

TOWNSHIP OF CENTRE,
Berks County, Pennsylvania

ORDINANCE NO. 92-2000

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 \$1,815,885; DETERMINING THAT SUCH DEBT SHALL BE INCURRED AS LEASE RENTAL DEBT TO BE EVIDENCED BY GUARANTEED SEWER PROJECT NOTES - SERIES OF 2000, DATED AS OF DECEMBER 15, 2000, IN THE MAXIMUM PRINCIPAL AMOUNT OF ONE MILLION EIGHT HUNDRED FIFTEEN THOUSAND EIGHT HUNDRED EIGHTY-FIVE DOLLARS (\$1,815,885), TO BE AUTHORIZED AND TO BE ISSUED BY CENTRE TOWNSHIP MUNICIPAL AUTHORITY IN CONNECTION WITH: (1) A REFUNDING PROJECT WHICH CONSISTS OF CURRENTLY REFUNDING AND RETIRING THE AUTHORITY'S GUARANTEED \$660,000 NOTE - SERIES OF 2000, WHICH DEBT CONSTITUTES DEBT HERETOFORE LAWFULLY INCURRED BY SAID AUTHORITY AND IS SECURED BY THE COVENANT OF GUARANTY OF THIS TOWNSHIP WITH RESPECT TO AND IN CONNECTION WITH SEWER SYSTEM FACILITIES OF SAID AUTHORITY; AND (2) A CAPITAL PROJECT THAT CONSISTS OF, *INTER ALIA*, PLANNING, DESIGNING, ACQUIRING AND CONSTRUCTING SANITARY SEWAGE COLLECTION, TRANSMISSION, TREATMENT AND DISPOSAL SYSTEM FACILITIES REQUIRED FOR RENDERING SANITARY SEWAGE SERVICE TO CERTAIN PORTIONS OF THIS TOWNSHIP; APPROVING THE FORM OF A GUARANTY AGREEMENT TO BE ENTERED INTO IN CONNECTION WITH SUCH LEASE RENTAL DEBT AND AUTHORIZING AND DIRECTING PROPER OFFICERS OF THIS TOWNSHIP TO EXECUTE, TO ATTEST AND TO DELIVER SAID GUARANTY AGREEMENT; SPECIFYING THE MAXIMUM AMOUNTS OF THE GUARANTY OBLIGATIONS OF THIS TOWNSHIP PURSUANT TO SAID GUARANTY AGREEMENT AND THE SOURCES OF PAYMENT OF SUCH GUARANTY OBLIGATIONS, AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT THEREOF; CREATING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY IN CONNECTION WITH SUCH GUARANTY OBLIGATIONS; PROVIDING FOR IRREVOCABLE ALLOCATION TO SAID AUTHORITY OF A PORTION OF THE SMALL-ISSUER REBATE EXEMPTION OF THIS TOWNSHIP; PROVIDING FOR PROPER OFFICERS

OF THIS TOWNSHIP TO TAKE ALL OTHER REQUIRED, NECESSARY OR DESIRABLE RELATED ACTION AND TO EXECUTE AND DELIVER ALL OTHER REQUIRED, NECESSARY OR DESIRABLE DOCUMENTS; PROVIDING FOR THE EFFECTIVENESS OF THIS ORDINANCE; PROVIDING FOR SEVERABILITY OF PROVISIONS OF THIS ORDINANCE; AND PROVIDING FOR REPEAL OF ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES.

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 (the "Act"), of the Commonwealth; and

WHEREAS, Centre Township Municipal Authority (the "Authority") is a municipality authority organized and existing under the Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended and supplemented (the "Authorities Act") of the Commonwealth; and

WHEREAS, The Authority and this Township have determined that the Authority shall undertake a capital project that consists of, *inter alia*, planning, designing, acquiring and constructing sanitary sewage collection, transmission, treatment and disposal system facilities (the "Capital Project") required for rendering sanitary sewage service to certain portions of this Township (the "Sewer System"); 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 a Guaranteed \$660,000 Note - Series of 2000, dated September 6, 2000, in the original maximum principal amount of \$660,000 (the "Original Note"), issued pursuant to a Loan Agreement, dated as of

June 1, 2000 (the "Original Agreement"), between the Authority and The First National Bank of Leesport, Leesport, Pennsylvania, as lender; and

WHEREAS, The Original Note constitutes lease rental debt of this Township evidenced by a Guaranty Agreement, dated as of June 1, 2000, heretofore approved, pursuant to the Act, by the Department of Community and Economic Development (the "Department") of the Commonwealth; and

WHEREAS, The Authority and this Township have determined to retire the Original Note (the "Refunding Project") and provide funds for the Capital Project (the Capital Project and the Refunding Project are collectively referred to herein as the "Project").

