from the modification of any Retiree Pension Benefits effectuated through any agreement between the City and the Retiree Committee or under the terms of the Plan, including, but not limited to, Claim Nos. 57, 58 and 60 on the Claims Registry filed by the Retiree Committee, as may be amended.

104. “Retiree Committee” means the official committee of retired employees first appointed by the United States Trustee in the Chapter 9 Case on February 6, 2023 (Docket No. 215), as augmented on March 17, 2023 (Docket No. 271), as such committee may be reconstituted, solely in its capacity as such.

105. “Retiree Committee Professionals” means those professionals retained by the Retiree Committee to render services in connection with the Chapter 9 Case that seek payment of compensation and reimbursement of expenses from the City for post-petition services, solely in their capacity as such.

106. “Reversionary Interest” means the City’s reversionary interest in the Sewer Assets established in the Sewer Agreement.

107. “SAC” means the Stormwater Authority of the City of Chester.

108. “Section 115” means section 115 of the Internal Revenue Code of 1986, as amended.

109. “Section 1983 Claim” means any Claim against the City, its current or former employees or both asserted under 42 U.S.C. § 1983 that arose on or prior to the Petition Date.

110. “Secured Claim” means a Claim that is secured by a Lien on property in which the City has an interest or that is subject to valid setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder’s interest in the City’s interest in such property or to the extent of the amount subject to valid setoff, as applicable, as determined pursuant to section 506 of the Bankruptcy Code.

111. “Series 2017 Bonds” means the Guaranteed Revenue Bonds, Series A of 2017 and Guaranteed Revenue Bonds, Series B of 2017 issued by the City pursuant to the Indenture of Trust dated as of August 1, 2017 between the City and U.S. Bank National Association.

112. “Series 2017 Bonds Claim” means the any Claim asserted on behalf of any Holder of the Series 2017 Bonds, including but not limited to Claim No. 56 on the Claims Register.

113. “Series 2017 Bonds Documents” means all documents associated with the Series 2017 Bonds, including, but not limited to any notes, indenture of trust, side letters, opinion letters, UCC-1 financing statements, or UCC-3 financing statement amendments or continuations.

114. “Series 2021 DVRPC Notes” means the Promissory Note, 2021 A Series and Promissory Note, 2021 B Series issued by the City to Delaware County on August 20, 2021 in the principal amount of \$750,000.

115. “Series 2021 DVRPC Notes Claim” means any Claim against the City arising under or evidenced by the DVRPC Notes, including but not limited to Claim No. 54 on the Claims Register, as may be amended.

116. “Sewer Agreement” means the Agreement of Sale and Service between the City and DELCORA dated February 12, 1973.

117. “Sewer Assets” means the assets constituting and necessary for the operation of the City’s sewer system, including, *inter alia*, the sewer collection and conveyance assets, including lines, laterals, mains, interceptors, force mains, valves, pumps, machinery, equipment, inventory, franchises, licenses, permits, and accounts receivable, as well as certain related real property interests (including improvements thereon and thereto), personal property and tangible and intangible assets, but shall not include the Treatment Plant and those facilities in the Collection System (each as defined in the Sewer Agreement) specified in section 2(d) of the Sewer Agreement.

118. “Solicitation Date” means the date by which the Claims and Balloting Agent shall have mailed or otherwise issued materials soliciting votes regarding the Plan to Holders of Claims pursuant to the Solicitation Procedures Order.

119. “Solicitation Procedures Order” means the *Order (I) Establishing Solicitation, Voting, and Related Procedures, (II) Scheduling Confirmation Hearing, (III) Establishing Notice and Objection Procedures for Confirmation of Plan of Adjustment, and (IV) Granting Related Relief* (Docket No. [•]), entered by the Bankruptcy Court on the docket of the Chapter 9 Case on [•].

120. “Standing Order of Reference” means the Order entered by the District Court on July 25, 1984 referring cases under the Bankruptcy Code to the Bankruptcy Court, as amended by the Order of Reference entered on November 8, 1990.

121. “Stormwater Assets” means the system for the collection, management, transportation, and disposition of stormwater within the City, and all other assets currently owned, held, managed, or operated by the Stormwater Authority of the City of Chester.

122. “Subordinated Claim” means a Claim of the kind described in sections 726(a)(3) or 726(a)(4) of the Bankruptcy Code or Claims subordinated under sections 510(b) or 510(c) of the Bankruptcy Code.

123. “Tax” means: (a) any net income, alternative or add-on minimum, gross income, gross receipts, gross margins, sales, use, stamp, real estate transfer, mortgage recording, ad valorem, value added, transfer, franchise, profits, license, property, payroll, employment, unemployment, occupation, disability, excise, severance, withholding, environmental or other tax, assessment or charge of any kind whatsoever (together in each instance with any interest, penalty, addition to tax or additional amount) imposed by any federal, state, local or foreign taxing authority; or (b) any liability for payment of any amounts of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a transferee or successor or a party to any agreement or arrangement whereby liability for payment of any such amounts is determined by reference to the liability of any other Entity.

124. “Teamsters” means Teamsters Local 107 (f/k/a Teamsters Local 312).

125. “Teamsters CBA” means the CBA between the City and the Teamsters as amended or modified through the Effective Date which was properly accepted by the union and the City and publicly approved by the City in accordance with Pennsylvania law.

126. “Teamsters Claim” means the Claim of the Teamsters, including any claim filed by the Teamsters on behalf of any individual Teamsters member arising from or related to any grievance or grievance arbitration proceeding against the City asserted under the Teamsters CBA or the Pennsylvania Labor Relations Act, 43 P.S. §§ 211.1 *et seq.*

127. “Tort Claim” means any Claim that arises out of allegations of personal injury or wrongful death that arose on or before the Petition Date including any Section 1983 Claim.

128. “Unexpired Lease” means a lease to which the City is a party that is subject to assumption, assumption and assignment, or rejection under section 365 of the Bankruptcy Code.

129. “Unimpaired” means, with respect to a Class or a Claim, that such Class or Claim is not Impaired.

130. “United States Trustee” means the Office of the United States Trustee for the Eastern District of Pennsylvania.

131. “Voting Deadline” means the deadline fixed by the Bankruptcy Court in the Disclosure Statement Order for submitting Ballots to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code.

132. “Water Assets” means the certain water source rights, raw water conveyance, treatment, treated water conveyance, storage and distribution systems currently maintained by the CWA, including, but not limited to, the Octoraro water reservoir located in southeastern Lancaster County, water treatment plants, transportation and distribution facilities, pipes, pumping stations, storage tanks, real property interests, personal property, tangible and intangible assets, good will and all system related authorizations, permits, plans, licenses and approvals related thereto.

B. Rules of Interpretation and Computation of Time.

1. Rules of Interpretation.

For purposes of the Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter gender; (b) any reference herein to a contract, lease, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference herein to an existing document or Exhibit Filed or to be Filed shall mean such document or Exhibit, as it may have been or may be amended, restated, supplemented or otherwise modified pursuant to the Plan, the Confirmation Order or otherwise; (d) any reference to an Entity as a Holder of a Claim includes that Entity’s successors, assigns and Affiliates; (e) all references to Sections or Exhibits are references to Sections and Exhibits of or to the Plan; (f) the words “herein,” “hereunder,” “hereof” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (h) the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words “without limitation”; and (i) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the extent not inconsistent with any other provision of this Section.

2. Computation of Time.

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

ARTICLE II

CLASSIFICATION OF CLAIMS; CRAMDOWN; EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Pursuant to sections 1122 and 1123 of the Bankruptcy Code, Claims are classified under the Plan for all purposes, including voting, Confirmation and Distribution. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, as described in Section II.A, have not been classified and thus are excluded from the Classes described in Section II.B. A Claim shall be deemed classified in a particular Class only to the extent that the Claim qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim qualifies within the description of such other Class. Notwithstanding the

foregoing, in no event shall any Holder of an Allowed Claim be entitled to receive payments or Distributions under the Plan that, in the aggregate, exceed the Allowed amount of such Holder's Claim.

A. Unclassified Claims.

1. Administrative Claims.

Except as specified in this Section, and subject to the bar date provisions herein, unless otherwise agreed by the Holder of an Administrative Claim and the City, or ordered by the Bankruptcy Court, each Holder of an Allowed Administrative Claim will receive, in full satisfaction of such Allowed Administrative Claim, Cash in an amount equal to such Allowed Administrative Claim either: (1) on the Effective Date or as soon as reasonably practicable thereafter; or (2) if the Administrative Claim is not Allowed as of the Effective Date, 30 days after the date on which such Administrative Claim becomes an Allowed Claim.

