

TOWNSHIP OF RUSH,
Schuylkill County, Pennsylvania

ORDINANCE NO. 137

AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF THIS TOWNSHIP DETERMINING TO INCUR DEBT IN THE MAXIMUM PRINCIPAL AMOUNT OF \$350,000 EVIDENCED BY LEASE RENTAL DEBT WHICH SHALL BE THE SEVERAL AND PROPORTIONATE SHARE (50%) OF THE GUARANTEED SEWER PROJECT NOTE - SERIES OF 1999, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$700,000, TO BE AUTHORIZED AND ISSUED BY NORTHEASTERN SCHUYLKILL JOINT MUNICIPAL AUTHORITY IN CONNECTION WITH THE FOLLOWING: (1) DESIGN, ACQUISITION AND CONSTRUCTION OF SANITARY SEWAGE COLLECTION, TRANSMISSION, TREATMENT AND DISPOSAL SYSTEM FACILITIES IN AND ABOUT THIS TOWNSHIP AND THE TOWNSHIP OF RYAN, SCHUYLKILL COUNTY, PENNSYLVANIA, (2) CURRENTLY REFUNDING AND RETIRING THE SEWER PROJECT NOTE - SERIES OF 1999 OF SAID AUTHORITY, AND (3) THE PAYMENT OF COSTS AND EXPENSES OF ISSUING SAID GUARANTEED SEWER PROJECT NOTE - SERIES OF 1999; PROVIDING THE MANNER OF SHARING, SEVERALLY (AND NOT ON A JOINT BASIS), THE MAXIMUM PRINCIPAL AMOUNT OF SUCH INDEBTEDNESS; AUTHORIZING SPECIFIED OFFICERS OF THIS TOWNSHIP TO TAKE CERTAIN ACTIONS AND TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH INCURRING SAID DEBT; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT OF THE SEVERAL GUARANTY OBLIGATIONS OF THIS TOWNSHIP UNDER A GUARANTY AGREEMENT, BY AND AMONG THIS TOWNSHIP AND THE TOWNSHIP OF RYAN, SCHUYLKILL COUNTY, PENNSYLVANIA, SEVERALLY, AS GUARANTORS, SAID AUTHORITY AND KEYSTONE FINANCIAL BANK, N.A., AS LENDER, WITH RESPECT TO SAID NOTE; PROVIDING FOR THE SEVERAL GUARANTY OF THIS TOWNSHIP OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID NOTE; APPOINTING A SINKING FUND DEPOSITORY; 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 Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Act"); and

WHEREAS, Northeastern Schuylkill Joint Municipal Authority (the "Authority") is a municipality authority organized by joint action of this Township and the Township of Ryan, Schuylkill County, Pennsylvania (the "Ryan Township") (this Township and Ryan Township are hereinafter collectively referred to as the "Municipalities"), and existing under the Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended and supplemented, from time to time, of the Commonwealth (the "Authorities Act"); and

WHEREAS, The Authority and the Municipalities have determined that the Authority shall undertake a project that consists of the following: (a) the design, acquisition and construction of sanitary sewage collection, transmission, treatment and disposal system facilities in and for portions of the Municipalities (the "Capital Project"), (b) a refunding project consisting of currently refunding and retiring the Authority's Sewer Project Note - Series of 1999 (the "Refunding Project"), and (c) the payment of costs and expenses of issuing the Note (hereinafter defined) (the Capital Project and the Refunding Project are collectively referred to as the "Project"), to be financed in part by issuance of such Note.

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 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 of this Township pursuant to 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 \$350,000, and shall be evidenced by its several guaranty of 50% of a certain obligation to be issued by the Authority under the Authorities Act, to be known generally as the "Guaranteed Sewer Project Note - Series of 1999", to be dated as provided therein, in the maximum principal amount of \$700,000 (the "Note"), which Note shall have the benefit of and shall be secured by, among other things, the several guaranty obligations of the Municipalities (this Township in the amount of \$350,000 and Ryan Township in the amount of \$350,000), pursuant to the Guaranty Agreement (hereinafter mentioned and identified).

SECTION 4. This Township specifies that a realistic, estimated, useful life of the Capital Project being financed by issuance of the Note is at least 40 years. The Refunding Project is authorized and approved by 53 Pa.C.S. §8241(b)(4).

SECTION 5. This Township, together with Ryan Township, severally, as guarantors, 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 Keystone Financial Bank, N.A. (the "Bank"), Hazleton, Pennsylvania, as lender under the terms of a Loan Agreement, to be dated as provided therein (the "Loan Agreement"), between the Authority and the

Bank, with respect to the Project and the Note, under terms and provisions of which Guaranty Agreement this Township and Ryan Township shall severally guaranty (this Township to the extent of 50% and Ryan Township to the extent of 50% of all sums due under the Note), unconditionally, for the benefit of the Bank and any subsequent registered owners, from time to time, of the Note, full and prompt payment of principal of the Note in the maximum principal amount of \$700,000, together with interest on said principal of the Note at the rate provided for therein, as such shall be due and payable.

The Guaranty Agreement shall be for the life of the Note and shall set forth terms, conditions, provisions, covenants and agreements to be observed by the Municipalities (both individually and collectively), the Authority and the Bank in relation to the Project and the 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. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary, respectively, of this Township, as appropriate, are authorized and directed to prepare, to certify and to file with the Department of Community and Economic Development (the "Department") of the Commonwealth the debt statement, as such phrase is defined in the Act, required by Section 8110 of the Act, in behalf of this Township.