

**TOWNSHIP OF CENTRE,  
Berks County, Pennsylvania**

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**ORDINANCE NO. 108-2003**

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AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF THIS TOWNSHIP DETERMINING TO INCUR DEBT; DETERMINING THAT THE MAXIMUM PRINCIPAL AMOUNT OF SUCH DEBT SHALL BE \$137,500; DETERMINING THAT SUCH DEBT SHALL BE INCURRED AS LEASE RENTAL DEBT TO BE EVIDENCED BY A PROMISSORY NOTE IN THE MAXIMUM PRINCIPAL AMOUNT OF \$137,500, TO BE AUTHORIZED AND ISSUED BY CENTRE TOWNSHIP MUNICIPAL AUTHORITY IN CONNECTION WITH THE FOLLOWING: (1) ACQUIRING AND CONSTRUCTING SANITARY SEWAGE COLLECTION, TRANSMISSION, TREATMENT AND DISPOSAL SYSTEM FACILITIES IN AND FOR CERTAIN PORTIONS OF THIS TOWNSHIP; (2) CURRENTLY REFUNDING SAID AUTHORITY'S GUARANTEED SEWER PROJECT NOTE - SERIES B OF 2000; AND (3) PAYING COSTS, FEES AND EXPENSES WITH RESPECT TO THE FOREGOING PURPOSES AND THE FINANCING; AUTHORIZING APPROPRIATE OFFICERS OF THIS TOWNSHIP TO EXECUTE, TO ATTEST AND TO DELIVER, AS APPROPRIATE, A GUARANTY AGREEMENT BY AND AMONG THIS TOWNSHIP, AS GUARANTOR, SAID AUTHORITY AND THE UNITED STATES OF AMERICA ACTING THROUGH THE RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE, AS LENDER, WITH RESPECT TO SAID PROMISSORY NOTE; APPROVING THE FORM OF SAID GUARANTY AGREEMENT; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT OF THE GUARANTY OBLIGATIONS OF THIS TOWNSHIP UNDER SAID GUARANTY AGREEMENT; APPOINTING A SINKING FUND DEPOSITORY; AND PROVIDING FOR THE EFFECTIVENESS OF THIS ORDINANCE AND RELATED MATTERS.

WHEREAS, This Township (the "Township") is a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth") and is a "local government unit" under provisions of the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 of the Commonwealth (the "Act"); and

WHEREAS, Centre Township Municipal Authority (the "Authority") is a municipality authority incorporated pursuant to appropriate action of this Township and existing and governed under the Municipality Authorities Act, 53 Pa.C.S. Ch.56, as amended and supplemented, from time to time, of the Commonwealth (the "Authorities Act"); and

WHEREAS, The Authority and this Township heretofore determined that the Authority shall undertake a capital project (the "Capital Project") which consists of the design, acquisition and/or construction of sanitary sewage collection, transmission, treatment and disposal system facilities in and for portions of this Township (the "Sewer System"), to be financed in part by issuance of the Guaranteed Promissory Note (hereinafter defined); and

WHEREAS, The Authority heretofore lawfully incurred certain debt in connection with the Capital Project and the Sewer System; and

WHEREAS, Such previous debt of the Authority is evidenced by, among other things, a Guaranteed Sewer Project Note - Series B of 2000, dated December 22, 2000, in the original maximum principal amount of \$584,785 (the "2000B Note"), issued pursuant to a Loan Agreement, dated as of December 15, 2000, between the Authority and The First National Bank of Leesport, as lender; and

WHEREAS, The 2000B Note constitutes lease rental debt of this Township evidenced by a Guaranty Agreement, dated as of December 15, 2000, heretofore approved, pursuant

to the Act, by the Department of Community and Economic Development (the "Department") of the Commonwealth; and

WHEREAS, The Authority has determined to currently refund and retire the 2000B Note (the "Refunding Project") upon issuance of the Guaranteed Promissory Note (hereinafter defined) (the Capital Project and the Refunding Project are collectively referred to herein, from time to time, as the "Project").

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of Supervisors (the "Governing Body") of this Township, as follows:

SECTION 1. This Township authorizes and requests the Authority to undertake and complete the Project.

SECTION 2. This Township determines to incur "debt", as such term is defined in the Act, which shall be "lease rental debt", as such phrase is defined in the Act, in connection with the Project.