Claims of professionals retained and paid by the City and approved by the Receiver and the claims of the Retiree Committee for professional fees shall be Administrative Claims, subject to a determination of reasonableness under section 943(b)(3) of the Bankruptcy Code. The Claims of The Kapoor Company., Ballard Spahr LLP, PFM Group Consulting LLC, Herbert, Rowland & Grubic, Inc., Conrad Siegel, Campbell Durrant P.C., Fox Chase Advisors, LLC, and Shilvosky M. Buffaloe Consulting & Resources, LLC are not Administrative Claims and are not subject to a determination of reasonableness under section 943(b)(3) of the Bankruptcy Code to the extent paid by DCED. The claims of any other party and their professionals who have appeared in the Chapter 9 Case are not Administrative Claims.

Unless otherwise agreed to by the City and the Internal Revenue Service ("IRS"), any portion of any Claim filed by the IRS entitled to treatment as an Administrative Claim under section 503(b)(1)(B) of the Bankruptcy Code will be paid in full on the Effective Date. Unless otherwise agreed by the City and the IRS, any portion of any Claim filed by the IRS that is not entitled to treatment as an Administrative Claim shall be treated as a General Unsecured Claim. The City reserves the right to dispute all or any portion of any Claim filed by the IRS.

a. Bar Dates for Administrative Claims.

i. General Bar Date Provisions.

Except as otherwise provided in Section II.A.1.a.ii or in a Bar Date Order or other order of the Bankruptcy Court, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the City no later than 45 days after the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims and that do not File and serve such a request by the applicable Bar Date will be forever barred from asserting such Administrative Claims against the City or its property, and such Administrative Claims will be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the City and the requesting party by the later of (i) 150 days after the Effective Date, (ii) 60 days after the Filing of the applicable request for payment of Administrative Claims or (iii) such other period of limitation as may be specifically fixed by a

Final Order for objecting to such Administrative Claims. The foregoing procedures shall be specified in the Confirmation Order and the notice of entry of the Confirmation Order and served on all parties in interest.

ii. Ordinary Course Claims

Holders of Claims based on Liabilities incurred by the City after the Petition Date in the ordinary course of its operations will not be required to File or serve any request for payment or application for allowance of such Claims. Such Claims will be paid by the City, pursuant to the terms and conditions of the particular transaction giving rise to such Claims, without further action by the Holders of such Claims or further action or approval of the Bankruptcy Court.

iii. No Modification of Bar Date Order.

The Plan does not modify any other Bar Date Order, including Bar Dates for Claims entitled to administrative priority under section 503(b)(9) of the Bankruptcy Code.

B. Classified Claims.

1. Designation of Classes.

The following table designates the Classes and specifies whether such Classes are Impaired or Unimpaired by the Plan.

Class	Description	Impairment
1	Series 2021 DVRPC Notes Claim	Unimpaired/Deemed to Accept
2	Other Secured Claims	Unimpaired/Deemed to Accept
3	MMO Claim	Impaired/Voting
4	Retiree Pension Claim	Impaired/Voting
5	OPEB Claim	Impaired/Voting
6	FOP Claim	Impaired/Voting
7	IAFF Claim	Impaired/Voting
8	Teamsters Claim	Impaired/Voting
9	Reassessment Tax Appeal Claims	Impaired/Voting
10	Tort Claims	Impaired/Voting
11	Convenience Claims	Impaired/Voting
12	Pension Spiking Claims	Impaired/Voting
13	General Unsecured Claims	Impaired/Deemed to Reject
14	Subordinated Claims	Impaired/Deemed to Reject

2. Subordination; Reservation of Rights to Reclassify Claims

The allowance, classification and treatment of Allowed Claims and the respective Distributions and treatments specified in the Plan take into account the relative priority and rights of the Claims in each Class and all contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise. Except as expressly set forth herein, consistent with section 510(a)

of the Bankruptcy Code, nothing in the Plan shall, or shall be deemed to, modify, alter or otherwise affect any right of a Holder of a Claim to enforce a subordination agreement against any Entity other than the City to the same extent that such agreement is enforceable under applicable nonbankruptcy law. Pursuant to section 510 of the Bankruptcy Code, the City reserves the right to reclassify any Disputed Claim in accordance with any applicable contractual, legal or equitable subordination.

3. Treatment of Claims

a. Class 1 – Series 2021 DVRPC Notes Claim

i. Allowance.

On the Effective Date, the DVRPC Notes Claim shall be deemed Allowed in the amount of \$[•].

ii. Treatment.

In the City's sole discretion, on the Effective Date the Series 2021 DVRPC Notes Claim shall be paid in full or the Series 2021 DVRPC Notes shall be Reinstated, unless the Holder of the Series 2021 DVRPC Notes Claim agrees to different treatment of such Claim. If the Series 2021 DVRPC Notes are Reinstated, any Claims for fees, costs and expenses under the Series 2021 DVRPC Notes shall be added to the principal amount of the Series 2021 DVRPC Claims and paid during the remaining term of the Series 2021 DVRPC Notes.

b. Class 2 – Other Secured Claims

In the City's sole discretion, on the Effective Date, each Holder of an Allowed Other Secured Claim shall have its Allowed Other Secured Claim Reinstated or paid in full, unless such Holder agrees to a different treatment of such Claim. If any Other Unsecured Claim is Reinstated, any Claims for fees, costs and expenses shall be added to the principal amount of the Other Unsecured Claim and paid during the remaining term of the Other Unsecured Claim.

c. Class 3 – MMO Claim

i. Allowance.

The MMO Claim shall be Allowed in an aggregate amount equal to the sum of \$[•].

ii. Treatment.

The treatment of the MMO Claim will be as set forth in the Plan Supplement or in accordance with any resolution that may be reached with the Retiree Committee.

d. Class 4 – Retiree Pension Claim.

i. Allowance.

The Retiree Pension Claim shall be Allowed in an aggregate amount equal to the sum of \$[•].

ii. Treatment.

The treatment of the Retiree Pension Claim will be as set forth in the Plan Supplement or in accordance with any resolution that may be reached with the Retiree Committee.

e. Class 5 - OPEB Claim

i. Allowance.

The OPEB Claim shall be Allowed in an aggregate amount equal to the sum of \$[•].

ii. Treatment.

The treatment of the OPEB Claim will be as set forth in the Plan Supplement or in accordance with any resolution that may be reached with the Retiree Committee.

f. Class 6 – FOP Claim.

i. Allowance.

The FOP Claim shall be Allowed in an aggregate amount equal to the sum of \$[•].

ii. Treatment.

The FOP Claim shall receive the treatment set forth in the Plan Supplement or as otherwise may be agreed by the parties.

g. Class 7 – IAFF Claim.

i. Allowance.

The IAFF Claim shall be Allowed in an aggregate amount equal to the sum of \$[•].

ii. Treatment.

The IAFF Claim shall receive the treatment set forth in the Plan Supplement or as otherwise may be agreed by the parties.

h. Class 8 - Teamsters Claim.

i. Allowance.

The Teamsters Claim shall be Allowed in an aggregate amount equal to the sum of \$[•].

ii. Treatment.

The Teamsters Claim shall receive the treatment set forth in the Plan Supplement or as otherwise may be agreed by the parties.

i. Class 9 – Reassessment Tax Appeal Claim.

i. Allowance.

A Reassessment Tax Appeal Claim shall be an Allowed Reassessment Tax Appeal Claim in the amount set forth in: (a) a stipulation between the City and any Holder of a Reassessment Tax Appeal Claim; (b) a judgment entered by the Delaware County Court of Common Pleas from which no appeal is taken by the City or any other taxing authority; or, (c) a timely proof of claim filed by the Holder to which no objection has been timely filed by the City.

ii. Treatment.

If Class 9 votes to accept the Plan, each Holder of an Allowed Reassessment Tax Appeal Claim will be entitled to a property tax refund in the amount that is the lesser of: (a) the amount of any property tax refund to which the Holder of an Allowed Reassessment Tax Appeal Claim is otherwise entitled under applicable non-bankruptcy law; (b) 25% of the amount of any property tax refund to which the Holder of an Allowed Reassessment Tax Appeal Claim is otherwise entitled under applicable non-bankruptcy law; or, (c) \$5,000.00, which amount may be deducted from the Holder's property tax liability owed to the City in tax years 202[•] and 202[•] in equal installments.

If Class 9 votes to reject the Plan all Allowed Reassessment Tax Appeal Claims will be treated as General Unsecured Claims.

j. Class 10 – Tort Claims.

i. Allowance.

All Tort Claims to which a timely objection is not filed pursuant to Section VI of the Plan or as to which any such objection is overruled by the Court or resolved by agreement of the City and the Holder of the Tort Claim shall be Allowed.

ii. Treatment.