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

SECTION 1. This Township authorizes and requests the Authority to undertake, and consents to and approves of the Authority undertaking, the Refunding Project and the Project.

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

SECTION 3. Such debt, which shall be incurred as such lease rental debt, shall be in the maximum principal amount of \$1,815,885, shall be evidenced by certain obligations to be issued by the Authority under the Authorities Act and shall consist of guaranteed notes, to be known generally as the "Guaranteed Sewer Project Notes - Series of 2000", to be dated as provided therein (the "Notes"), which Notes shall have the benefit of and shall be secured by,

inter alia, the guaranty obligations of this Township pursuant to the Guaranty Agreement (hereinafter mentioned and identified).

SECTION 4. This Township specifies that the realistic estimated useful life of the Capital Project and the Sewer System being financed by issuance of the Notes is at least 42 years. The remaining useful life of the “project” financed with the proceeds of the Original Note is at least 42 years. The Refunding Project is undertaken pursuant to 53 Pa. C.S. §8241(b)(4).

SECTION 5. This Township, as guarantor, shall enter into a Guaranty Agreement, dated as of December 15, 2000 (the “Guaranty Agreement”), substantially in the form referred to in Section 6, with the Authority and The First National Bank of Leesport (the “Bank”), Leesport, Pennsylvania, as lender under a Loan Agreement, dated as of December 15, 2000 (the “Loan Agreement”), between the Authority and the Bank, with respect to the Project and the Notes, under terms and provisions of which Guaranty Agreement, *inter alia*, this Township shall guaranty, unconditionally, for the benefit of the holders, from time to time, of the Notes, full and prompt payment of the principal of the Notes, in the maximum principal amount of \$1,815,885, together with interest on said principal of the Notes, at the rate specified therein, as such shall be due and payable with respect to the Notes.

The Guaranty Agreement shall be for the life of the Notes and shall set forth terms, conditions, provisions, covenants and agreements to be observed by this Township, the Authority and the Bank in relation to the Project and the Notes.

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 or Assistant

Secretary of this Township and shall be made available for inspection at reasonable times by interested persons requesting such inspection.

SECTION 7. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary of this Township, as applicable, are authorized and directed to prepare, to certify and to file the debt statement, as such phrase is defined in the Act, required by Section 8110 of the Act, in behalf of this Township.

Proper officers of this Township are authorized and directed to prepare and to execute an appropriate borrowing base certificate for filing with the Department, as required by the Act.

SECTION 8. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary of this Township, as applicable, are authorized and directed to prepare and to file appropriate statements required by Section 8026 of 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 9. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary of this Township, as applicable, are authorized and directed to execute, to attest and to deliver the Guaranty Agreement, in behalf of this Township, substantially in the form approved in Section 6; Subject, however, to applicable provisions of the Act.

SECTION 10. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary of this Township, as applicable, are authorized and directed to make application to the Department for approval with respect to the Guaranty Agreement, as

required by Section 8111 of the Act; and in connection with such application, this Township shall pay or shall cause to be paid to the Department any filing fees required by the Department, the payment of which filing fees are authorized and approved.

SECTION 11. The guaranty obligations of this Township, with respect to the Notes, as set forth in the Guaranty Agreement in the form referred to in Section 6, which shall be payable, if and as necessary, shall be as are set forth in Exhibit A which is attached hereto and made part hereof.

The phrase "Fiscal Year", as provided in the Guaranty Agreement, as used in such Exhibit A, shall mean the fiscal year of this Township.

SECTION 12. The guaranty obligations of this Township, as set forth in Section 11, shall be payable from the tax and other general revenues of this Township.