SECTION 3. Such debt shall be incurred as such lease rental debt, shall be in the maximum principal amount of \$137,500, and shall be evidenced by this Township's guaranty of a certain obligation to be issued by the Authority under the Authorities Act, consisting of a guaranteed promissory note, to be known generally as the "Guaranteed Promissory Note", to be dated as provided therein, in the maximum principal amount of \$137,500 (referred to herein, from time to time, as the "Guaranteed Promissory Note"), to be issued by the Authority under the Authorities Act, which Guaranteed Promissory Note, in the maximum principal amount of \$137,500, shall have the benefit of and shall be secured by, among other things, the guaranty obligation of this Township in the amount of \$137,500, pursuant to the Guaranty Agreement (hereinafter defined).

SECTION 4. This Township specifies that a realistic estimated useful life of the Capital Project, including the facilities originally financed by issuance of the 2000B Note, is at least forty (40) years. The Refunding Project is authorized and permitted pursuant to 53 Pa.C.S. §8241(b)(4).

SECTION 5. This Township, as guarantor, shall enter into a Guaranty Agreement, to be dated as provided therein (the "Guaranty Agreement"), substantially in the form referred to in Section 6, with the Authority and the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture (the "Government"), as lender under the terms of a Resolution of the Authority, effective as provided therein (the "Note Resolution"), with respect to the Project and authorizing and securing the Guaranteed Promissory Note, under terms and provisions of which Guaranty Agreement, among other things, this Township shall guaranty, unconditionally, for the benefit of the Government and any other holder, from time to time, of the Guaranteed Promissory Note, full and prompt payment of Debt Service, as such phrase is defined in the Guaranty Agreement, to the extent provided in the Guaranty Agreement, as such shall be due and payable with respect to the Guaranteed Promissory Note.

The Guaranty Agreement shall be for the life of the Guaranteed Promissory Note and shall set forth terms, conditions, provisions, covenants and agreements to be observed by this Township, the Authority and the Government in relation to the Sewer System, as such phrase is defined in the Note Resolution, and in relation to the Project and the Guaranteed Promissory Note.

SECTION 6. The Guaranty Agreement shall be substantially in the form presented to this meeting, which form is approved; and a copy of the Guaranty Agreement, in the form so presented to this meeting and so approved, shall be filed with the Secretary of this Township and

shall be made available for inspection at reasonable times by interested persons requesting such inspection.

SECTION 7. This Township shall covenant in the Guaranty Agreement and does hereby covenant to and with the Authority and the Government and such other holder, from time to time, of the Guaranteed Promissory Note that this Township shall do the following: (i) include the Debt Service, as that phrase is defined in the Guaranty Agreement, payable in respect of its guaranty pursuant to the Guaranty Agreement, for each Fiscal Year, as that phrase is defined in the Guaranty Agreement, in which such sums shall be payable, in its budget for that Fiscal Year; (ii) appropriate such amounts from its general revenues for payment of its guaranty obligations under the Guaranty Agreement; and (iii) duly and punctually pay or cause to be paid from its sinking fund (hereinafter mentioned and identified) or any other of its revenues or funds the amount payable in respect of such guaranty, at the dates and places and in the manner stated in the Guaranty Agreement, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment in respect of such guaranty, this Township shall and does pledge, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable.

For the purposes of complying with the foregoing covenant, this Township covenants that it shall budget the amounts set forth in Exhibit "A", which is attached hereto and made part hereof, such amounts being such Debt Service on the Guaranteed Promissory Note for the Fiscal Years in which such amounts are payable, and shall appropriate and shall pay over to the Government such amounts; Subject, however, to provisions of the Guaranty Agreement with respect to credit for certain sums that shall be available for such Debt Service, all as more fully set forth in the Guaranty Agreement.

This Township also shall covenant in the Guaranty Agreement and does hereby covenant that, to the extent sufficient money shall not be available in its then current budget at any time when payments are required under the Guaranty Agreement, and if it shall be unable to incur debt lawfully in the current year for the purpose or to issue tax anticipation notes or otherwise to satisfy its obligations under the Guaranty Agreement, it shall include any amounts so payable by it in its budget for the next succeeding Fiscal Year and shall appropriate such amounts to the payment of such obligations and duly and punctually shall pay or shall cause to be paid its obligations incurred under the Guaranty Agreement, in the manner therein stated, according to the true intent and meaning thereof and, for such budgeting, appropriation and payment, it shall and does pledge, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable.