Allowed Tort Claims shall be treated as General Unsecured Claims for all amounts up to the City's self-insured retention or deductible under any applicable insurance policy, net of

any defense costs incurred by the City and applied to the self-insured retention or deductible. Holders of Allowed Tort Claims in excess of the City's self-insured retention or deductible under any applicable insurance policy may pursue the amount of such claim in excess of the City's self-insured retention or deductible plus any exhausted portion of the City's self-insured retention from any insurance providing an applicable insurance policy. If the City does not have an insurance policy applicable to a Tort Claim, such Tort Claim shall be treated as a General Unsecured Claim for the full amount of such Claim.

k. Class 11 – Convenience Claims.

i. Treatment.

Each Holder of an Allowed Convenience Claim, in full satisfaction of such Allowed Claim, shall receive Cash equal to the lesser of the amount of the Allowed Claim or \$1,000 on or as soon as reasonably practicable after the Effective Date, unless such Holder agrees to a different treatment of such Claim.

l. Class 12 – Pension Spiking Claims.

i. Treatment.

The Pension Spiking Claims shall receive the treatment set forth in the Plan Supplement or as otherwise may be agreed by the parties.

m. Class 13 – General Unsecured Claims.

i. Allowance.

All General Unsecured Claims to which a timely objection is not filed pursuant to Section VI of the Plan or as to which any such objection is overruled by the Court or resolved by agreement of the City and the Holder of the General Unsecured Claim shall be Allowed.

ii. Treatment.

Each Allowed General Unsecured Claim shall be cancelled, discharged and extinguished without any distribution on account of such General Unsecured Claim.

n. Class 14 – Subordinated Claims.

i. Treatment.

Each Subordinated Claim shall be cancelled, discharged and extinguished without any distribution on account of such Subordinated Claim.

C. Confirmation Without Acceptance by All Impaired Classes.

The City requests Confirmation under section 1129(b) of the Bankruptcy Code in the event that any impaired Class does not accept or is deemed not to accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Plan shall constitute a motion for such relief.

D. Treatment of Executory Contracts and Unexpired Leases.

1. Rejection.

Except as otherwise provided in the Plan, in any contract, instrument, release or other agreement or document entered into in connection with the Plan or in a Final Order of the Bankruptcy Court, or as requested in any motion Filed by the City on or prior to the Effective Date, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the City will be deemed to reject all Executory Contracts and Unexpired Leases to which it is a party. Entry of the Confirmation Order shall constitute approval of rejection of all Executory Contracts and Unexpired Leases, unless assumed or assumed and assigned by the City. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease pursuant to the Plan shall be treated as Class 13 Claims (General Unsecured Claims), subject to the provisions of section 502 of the Bankruptcy Code.

2. Rejection of Ancillary Agreements.

Each Executory Contract and Unexpired Lease rejected pursuant to Section II.D.1 will include any modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such Executory Contract or Unexpired Lease, unless any such modification, amendment, supplement, restatement or other agreement is assumed pursuant to Section II.D.3.

3. Assumption of Identified Executory Contracts and Unexpired Leases.

The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumption of Executory Contracts and Unexpired Leases identified for assumption on Exhibit [•] or in the Plan Supplement as of the Effective Date, except for Executory Contracts or Unexpired Leases that (a) have been rejected pursuant to a Final Order of the Bankruptcy Court, (b) are subject to a pending motion for reconsideration or appeal of an order authorizing the rejection of such Executory Contract or Unexpired Lease, (c) are subject to a motion to reject such Executory Contract or Unexpired Lease Filed on or prior to the Effective Date, or (d) are designated for rejection in accordance with the last sentence of this paragraph. An order of the Bankruptcy Court (which may be the Confirmation Order) entered on or prior to the Confirmation Date will specify the procedures for providing notice to each party whose Executory Contract or Unexpired Lease is being assumed pursuant to the Plan of: (w) the Executory Contract or Unexpired Lease being assumed; (x) the Cure Amount Claim, if any, that the City believes it would be obligated to pay in connection with such assumption; (y) any assignment of an Executory Contract or Unexpired Lease; and (z) the procedures for such party to object to the assumption of the applicable Executory Contract or Unexpired Lease, the amount of the proposed Cure Amount Claim or any assignment of an Executory Contract or Unexpired Lease. If an objection to a proposed assumption,

assumption and assignment or Cure Amount Claim is not resolved in favor of the City, the applicable Executory Contract or Unexpired Lease may be designated by the City for rejection, which shall be deemed effective as of the Effective Date.

The City reserves its right, at any time on or prior to the Effective Date, to amend Exhibit [•] or the Plan Supplement to add or delete any Executory Contract or Unexpired Lease therefrom. The City will provide notice of any amendments to Exhibit [•] or the Plan Supplement to the parties to the Executory Contracts or Unexpired Leases affected thereby and to the parties on the then-applicable service list in the Chapter 9 Case. Listing a contract or lease on Exhibit [•] or the Plan Supplement shall not constitute an admission by the City that such contract or lease is an Executory Contract or Unexpired Lease or that the City has any liability thereunder.

4. Payments Related to the Assumption of Executory Contracts and Unexpired Leases.

To the extent that such Claims constitute monetary defaults, the Cure Amount Claims associated with each Executory Contract or Unexpired Lease to be assumed pursuant to the Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, at the option of the City: (a) by payment of the Cure Amount Claim in Cash on the Effective Date or (b) on such other terms as are agreed to by the parties to such Executory Contract or Unexpired Lease. If there is a dispute regarding: (x) the amount of any Cure Amount Claim, (y) the ability of the City or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (z) any other matter pertaining to the assumption of such contract or lease, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code will be made within 30 days following the entry of a Final Order resolving the dispute and approving the assumption.

5. Contracts and Leases Entered Into After the Petition Date.

Contracts, leases and other agreements entered into after the Petition Date by the City, including (a) any Executory Contracts or Unexpired Leases assumed by the City and (b) any settlement agreement or CBA, will be performed by the City in the ordinary course of its operations. Accordingly, such contracts and leases (including any assumed Executory Contracts or Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

6. Rejection Damages Bar Date.

Except as otherwise provided in a Final Order of the Bankruptcy Court approving the rejection of an Executory Contract or Unexpired Lease, Claims arising out of the rejection of an Executory Contract or Unexpired Lease must be Filed with the Bankruptcy Court and served upon counsel to the City on or before the later of: (a) 45 days after the Effective Date; or (b) 45 days after such Executory Contract or Unexpired Lease is rejected pursuant to a Final Order entered after the Effective Date. Any Claims not Filed within such applicable time periods will be forever barred from receiving a Distribution from, and shall not be enforceable against, the City.

7. Preexisting Obligations to the City Under Rejected Executory Contracts and Unexpired Leases.

Pursuant to section 365(g) of the Bankruptcy Code, rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall constitute a breach of such contract or lease and not a termination thereof, and all obligations owing to the City under such contract or lease as of the date of such breach shall remain owing to the City upon rejection. Notwithstanding any applicable non-bankruptcy law to the contrary, the City expressly reserves and does not waive any right to receive, or any continuing obligation of a non-City party to provide, warranties, indemnifications or continued maintenance obligations on goods previously purchased, or services previously received, by the City from non-City parties to rejected Executory Contracts or Unexpired Leases, and any such rights shall remain vested in the City as of the Effective Date.

8. Insurance Policies.

From and after the Effective Date, each of the City's insurance policies (other than welfare benefits insurance policies) in existence as of or prior to the Effective Date shall be reinstated and continue in full force and effect in accordance with their terms and, to the extent applicable, shall be deemed assumed by the City pursuant to section 365 of the Bankruptcy Code and Section II.D.3. Nothing contained herein shall constitute or be deemed a waiver of any Causes of Action that the City may hold against any Entity, including any insurer under any of the City's insurance policies.

ARTICLE III
CONFIRMATION OF PLAN

A. Conditions Precedent to the Effective Date.

The Effective Date will not occur, and the Plan will not be consummated, unless and until the City has determined that all of following conditions have been satisfied or waived in accordance with Section III.B:

1. The Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the City.

2. The Bankruptcy Court shall have entered an order (which may be included in the Confirmation Order) approving and authorizing the City to take all actions necessary or appropriate to implement the Plan, including the transactions contemplated by the Plan and the implementation and consummation of the contracts, instruments, settlements, releases and other agreements or documents entered into or delivered in connection with the Plan.

3. The Confirmation Order shall not be stayed in any respect.

4. All actions and all contracts, instruments, settlements, releases and other agreements or documents necessary to implement the terms and provisions of the Plan are effected or executed and delivered, as applicable, in form and substance satisfactory to the City.