SECTION 13. This Township shall covenant in the Guaranty Agreement and does hereby covenant to and with the Bank and any subsequent holder and/or registered owner, as appropriate, from time to time, of the Notes that this Township shall do the following: (1) include the amounts payable in respect of its guaranty pursuant to the Guaranty Agreement, for each Fiscal Year, as such phrase is defined in the Guaranty Agreement, in which such sums are payable in its budget for that Fiscal Year; (2) appropriate such amounts from its general revenues for the payment of such guaranty; and (3) duly and punctually pay or cause to be paid from its sinking fund (hereinafter referred to) or any other of its revenues or funds the amount payable in respect of such guaranty, at the dates and place and in the manner provided 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. The foregoing covenants of this Township shall be enforceable specifically.

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 maximum amounts payable with respect to the Notes for the Fiscal Years in which such amounts are payable, and shall appropriate and shall pay over to the Bank such amounts; Subject, however, to provisions of the Guaranty Agreement with respect to credit for certain sums that shall be available for such amounts payable, 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.

This Township hereby establishes a “sinking fund”, as such phrase is defined or applied in the Act, as amended and supplemented from time to time, with respect to its 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, as amended and supplemented from time

to time, to the extent necessary with respect to obligations of this Township under the Guaranty Agreement with respect to such guaranty.

SECTION 14. This Township hereby, irrevocably, allocates to the Authority, a “subordinate entity”, as that phrase is used in Subsection 148(f)(4)(c)(iv) of the Internal Revenue Code of 1986, as amended (the “Code”), of this Township the small-issuer rebate exemption inuring to this Township under the Code, to the extent of \$1,815,885 aggregate principal amount of the Notes in the 2000 calendar year. This Township hereby declares that such allocation bears a reasonable relationship to the benefits received by this Township from the Authority, in connection with the Project.

SECTION 15. Proper officers of this Township 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 other ordinances or parts of ordinances which are inconsistent herewith shall be and the same expressly are repealed.

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DULY ENACTED AND ORDAINED, this 13th day of November, 2000, 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 E. Knepp*
Chairman of the Board of Supervisors

ATTEST:

Sandra K. Stewart
Secretary

(SEAL)

TOWNSHIP OF CENTRE,
Berks County, Pennsylvania

EXHIBIT A

The maximum Debt Service, as such phrase is defined in the Guaranty Agreement referred to in the Ordinance to which this Exhibit A is attached, on the Notes, as such term is defined in the Ordinance to which this Exhibit A is attached, in the maximum aggregate principal amount of \$1,815,885, to be issued by Centre Township Municipal Authority, is as follows:

SEE FOLLOWING PAGE¹

¹Assumes the Notes are issued by the Authority to the Bank on December 15, 2000, with interest payable semiannually on May 31 and November 30 of each year, beginning on May 31, 2001, on the entire \$1,815,885 maximum aggregate principal amount of the Notes, at a maximum interest rate of 5.99%, per annum. The Notes mature on November 30, 2002.

Guaranteed Sewer Project Notes - Series of 2000

Compound Period: Semiannual

Nominal Annual Rate ..: 5.990 %
 Effective Annual Rate ..: 6.080 %
 Periodic Rate: 2.9950 %
 Daily Rate: 0.01664%

CASH FLOW DATA

Event	Start Date	Amount	Number	Period	End Date
1 Loan	12/15/2000	1,815,885.00	1		
2 Payment	05/31/2001	Interest Only	4	Semiannual	11/30/2002
3 Payment	11/30/2002	1,815,885.00	1		

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

Date	Payment	Interest	Principal	Balance
Loan 12/15/2000				1,815,885.00
2000 Totals	0.00	0.00	0.00	
1 05/31/2001	50,457.90	50,457.90	0.00	1,815,885.00
2 11/30/2001	54,385.76	54,385.76	0.00	1,815,885.00
2001 Totals	104,843.66	104,843.66	0.00	
3 05/31/2002	54,385.76	54,385.76	0.00	1,815,885.00
4 11/30/2002	54,385.76	54,385.76	0.00	1,815,885.00
5 11/30/2002	1,815,885.00	0.00	1,815,885.00	0.00
2002 Totals	1,924,656.52	108,771.52	1,815,885.00	
Grand Totals	2,029,500.18	213,615.18	1,815,885.00	