It shall be the intent and purpose of the Guaranty Agreement that this Township shall be required to pay over to the Government only that portion of such Debt Service that cannot be paid from other funds available for the purpose, as set forth in the Guaranty Agreement.

The phrase "Fiscal Year", as provided in the Guaranty Agreement and as used in this Ordinance and in Exhibit "A", which is attached hereto and made part hereof, shall mean the fiscal year of this Township.

SECTION 8. The maximum guaranty obligations of this Township, with respect to the Guaranteed Promissory Note, as set forth in the Guaranty Agreement in the form referred to in Section 6, which shall be payable, if and as necessary, on a semiannual basis, shall be as are set forth in Exhibit "A", which is attached hereto and made part hereof.

SECTION 9. The guaranty obligations of this Township, as set forth in Section 7, shall be payable from the tax and other general revenues of this Township.

SECTION 10. This Township hereby creates and establishes a “sinking fund”, as such phrase is defined or applied in the Act, with respect to its guaranty obligations under the Guaranty Agreement with respect to such guaranty, and The First National Bank of Leesport, Leesport, Pennsylvania, is hereby appointed “sinking fund depository” and “paying agent”, as such phrases are defined or applied in the Act, with respect to obligations of this Township under the Guaranty Agreement.

SECTION 11. The Chairman or Vice Chairman of the Governing Body and the Secretary or Assistant Secretary, respectively, of this Township as appropriate, are authorized and directed to prepare, to certify and to file with the Department the debt statement, as such phrase is defined in the Act, required by the Act, in behalf of this Township.

The Chairman or Vice Chairman of the Governing Body and the Secretary or Assistant Secretary, respectively, of this Township, as appropriate, are authorized and directed to prepare and to execute a borrowing base certificate for this Township to be appended to such debt statement, as required by the Act.

SECTION 12. The Chairman or Vice Chairman of the Governing Body and the Secretary or Assistant Secretary, respectively, of this Township as appropriate, are authorized and directed to prepare and to file with the Department appropriate statements required by the Act that are necessary to qualify all or any portion of the lease rental debt of this Township that is subject to exclusion as self-liquidating debt for exclusion from the appropriate debt limit as self-liquidating debt.

SECTION 13. The Chairman or Vice Chairman of the Governing Body and the Secretary or Assistant Secretary, respectively, of this Township, as appropriate, are authorized and

directed to execute, to attest and to deliver the Guaranty Agreement, substantially in the form approved in Section 6, in behalf of this Township; Subject, however, to applicable provisions of the Act.

SECTION 14. The Chairman or Vice Chairman of the Governing Body and the Secretary or Assistant Secretary, respectively, of this Township, as appropriate, are authorized and directed to make application to the Department for approval with respect to the Guaranty Agreement, as required by the Act; and, in connection with such application, this Township shall pay or shall cause to be paid to the Department the filing fee required by the Act, the payment of which filing fee is authorized and approved.

SECTION 15. Proper officers of this Township, as appropriate, are authorized and directed to execute all documents and to do all other acts as may be necessary and proper to carry out the intent and purpose of this Ordinance and the undertakings of this Township under the Guaranty Agreement.

SECTION 16. Reference in this Ordinance to specified officers of this Township shall include and shall be construed to include, if and as applicable, their respective successors in office.

SECTION 17. This Ordinance shall become effective in accordance with provisions of the Act.

SECTION 18. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this Township that such remainder shall be and shall remain in full force and effect.



SECTION 19. All ordinances or parts of ordinances that are inconsistent herewith shall be and the same expressly are repealed.

DULY ENACTED AND ORDAINED, this 10<sup>th</sup> day of November, 2003, by the Board of Supervisors of the Township of Centre, Berks County, Pennsylvania, in lawful session duly assembled.

TOWNSHIP OF CENTRE,  
Berks County, Pennsylvania

By: *Ronald Krupp*  
(Vice) Chairman of the Board of Supervisors

ATTEST:

*Gloria Stein*  
(Assistant) Secretary

(SEAL)