5. All authorizations, consents and regulatory approvals, if any, required in connection with the consummation of the Plan have been obtained and not revoked, including all consents and approvals required to carry out the terms of any settlement agreement or CBA.

6. Any legislation that must be passed by the Commonwealth legislature to effect any term of the Plan shall have been enacted.

7. The Plan and all Exhibits shall have been Filed and shall not have been materially amended, altered or modified from the Plan as confirmed by the Confirmation Order, unless such material amendment, alteration or modification has been made in accordance with Section VIII.B.

8. The Effective Date shall have occurred within 180 days of the entry of the Confirmation Order, unless the City requests an extension of such deadline and such deadline is extended by the Bankruptcy Court.

B. Waiver of Conditions to the Effective Date.

The conditions to the Effective Date set forth in Section III.A may be waived in whole or part at any time by the City in its sole and absolute discretion, except for those conditions set forth in Section III.A.1-3, which conditions cannot be waived.

C. Effect of Nonoccurrence of Conditions to the Effective Date.

If each of the conditions to the Effective Date is not satisfied, or duly waived in accordance with Section III.B, then, before the time that each of such conditions has been satisfied and upon notice to such parties in interest as the Bankruptcy Court may direct, the City may File a motion requesting that the Bankruptcy Court vacate the Confirmation Order; provided, however, that, notwithstanding the Filing of such motion, the Confirmation Order may not be vacated if each of the conditions to the Effective Date is satisfied before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated pursuant to this Section III.C: (1) the Plan will be null and void in all respects, including with respect to (a) the discharge of Claims pursuant to section 944(b) of the Bankruptcy Code, (b) the assumptions, assignments or rejections of Executory Contracts and Unexpired Leases pursuant to Section II.D, and (c) the releases described in Section III.D.6; and (2) nothing contained in the Plan, nor any action taken or not taken by the City with respect to the Plan, the Disclosure Statement or the Confirmation Order, will be or will be deemed to be (a) a waiver or release of any Claims by or against the City, (b) an admission of any sort by the City or any other party in interest or (c) prejudicial in any manner the rights of the City or any other party in interest.

D. Effect of Confirmation of the Plan.

1. Dissolution of Retiree Committee.

On the Effective Date, the Retiree Committee, to the extent not previously dissolved or disbanded, will dissolve and disband, and the members of the Retiree Committee and

their respective professionals will cease to have any role arising from or related to the Chapter 9 Case.

2. Preservation of Rights of Action by the City.

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b)(3)(B) of the Bankruptcy Code, the City will retain and may enforce any claims, demands, rights, defenses and Causes of Action that it may hold against any Entity, to the extent not expressly released under the Plan or pursuant to any Final Order of the Bankruptcy Court. A nonexclusive schedule of currently pending actions and claims brought by the City is attached as Exhibit [•]. The City's inclusion of, or failure to include, any right of action or claim on Exhibit [•] shall not be deemed an admission, denial or waiver of any claims, demands, rights or Causes of Action that the City may hold against any Entity, and all Entities are hereby notified that the City intends to preserve all such claims, demands, rights or Causes of Action.

3. Comprehensive Settlement of Claims and Controversies.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all claims or controversies relating to the rights that a Holder of a Claim may have with respect to any Allowed Claim or any Distribution to be made pursuant to the Plan on account of any Allowed Claim. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises or settlements are (a) in the best interests of the City, its property and Claim Holders and (b) fair, equitable and reasonable.

4. Discharge of Claims.

a. Complete Satisfaction, Discharge and Release.

Except as provided in the Plan or in the Confirmation Order, the rights afforded under the Plan and the treatment of Claims under the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims arising on or before the Effective Date, including any interest accrued on Claims from and after the Petition Date. Except as provided in the Plan or in the Confirmation Order, Confirmation will, as of the Effective Date, discharge the City from all Claims or other debts that arose on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of Claim based on such debt is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code, (ii) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code or (iii) the Holder of a Claim based on such debt has accepted the Plan.

b. Discharge.

In accordance with Section III.D.4.a, except as expressly provided otherwise in the Plan or the Confirmation Order, the Confirmation Order will be a judicial determination, as of the Effective Date, of a discharge of all debts of the City, pursuant to sections 524(a)(1), 524(a)(2) and

944(b) of the Bankruptcy Code, and such discharge will void any judgment obtained against the City at any time, to the extent that such judgment relates to a discharged debt; provided that such discharge will not apply to debts specifically exempted from discharge under the Plan.

5. Exculpation.

From and after the Effective Date, to the fullest extent permitted under applicable law and except as expressly set forth in this Section, neither the City, its Related Entities (including the members of the City Council, the Mayor and the Receiver), to the extent a claim arises from actions taken by such Related Entity in its capacity as a Related Entity of the City, the Exculpated Parties nor the Released Parties shall have or incur any liability to any person or Entity for any act or omission in connection with, relating to or arising out of the City's restructuring efforts and the Chapter 9 Case, including the authorization given to file the Chapter 9 Case, the formulation, preparation, negotiation, dissemination, consummation, implementation, confirmation or approval (as applicable) of the Plan, the property to be distributed under the Plan, the settlements implemented under the Plan, the Exhibits, the Plan Supplement, the Disclosure Statement, any contract, instrument, release or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan or the management or operation of the City; provided, however, that the foregoing provisions shall not affect the liability of the City, its Related Entities, the Released Parties and the Exculpated Parties that otherwise would result from any such act or omission to the extent that such act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct or any act or omission occurring before the Petition Date. The City, its Related Entities (with respect to actions taken by such Related Entities in their capacities as Related Entities of the City), the Released Parties and the Exculpated Parties shall be entitled to rely upon the advice of counsel and financial advisors with respect to their duties and responsibilities under, or in connection with, the Chapter 9 Case, the administration thereof and the Plan.

The Exculpated Parties have, and upon Consummation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

For the avoidance of doubt, this Section shall not relieve any Exculpated Party from the obligation to perform any act required to effectuate the Plan, including but not limited to any act directed by the Receiver to be undertaken.

6. Injunction.

On the Effective Date, except as otherwise provided herein or in the Confirmation Order,

a. all Entities that have been, are or may be holders of Claims against the City or Indirect Employee Indemnity Claims, along with their Related Entities, shall be permanently enjoined from taking any of the following actions against or affecting the City

or its property, the Released Parties or their respective property and the Related Entities of each of the foregoing, with respect to such claims (other than actions brought to enforce any rights or obligations under the Plan and appeals, if any, from the Confirmation Order):

1. commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against or affecting the City or its property, including all suits, actions and proceedings that are pending as of the Effective Date, which must be withdrawn or dismissed with prejudice unless such suit, action or proceeding asserts a Tort Claim, Indirect Employee Indemnity Claim or Reassessment Tax Appeal Claim, the amount of which Claim is to be liquidated pursuant to Section VI.A.2);

2. enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree or order against the City or its property;

3. creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the City or its property;

4. asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due the City or its property;

5. proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan or the settlements set forth herein to the extent such settlements have been approved by the Bankruptcy Court in connection with Confirmation of the Plan; and

6. taking any actions to interfere with the implementation or consummation of the Plan.

b. No Person or Entity may commence or pursue a Claim or Cause of Action of any kind against the City, its Related Entities, the Exculpated Parties or the Released Parties, as applicable, that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Claim or Cause of Action subject to Section III.D.6 without the Bankruptcy Court (i) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim of any kind, and (ii) specifically authorizing such Person or Entity to bring such Claim or Cause of action against the City, a Related Entity, an Exculpated Party or a Released Party.

7. Debtor's Releases.

On and after the Effective Date, in exchange for good and valuable consideration, the adequacy of which is confirmed, the City and its Estate, on behalf of itself and its respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Cause of Action, directly or derivatively, by, or through, for or because of the City or its Estate, is hereby deemed conclusively, absolutely, unconditionally, irrevocably, and forever to have released, waived and discharged each Released Party, from any and all claims and Causes of Action, including any Avoidance Actions, asserted or assertable on behalf of the City or its Estate,

whether liquidated or unliquidated, fixed or contingent, accrued or unaccrued, known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising in Law, equity, contract, tort, or under any federal or state statutory or common law, or any applicable international, foreign, or domestic law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise, that the City, its Estate or its administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons claiming under or through them would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or other Person based on or relating to, or in any manner arising from, in whole or in part, the City, its Estate, the Chapter 9 Case, any settlement agreement or CBA, any other transaction contemplated by the Plan or effectuated during the Chapter 9 Case, the Mediation, the restructuring or discharge of any Claim, in all cases upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date.

8. Voluntary Release by Holders of Claims.

Without limiting any other applicable provisions of, or releases contained in, the Plan or any contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan, as of the Effective Date, in consideration for the obligations of the City under the Plan and the consideration and other contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan each Holder of a Claim that (i) votes in favor of the Plan, (ii) votes to reject the Plan and fails to opt out of this section of the Plan, or (iii) fails to vote regarding the Plan and fails to opt out of this section of the Plan, to the fullest extent permissible under law, will be deemed to forever release, waive and discharge (which release will be in addition to the release and discharge of Claims otherwise provided herein and under the Confirmation Order and the Bankruptcy Code):

1. all Liabilities in any way relating to the City, the Chapter 9 Case (including the authorization given to file the Chapter 9 Case), the Plan, the Exhibits, the Plan Supplement, or the Disclosure Statement, in each case that such Holder has, had or may have against the City or its current and former officials, officers, directors, employees, managers, attorneys, advisors and professionals, each acting in such capacity, including the Receiver in his capacity as Receiver; provided further, for the avoidance of doubt, that any person or entity designated to manage the Chapter 9 Case for the City after the Receiver's term is terminated, whether such person or entity acts as an employee, advisor or contractor to the City or acts as an employee, agent, contractor or appointee of the State under any applicable state law, shall be treated the same as an employee of the City hereunder; and

2. all Liabilities in any way relating to (A) Claims that are compromised, settled or discharged under or in connection with the Plan, (B) the Chapter 9 Case (including the authorization given to file the Chapter 9 Case), (C) the Plan, (D) the Exhibits, (E) the Plan Supplement, (F) the Disclosure Statement, or (G) [•], in each case that such holder has, had or may have against the City, the City's Related Entities, and the Released Parties; provided, however, that the foregoing provisions shall not affect the liability of the City, its Related Entities and the Released Parties that otherwise would result from any act or omission to the extent that act or omission subsequently is determined in a Final Order to have constituted gross negligence or willful misconduct; and; provided, further, that nothing in this Section shall release (i) the City's

obligations under the Plan or (ii) any defenses that any party may have against the City, its Related Entities, or the Released Parties; and

E. Effectiveness of the Plan.

The Plan shall become effective on the Effective Date. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

F. Binding Effect of Plan.

Pursuant to section 944(a) of the Bankruptcy Code, on and after the Effective Date, the provisions of the Plan shall bind all Holders of Claims, and their respective successors and assigns, whether or not the Claim of any such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan. The releases and settlements effected under the Plan will be operative, and subject to enforcement by the Bankruptcy Court, from and after the Effective Date, including pursuant to the injunctive provisions of the Plan. Once approved, the compromises and settlements embodied in the Plan, along with the treatment of any associated Allowed Claims, shall not be subject to any collateral attack or other challenge by any Entity in any court or other forum. As such, any Entity that opposes the terms of any compromise and settlement set forth in the Plan must (1) challenge such compromise and settlement prior to Confirmation of the Plan and (2) demonstrate appropriate standing to object and that the subject compromise and settlement does not meet the standards governing bankruptcy settlements under Bankruptcy Rule 9019 and other applicable law.

ARTICLE IV
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Request for Proposals Regarding Stormwater Assets, Water Assets & Sewer Assets

On or prior to the Confirmation Date, the City shall have issued a request for proposals from third-parties to acquire, manage or operate (1) the Stormwater Assets, (2) the Water Assets, and (3) the Sewer Assets or the City's Reversionary Interest in the Sewer Assets (each and collectively, the "RFP Process"). If DELCORA has ceased operating, either through dissolution by Delaware County or the sale of its assets to any third-party, and the City has retaken possession of any Sewer Assets (through its Reversionary Interest), such Sewer Assets shall be subjected to the RFP Process. If Delaware County has dissolved DELCORA, at Delaware County's election, additional assets of DELCORA other than the City's Sewer Assets may be included in the RFP Process. If DELCORA continues to own and operate the Sewer Assets at the commencement of the RFP Process, then the City will accept proposals for the acquisition of only the City's Reversionary Interest.

The RFP Process shall be conducted in accordance with applicable law and directed by the Receiver pursuant to the authority provided to the Receiver under Act 47 and the Recovery Plan.

All proposals regarding the proposed sale, lease, disposition or other form of monetization of Stormwater Assets, Water Assets and/or Sewer Assets (collectively, the "RFP Assets") shall provide that the RFP Assets will remain publicly-owned. Particular attention

will be given to public authorities or other public entities interested in a merger or other combination, or in acquiring the RFP Assets. Applicants will be encouraged to provide proposals that provide, among other things:

- A regional approach to the operation of the RFP Assets by parties who are qualified to acquire, own and operate such RFP Assets or interested in taking advantage of one or more regional approaches to the management of a Municipal Separate Storm Sewer System (MS4) requirements and a willingness to potentially manage the stormwater requirements of interested municipalities or townships with stormwater, sewer and/or water systems or assets within, adjacent to or in regional proximity to the RFP Assets.
- The ability of the proposal to minimize the impact on future rates and ratepayers, particularly those within the City.
- The retention of public sector jobs.
- Compliance with all applicable laws addressing the assumption, defeasance, repayment, prepayment and/or redemption of outstanding indebtedness related to the RFP Assets.
- A focus on obtaining all required governmental approvals including but not limited to compliance with all Environmental Laws, consent orders, permits, and minimizing the environmental impact on the City and the community.
- A proposed governance structure that is fair to ratepayers served by the authority.
- The retention by the City of a reversionary interest in the RFP Assets that would preclude any proposed subsequent re-sale, lease, assignment, disposition or alienation by the selected applicant to a private or non-governmental person or entity without the City's prior written consent which the City may withhold in its sole and absolute discretion.

B. Stormwater Assets

1. Dissolution.

On the Effective Date, pursuant to the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. §§ 5601-5623, (a) the legal existence of the SAC will be terminated, (b) all Stormwater Assets shall automatically revert to the City by force of Commonwealth law, (c) SAC's outstanding liabilities shall be paid, repaid, prepaid, redeemed, defeased or assumed, and (d) the Stormwater Assets shall be subjected to the RFP Process. The Board of Directors of SAC shall be dissolved and neither SAC nor its Board of Directors shall have any further authority over the Stormwater Assets.

2. Funded Debt of SAC.

The funded debt of SAC will be addressed in accordance with (a) the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. §§ 5601-5623, (b) all applicable federal and state rules and regulations applicable to publicly-owned water treatment and distribution systems and (c) the express terms of such funded debt.

On or before the Effective Date, the City shall ensure that each form of outstanding stormwater indebtedness shall either be (i) assumed in full by the entity acquiring, leasing or

otherwise taking ownership and/or operation of the Stormwater Assets or (ii) otherwise paid, repaid, defeased, prepaid or redeemed in full.

3. Management of Stormwater Assets.

The Stormwater Assets shall be operated in accordance with any agreement between the City and the party selected through the RFP Process. Management and governance of the Stormwater Assets shall be at the sole discretion of the City and in accordance with applicable law.

C. Sewer Assets

If DELCORA has ceased operating the Sewer Assets prior to the Effective Date, either through dissolution by Delaware County or the sale of its assets to any third-party, and the City has retaken possession of the Sewer Assets through its Reversionary Interest), the Sewer Assets shall be subjected to the RFP Process. If Delaware County has dissolved DELCORA, at Delaware County's election, additional assets of DELCORA other than the City's Sewer Assets may be included in the RFP Process with the consent of, or at the direction of, Delaware County.

Prior to the Effective Date, the City shall have commenced an action before the Bankruptcy Court seeking the following relief: (i) identification of the assets subject to the Reversionary Interest, and at the City's election, the value of the Reversionary Interest or the Sewer Assets; (ii) an order, consistent with the Bankruptcy Court's *Order Granting the Motion of Debtor Pursuant to Section 362 of the Bankruptcy Code for Entry of an Order Enforcing the Automatic Stay of Proceedings Pending Before the Pennsylvania Public Utility Commission* (Docket No. 351) entered on May 23, 2023, finding that the execution of that certain Asset Purchase Agreement dated as of September 17, 2019 by and among DELCORA and Aqua Pennsylvania Wastewater, Inc. (as may have been amended), unequivocally violates the anti-assignment provision in § 16.3 of the Sewer Agreement and that the transaction contemplated thereby triggers the City's Reversionary Interest under the Sewer Agreement; and, (iii) compensating the City and its residents for all damages caused by, and other adverse host community impacts resulting from, DELCORA's sewage conveyance and treatment operations within the City. Nothing herein is intended to limit the claims and causes of action or the damages that may be asserted against DELCORA by the City.

D. Water Assets

1. Dissolution.

On the Effective Date, pursuant to the Pennsylvania Municipality Authorities Act, 53 Pa.C.S. §§ 5601-5623 and the decision of the Pennsylvania Commonwealth Court in *In re Chester Water Authority Trust*, 263 A.3d 689 (Pa. Commw. Ct. 2021), *appeal granted*, 276 A.3d 203 (Pa. 2022) (stayed), (a) the legal existence of CWA will be terminated, (b) all Water Assets shall revert to the City by force of Commonwealth law, (c) CWA's outstanding liabilities shall be paid, repaid, prepaid, redeemed, defeased or assumed, and (d) the Water Assets shall be subjected to the RFP Process. The Board of Directors of CWA shall be dissolved and neither CWA nor its Board of Directors shall have any further authority over the Water Assets. The Receiver reserves the right to commence or remove to the Bankruptcy Court any litigation regarding the dissolution of CWA and the reversion of its assets to the City.

2. Funded Debt of CWA.

The funded debt of CWA will be addressed in accordance with Pennsylvania Municipality Authorities Act, 53 Pa.C.S. §§ 5601-5623, and all applicable federal and state rules and regulations applicable to publicly-owned water treatment and distribution systems.

On or before the Effective Date, the City shall ensure that each form of outstanding water indebtedness shall either be (i) assumed in full by the entity acquiring, leasing or otherwise taking ownership and/or operation of the Water Assets or (ii) otherwise paid, repaid, defeased, prepaid or redeemed in full.

3. Operation of Water Assets and Management.

The Water Assets shall be operated in accordance with any agreement between the City and the party selected through the RFP Process. Management and governance of the Water Assets shall be at the sole discretion of the City and in accordance with applicable law.

E. Retiree Pension Benefits.

On the Effective Date, the Retiree Pension Benefits shall be modified as set forth in the Plan Supplement or otherwise agreed by the City and Retiree Committee.

F. OPEB Benefits.

On the Effective Date, the OPEB Benefits shall be modified as set forth the Plan Supplement or otherwise agreed by the City and Retiree Committee.

G. FOP CBA.

On the Effective Date, the FOP CBA shall be modified as set forth the Plan Supplement or otherwise agreed by the City and FOP.

H. IAFF CBA.

On the Effective Date, the IAFF CBA shall be modified as set forth the Plan Supplement or otherwise agreed by the City and IAFF.

I. Teamsters CBA.

On the Effective Date, the Teamsters CBA shall be modified as set forth the Plan Supplement or otherwise agreed by the City and Teamsters.

J. Cancellation of Series 2017 Bonds and Series 2017 Bonds Documents.

On the Effective Date, the Series 2017 Bonds and Series 2017 Bonds Documents will be deemed automatically cancelled, terminated and of no further force or effect against the City without any further act or action under any applicable agreement, law, regulation, order or rule, and

the obligations of the parties to the City, as applicable, under the Series 2017 Bonds and Series 2017 Bonds Documents shall be, or deemed to be, fully discharged and cancelled.

K. Rejection or Termination of Contribution Agreement.

On the Effective Date, (i) if the Contribution Agreement is an executory contract it shall be deemed rejected pursuant to Section II.D, or (ii) if the Contribution Agreement is not an executory contract it will be deemed automatically cancelled, terminated and of no further force or effect against the City without any further act or action under any applicable agreement, law, regulation, order or rule, and the obligations of the parties to the City, as applicable, under the Contribution Agreement and any related document shall be discharged.

L. Release of Liens.

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, or where a Claim is Reinstated, on the Effective Date, all Liens against the City's property will be deemed fully released and discharged, and all of the right, title and interest of any holder of such Liens, including any rights to any collateral thereunder, will revert to the City. As of the Effective Date, (1) the holders of such Liens will be authorized and directed to release any collateral or other property of the City (including any cash collateral) held by such Holder and to take such actions as may be requested by the City to evidence the release of such Lien, including the execution, delivery, filing or recording of such releases as may be requested by the City, and (2) the City shall be authorized to execute and file on behalf of creditors Form UCC-3 termination statements or such other forms as may be necessary or appropriate to implement the provisions of this Section.

M. Assumption of Indemnification Obligations.

Notwithstanding anything otherwise to the contrary in the Plan, nothing in the Plan shall discharge or impair the obligations of the City as provided in the City Charter of the City, Administrative Code or other organizational documents, resolutions, employment contracts, applicable as of the Petition Date to indemnify, defend, reimburse, exculpate, advance fees and expenses to, or limit the liability of officers and employees of the City (consistent with the injunction provisions of Section III.D.6 and including the members of the City Council, the Mayor and the Receiver) and their Related Entities, in each case to the extent such Entities were acting in such capacity, against any claims or causes of action whether direct or derivative, liquidated or unliquidated, foreseen or unforeseen, asserted or unasserted; provided that this Section shall be read in conjunction with the provisions for Indirect Employee Indemnity Claims set forth in Section VI.A.2. For the avoidance of doubt, this Section does not obligate the City to pay any professional fees incurred by any current or former Mayor or member of City Council during the Chapter 9 Case without the Receiver's approval and any such obligation is subject to the discharge provided under Section III.D.4.

N. Payment of Workers' Compensation Claims.

From and after the Effective Date, (a) the City will continue to administer (either directly or through a third party administrator) and pay all valid claims for benefits and liabilities

for which the City is responsible under applicable State workers' compensation law, regardless of when the applicable injuries were incurred, in accordance with the City's prepetition practices and procedures and governing State workers' compensation law, and (b) nothing in the Plan shall discharge, release or relieve the City from any current or future liability under applicable State workers' compensation law. The City reserves the right to challenge the validity of any claim for benefits or liabilities arising under applicable State workers' compensation law.

ARTICLE V
PROVISIONS REGARDING DISTRIBUTIONS UNDER THE PLAN

A. Appointment of Disbursing Agent.

The City may act as Disbursing Agent or may employ or contract with other Entities to act as the Disbursing Agent or to assist in or make the Distributions required by the Plan. Any Disbursing Agent appointed by the City will serve without bond. Other than as specifically set forth in the Plan, the Disbursing Agent shall make all Distributions required to be made under the Plan.

B. Distributions on Account of Allowed Claims.

Except as otherwise provided in the Plan, on the Effective Date or as soon as practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim shall receive from the Disbursing Agent the Distributions that the Plan provides for Allowed Claims in the applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, Distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Section VI. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends or accruals on the Distributions provided for in the Plan, regardless of whether such Distributions are delivered on or at any time after the Effective Date. Notwithstanding anything to the contrary in the Plan, no Holder of an Allowed Claim shall, on account of such Allowed Claim, receive a Distribution in excess of the Allowed amount of such Claim.

C. Record Date for Distributions.

Neither the City nor any Disbursing Agent will have any obligation to recognize the transfer of, or the sale of any participation in, any Claim that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes herein to recognize and distribute only to those Holders of Allowed Claims (including Holders of Claims that become Allowed after the Distribution Record Date) that are Holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date. The City and any Disbursing Agent shall instead be entitled to recognize and deal for all purposes under the Plan with only those record Holders stated on the official Claims Register as of the close of business on the Distribution Record Date.

D. Means of Cash Payments.

Except as otherwise specified herein, all Cash payments made pursuant to the Plan shall be in U.S. currency and made by check drawn on a domestic bank selected by the Disbursing Agent or, at the option of the Disbursing Agent, by wire transfer, electronic funds transfer or ACH from a domestic bank selected by the Disbursing Agent.

E. Selection of Distribution Dates for Allowed Claims.

Except where the Plan requires the making of a Distribution on account of a particular Allowed Claim within a particular time, the Disbursing Agent shall have the authority to select Distribution Dates that, in the judgment of the Disbursing Agent, provide Holders of Allowed Claims with payments as quickly as reasonably practicable while limiting the costs incurred in the distribution process. Upon the selection of a Distribution Date by the Disbursing Agent, the Disbursing Agent shall File a notice of such Distribution Date that provides information regarding the Distribution to be made.

F. Limitations on Amounts to Be Distributed to Holders of Allowed Claims Otherwise Insured.

No Distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the City's insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the City's insurance carriers agrees to satisfy a Claim in full, then immediately upon such agreement such Claim may be expunged without a Claims objection having to be Filed and without any further notice or any action, order or approval of the Bankruptcy Court. Nothing in the Plan, including this Section, shall constitute a waiver of any claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action or liabilities that any Entity may hold against any other Entity, including the City's insurance carriers, other than the City.

G. City's Rights of Setoff Preserved.

Notwithstanding anything to the contrary in the Plan, pursuant to section 553 of the Bankruptcy Code or otherwise applicable non-bankruptcy law, the City may set off against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Allowed Claim the claims, rights and Causes of Action of any nature that the City may assert against the Holder of such Claim; provided, however, that neither the failure to effect a setoff nor the allowance of any Claim pursuant to the terms of the Plan shall constitute a waiver or release by the City of any claims, rights and Causes of Action that the City may assert against such Holder, all of which are expressly preserved.

H. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

1. Delivery of Distributions Generally.

Distributions to Holders of Allowed Claims shall be made at the addresses set forth in the City's records unless such addresses are superseded by proofs of Claim or transfers of Claim Filed pursuant to Bankruptcy Rule 3001.

2. De Minimis Distributions.

No distribution shall be made by the Disbursing Agent on account of an Allowed Claim if the amount to be distributed to the specific Holder of an Allowed Claim on the applicable Distribution Date has an economic value of less than \$25.00.

3. Undeliverable or Unclaimed Distributions.

In the event that any Distribution to any Holder is returned as undeliverable, no Distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such Distribution shall be made to such Holder without interest.

Any Holder of an Allowed Claim that does not claim an undeliverable or unclaimed Distribution within six months after the date such Distribution is first made or attempted to be made shall be deemed to have forfeited its claim to such Distribution and shall be forever barred and enjoined from asserting any such claim against the City or its property. In such cases, any Cash held by the City on account of such undeliverable or unclaimed Distributions shall become the property of the City free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary. Nothing contained in the Plan shall require any Disbursing Agent to attempt to locate any Holder of an Allowed Claim.

4. Time Bar to Cash Payment Rights.

Checks issued in respect of Allowed Claims shall be null and void if not negotiated within 90 days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Disbursing Agent by the Holder of the Allowed Claim to whom such check originally was issued within 180 days after the date of the original check issuance. After such date, the Claim of any Holder to the amount represented by such voided check shall be released and forever barred from assertion against the City and its property.

I. Other Provisions Applicable to Distributions in All Classes.

1. No Postpetition Interest.

Except as otherwise specifically provided for in the Plan, or required by applicable bankruptcy law, the City shall have no obligation to pay any amount that constitutes or is attributable to interest on an Allowed Claim accrued after the Petition Date and no Holder of a Claim shall be entitled to be paid any amount that constitutes or is attributable to interest accruing

on or after the Petition Date on any Claim without regard to the characterization of such amounts in any document or agreement or to whether such amount has accrued for federal income tax purposes. Any such amount that constitutes or is attributable to interest that has been accrued and has not been paid by the City shall be cancelled as of the Effective Date for federal income tax purposes.

2. Compliance with Tax Requirements.

In connection with the Plan and all instruments issued in connection therewith and distributed thereon, the City and any Disbursing Agent shall comply with all Tax withholding and reporting requirements imposed on it by any governmental unit, and all Distributions under the Plan shall be subject to such withholding and reporting requirements. All such amounts withheld and paid to the appropriate governmental unit shall be treated as if made directly to the Holder of an Allowed Claim. The City and the Disbursing Agent shall be authorized to take any actions that they determine, in their reasonable discretion, to be necessary or appropriate to comply with such withholding and reporting requirements, including withholding Distributions pending receipt of information necessary to facilitate such Distributions, or establishing any other mechanisms they believe are reasonable and appropriate.

Notwithstanding any other provision of the Plan, each Entity receiving or deemed to receive a Distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax imposed on such Entity on account of such Distribution, including income, withholding and other Tax obligations. The City has the right, but not the obligation, to refuse, or to direct a Disbursing Agent to refuse, to make a Distribution until a Holder of an Allowed Claim has made arrangements satisfactory to the City and any Disbursing Agent for payment of any such Tax obligations. The City may require, as a condition to making a Distribution, that the Holder of an Allowed Claim provide the City or any Disbursing Agent with a completed Form W-8, W-9 or other Tax information, certifications and supporting documentation, as applicable.

If the City makes such a request and the Holder of an Allowed Claim fails to comply before the date that is 180 days after the initial request is made, the amount of such Distribution shall irrevocably revert to the City and any Claim in respect of such Distribution shall be released and forever barred from assertion against the City and its property.

3. Allocation of Distributions.

All Distributions to Holders of Allowed Claims that have components of principal and interest shall be deemed to apply first to the principal amount of such Claim until such principal amount is paid in full, and then the remaining portion of such Distributions, if any, shall be deemed to apply to any applicable accrued interest included in such Claim to the extent interest is payable under the Plan.

4. Surrender of Instruments.

As a condition to participation under this Plan, the Holder of a note, debenture or other evidence of indebtedness of the City that desires to receive the property to be distributed on

account of an Allowed Claim based on such note, debenture or other evidence of indebtedness shall surrender such note, debenture or other evidence of indebtedness to the City or its designee (unless such Holder's Claim will not be Impaired by the Plan, in which case such surrender shall not be required), and shall execute and deliver such other documents as are necessary to effectuate the Plan; provided, however, that, if a claimant is a Holder of a note, debenture or other evidence of indebtedness for which no physical certificate was issued to the Holder but which instead is held in book-entry form pursuant to a global security held by the Depository Trust Company or other securities depository or custodian thereof, there shall be no requirement of surrender. In the City's sole discretion, if no surrender of a note, debenture or other evidence of indebtedness occurs and the Holder of Claim does not provide an affidavit and indemnification agreement, in form and substance reasonably satisfactory to the City, that such note, debenture or other evidence of indebtedness was lost, then no distribution may be made to such Holder in respect of the Claim based on such note, debenture or other evidence of indebtedness.

ARTICLE VI

PROCEDURES FOR RESOLVING DISPUTED CLAIMS

A. Treatment of Disputed Claims.

1. General.

No Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code, or the Bankruptcy Court has entered a Final Order (including the Confirmation Order) allowing such Claim. Notwithstanding any other provision of the Plan, no payments or Distributions shall be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. Without limiting the foregoing in any way, no partial payments and no partial Distributions will be made with respect to a disputed, contingent or unliquidated Claim, or with respect to any Claim for which a proof of Claim has been Filed but not Allowed, until the resolution of such disputes or estimation or liquidation of such Claim by settlement or by Final Order.

2. Tort Claims, Reassessment Tax Appeal Claims and Indirect Employee Indemnity Claims.

At the City's option, any unliquidated Tort Claim, Reassessment Tax Appeal Claim or Indirect Employee Indemnity Claim (as to which a proof of Claim was timely Filed in the Chapter 9 Case) not resolved pursuant to a Final Order of the Bankruptcy Court will be determined and liquidated in the administrative or judicial tribunal(s) in which it is pending on the Effective Date (subject to the City's right to seek removal or transfer of venue) or, if no action was pending on the Effective Date, in an administrative or judicial tribunal of appropriate jurisdiction that (a) has personal jurisdiction over the parties, (b) has subject matter jurisdiction over the Tort Claim, Reassessment Tax Appeal Claim or Indirect Employee Indemnity Claim and (c) is a proper venue. The City may exercise the above option by service upon the holder of the applicable Tort Claim, Reassessment Tax Appeal Claim or Indirect Employee Indemnity Claim of a notice informing such holder that the City has exercised such option. Upon the City's service of such notice, the automatic stay imposed pursuant to sections 362 and 922 of the Bankruptcy Code or, after the Effective Date, the injunction set forth at Section III.D.6, will be deemed modified, without the

necessity for further Bankruptcy Court approval or any further action by the City, solely to the extent necessary to allow the parties to determine or liquidate the Tort Claim in the applicable administrative or judicial tribunal(s). If the City does not serve such a notice upon a holder of a Tort Claim, Reassessment Tax Appeal Claim or Indirect Employee Indemnity Claim by the Claims Objection Bar Date, such holder may file a motion with the Bankruptcy Court no later than 30 days after the Claims Objection Bar Date seeking relief from the discharge injunction imposed pursuant to Section III.D.6 in order to liquidate and determine its Claim, which right and the deadline for exercising such right shall be set forth in the notice of entry of the Confirmation Order.

Any Tort Claim, Reassessment Tax Appeal Claim or Indirect Employee Indemnity Claim determined and liquidated pursuant to a judgment obtained in accordance with this Section and applicable non-bankruptcy law that is no longer appealable or subject to review will be deemed an Allowed Claim, provided that only the amount of such Allowed Tort Claim or Indirect Employee Indemnity Claim that is not satisfied from proceeds of insurance payable to the Holder of such Allowed Tort Claim or Indirect Employee Indemnity Claim will be treated as an Allowed Claim for the purposes of distributions under the Plan and subject to the terms of the Plan. Distributions on account of any such Allowed Tort Claim or Indirect Employee Indemnity Claim shall be made in accordance with the Plan. Nothing contained in this Section will constitute or be deemed a waiver of any claim, right or Cause of Action that the City may have against any Entity in connection with or arising out of any Tort Claim, Reassessment Tax Appeal Claim or Indirect Employee Indemnity Claim, including any rights under section 157(b)(5) of title 28 of the United States Code. All claims, demands, rights, defenses and Causes of Action that the City may have against any Entity in connection with or arising out of any Tort Claim, Reassessment Tax Appeal Claim or Indirect Employee Indemnity Claim are expressly retained and preserved.

B. Disputed Claims Reserve.

On and after the Effective Date, until such time as all Disputed Claims have been compromised and settled or determined by Final Order and before making any Distributions, consistent with and subject to section 1123(a)(4) of the Bankruptcy Code, the City shall establish and maintain a reserve of property equal to (1) the Distributions to which Holders of Disputed Claims would be entitled under the Plan if such Disputed Claims were Allowed Claims in the Face Amount of such Disputed Claims or (2) such lesser amount as required by an order of the Bankruptcy Court. On the first Distribution Date that is at least 30 days (or such fewer days as may be agreed to by the City in its sole discretion) after the date on which a Disputed Claim becomes an Allowed Claim, the Disbursing Agent shall remit to the Holder of such Allowed Claim any Distributions such Holder would have been entitled to under the Plan on account of such Allowed Claim had such Claim been Allowed as of the Effective Date. If a Disputed Claim is disallowed by Final Order, the property reserved on account shall become available for Distribution to the Holders of Allowed Claims within the Class(es) entitled to receive such property. Each Holder of a Disputed Claim that ultimately becomes an Allowed Claim will have recourse only to the assets held in the disputed claims reserve and not to any other assets held by the City, its property or any property previously distributed on account of any Allowed Claim.

C. Objections to Claims.

1. Authority to Prosecute, Settle and Compromise.

The City's rights to object to, oppose and defend against all Claims on any basis are fully preserved. As of the Effective Date, only the City shall have the authority to File, settle, compromise, withdraw or litigate to judgment objections to Claims. Any objections to Claims shall be Filed no later than the Claims Objection Bar Date. On and after the Effective Date, the City may settle or compromise any Disputed Claim or any objection or controversy relating to any Claim without any further notice or any action, order or approval of the Bankruptcy Court.

2. Expungement or Adjustment of Claims Without Objection.

Any Claim that has been paid, satisfied or superseded shall be expunged from the Claims Register by the Claims and Balloting Agent at the request of the City, and any Claim that has been amended by the Holder of such Claim shall be adjusted on the Claims Register by the Claims and Balloting Agent at the request of the City, without the Filing of an objection and without any further notice or any action, order or approval of the Bankruptcy Court.

3. Extension of Claims Objection Bar Date.

Upon motion by the City to the Bankruptcy Court, the City may request, and the Bankruptcy Court may grant, an extension to the Claims Objection Bar Date generally or with respect to specific Claims. Any extension granted by the Bankruptcy Court shall not be considered to be a modification to the Plan under section 1127 of the Bankruptcy Code.

ARTICLE VII
RETENTION OF JURISDICTION

Pursuant to sections 105(c), 945 and 1142(b) of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 9 Case and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

A. Allow, disallow, estimate, determine, liquidate, reduce, classify, re-classify, estimate or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the amount, allowance, priority or classification of Claims;

B. Confirm the terms as written of any CBAs adopted by the City pursuant to the terms of the Plan, which agreements are incorporated as part of the Plan (it being understood that the enforcement, interpretation and resolution of disputes of the terms of the contracts shall proceed under applicable state law);

C. Resolve any matters related to the assumption, assignment or rejection of any Executory Contract or Unexpired Lease and to hear, determine and, if necessary, liquidate any Claims arising therefrom, including claims for payment of any cure amount;

D. Ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

E. Adjudicate, decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, and grant or deny any applications involving the City that may be pending on the Effective Date or brought thereafter;

F. Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order;

G. Resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan or any contract, instrument, release or other agreement or document that is entered into or delivered pursuant to the Plan or any Entity's rights arising from or obligations incurred in connection with the Plan or such documents;

H. Approve any modification of the Plan or approve any modification of the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any order, the Plan, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan or the Confirmation Order, or enter any order in aid of confirmation pursuant to sections 945 and 1142(b) of the Bankruptcy Code, in such manner as may be necessary or appropriate to consummate the Plan;

I. Issue injunctions, enforce the injunctions contained in the Plan and the Confirmation Order, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;

J. Adjudicate, decide or resolve any matters relating to the City's compliance with the Plan and the Confirmation Order consistent with section 945 of the Bankruptcy Code;

K. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked or vacated or Distributions pursuant to the Plan are enjoined or stayed;

L. Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order;

M. Enforce or clarify any orders previously entered by the Bankruptcy Court in the Chapter 9 Case;

N. Enter a final decree closing the Chapter 9 Case pursuant to section 945(b) of the Bankruptcy Code; and

O. Hear any other matter over which the Bankruptcy Court has jurisdiction under the provisions of the Bankruptcy Code and the Bankruptcy Rules subject to any limits on the Bankruptcy Court's jurisdiction and powers under sections 903 and 904 of the Bankruptcy Code.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

A. Plan Supplements.

All Plan Supplements not previously filed will be Filed no later than ten days before the Confirmation Hearing.

B. Modification of the Plan.

Subject to section 942 and 1127(d) of the Bankruptcy Code, the City may alter, amend or modify the Plan or the Exhibits at any time prior to or after the Confirmation Date but prior to the substantial consummation of the Plan. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan as altered, amended or modified so long as the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

C. Revocation of the Plan.

The City reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If the City revokes or withdraws the Plan, or if the Confirmation Date does not occur, then the Plan shall be null and void in all respects, and nothing contained in the Plan, nor any action taken or not taken by the City with respect to the Plan, the Disclosure Statement or the Confirmation Order, shall be or shall be deemed to be: (1) a waiver or release of any claims by or against the City; (2) an admission of any sort by the City or any other party in interest, or (3) prejudicial in any manner to the rights of the City or any other party in interest.

D. Severability of Plan Provisions.

If any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, in each case at the election of and with the consent of the City, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The

Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the City's consent; and (3) non-severable and mutually dependent.

E. Effectuating Documents and Transactions.

The City is authorized to execute, deliver, File or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan and any notes or securities issued pursuant to the Plan. All such actions shall be deemed to have occurred and shall be in effect pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the City Council, the Receiver, the Mayor or any employees or officers of the City. On the Effective Date, the appropriate employees and officers of the City are authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the Plan, and to take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan, in the name and on behalf of the City.

F. Plan Controls.

In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement, the provisions of the Plan shall control and take precedence. Consistent with section 706(a)(9) of Act 47, confirmation of the Plan shall be considered a modification of the Recovery Plan not subject to judicial review under section 709 of Act 49. In the event of any inconsistency between the Plan and the Recovery Plan, the Plan shall control

G. Notice of the Effective Date.

On or before ten Business Days after occurrence of the Effective Date, the City shall mail or cause to be mailed to all Holders of Claims a notice that informs such Holders of (1) entry of the Confirmation Order; (2) the occurrence of the Effective Date; (3) the assumption and rejection of Executory Contracts and Unexpired Leases pursuant to the Plan, as well as the deadline for the filing of Claims arising from such rejection; (4) the deadline for the filing of Administrative Claims; and (5) such other matters as the City deems to be appropriate.

H. Governing Law.

Unless (1) a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or (2) otherwise specifically stated herein or in any contract, articles or certificates of incorporation, bylaws, codes of regulation, ordinance, similar constituent documents, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction and implementation of the Plan and any contract, articles or certificates of incorporation, bylaws, codes of regulation, similar constituent documents, instrument, release or other agreement or document entered into or delivered in connection with the Plan.

I. Request for Waiver of Automatic Stay of Confirmation Order.

The Plan shall serve as a motion seeking a waiver of the automatic stay of the Confirmation Order imposed by Bankruptcy Rule 3020(e). Any objection to this request for waiver shall be Filed and served on the parties listed in Section VIII.K on or before the Voting Deadline.

J. Term of Existing Injunctions and Stays.

All injunctions or stays provided for in the Chapter 9 Case under sections 105, 362 or 922 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

K. Service of Documents

Any pleading, notice or other document required by the Plan or the Confirmation Order to be served on or delivered to (1) the City and (2) the Retiree Committee must be sent by overnight delivery service, facsimile transmission, courier service or messenger to:

1. The City

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Counsel for the City of Chester

2. The Retiree Committee

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Counsel to the Retiree Committee

Dated: August 26, 2024

Respectfully submitted,

The City of Chester, Pennsylvania

By: /s/ Michael T. Doweary

Name: Michael T. Doweary

Title: Receiver for the City of Chester,
Pennsylvania

BALLARD SPAHR LLP

/s/ Tobey M. Daluz

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