

ORDINANCE
SHENANGO TOWNSHIP

ORDINANCE NO. 2-1987

AN ORDINANCE APPROVING THE PLAN OF THE SHENANGO TOWNSHIP MUNICIPAL AUTHORITY (AUTHORITY) FOR THE ACQUISITION AND CONSTRUCTION OF ADDITIONS AND IMPROVEMENTS TO AN EXISTING SEWER SYSTEM IN SHENANGO TOWNSHIP, THE CITY OF NEW CASTLE AND SOUTH NEW CASTLE BOROUGH AND TO FINANCE SUCH ACQUISITION AND CONSTRUCTION THROUGH THE ISSUANCE OF \$3,950,000 GUARANTEED SEWER REVENUE BONDS, SERIES OF 1987, DATED APRIL 1, 1987 AND SETTING FORTH THE NUMBER, AMOUNT, INTEREST RATES AND MATURITY DATES; APPROVING THE ESTIMATED COSTS OF FINANCING; AUTHORIZING THE AUTHORITY TO PROCEED WITH THE PLAN OF FINANCING; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND GUARANTEE AGREEMENT AND THE INCURRENCE OF LEASE RENTAL DEBT THEREBY, AUTHORIZING THE SPECIFIED OFFICERS OF THE TOWNSHIP TO PREPARE, CERTIFY AND FILE THE DEBT STATEMENT AND TO DO ALL OTHER ACTS NECESSARY TO CARRY OUT THE PROVISIONS OF THE ORDINANCE; INDICATING THAT THE DEBT TO BE INCURRED IS LEASE RENTAL DEBT; SETTING FORTH THE ANNUAL PAYMENTS ON THE GUARANTEED SEWER REVENUE BONDS AND DEFINING THE SOURCE OF SUCH PAYMENTS AS THE RENTS, REVENUES AND RECEIPTS OF THE AUTHORITY DERIVED FROM THE SEWER SYSTEM REPEALING ALL INCONSISTENT ORDINANCES AND PROVIDING THAT THE ORDINANCE IS EFFECTIVE IMMEDIATELY.

WHEREAS, the Shenango Township Municipal Authority (the "Authority") has undertaken as its Project (the "Project") the acquisition and construction of additions and improvements to the existing Sewer System in Shenango Township, the City of New Castle and South New Castle Borough (the "Sewer System"); and

WHEREAS, the Authority has approved the acquisition and construction of the Project as set forth in a Resolution of the Authority dated April 9, 1987 (the "Resolution"); and

WHEREAS, the Authority has submitted to Shenango Township (the "Township") an estimate of the cost of the acquisition and construction of the

Sewer System in the total amount of \$3,950,000 including costs of issuance and necessary reserves to be obtained through the issuance and sale of \$3,950,000 Guaranteed Sewer Revenue Bonds, Series of 1987 (the "1987 Bonds"), and has also submitted in detail the financing plan of the Authority; and

WHEREAS, the Authority proposes to finance the acquisition and construction of the Sewer System through the issuance and sale of the 1987 Bonds and to secure the same under a Trust Indenture (the "Indenture") dated as of April 1, 1987 with First Seneca Bank, New Castle, Pennsylvania, as Trustee (Trustee); and

WHEREAS, there has been presented to this meeting the form of the Guarantee Agreement whereby the Township will guarantee the payment of the principal of, premium, if any, and interest on the 1987 Bonds to be issued by the Authority.

NOW, THEREFORE, be it enacted and ordained by the Board of Supervisors of Shenango Township:

Section 1. That the proposed plan of the Authority for the acquisition and construction of the Sewer System by the Authority as set forth in the Resolution which was heretofore approved by the Authority and submitted to the Board of Supervisors of the Township is hereby approved. The Project is a capital sewer project with a realistic estimated useful life of approximately fifty (50) years. The Project is further briefly described as being the acquisition and construction of additions and improvements to an existing

Sewer System in the Township, the City of New Castle and South New Castle Borough, including Division A, the Big Run Interceptor, Division B, Sanitary Sewer, South New Castle Borough, Division C, Sanitary Sewers - North, located in Shenango Township including Sewage Pumping Stations 1, 2 and 3, Division D, Sanitary Sewers - South, located in Shenango Township, including the Savannah Road Sewage Pumping Station as set forth in the Resolution and as further described in the Engineering Report in Support of Financing prepared by Consoer Townsend & Associates, Inc., approved by the Authority and submitted to the Township.

Section 2. That the estimated cost of the acquisition and construction of the Project is \$3,950,000. Realistic cost estimates, obtained through actual bids and professional estimates having been previously approved by the Authority and submitted to the Board of Supervisors, are hereby approved.

Section 3. That the plan of the Authority to finance the cost of the acquisition and construction of the Project of the Authority by the issuance of \$3,950,000 Guaranteed Sewer Revenue Bonds, Series of 1987, of the Authority heretofore approved by Resolution of the Authority and submitted to the Board of Supervisors, is hereby approved. The number, amount, interest rates, maturity dates and provisions for redemption of the 1987 Bonds are set forth in the proposal of Butcher and Singer, Inc., dated April 9, 1987, for purchase of the 1987 Bonds which is attached hereto as Exhibit A is also approved (the "Purchase Proposal"). Under the Indenture the Authority has pledged the rents, revenues and receipts of the Sewer System (the "Rents, Revenues and

Receipts") for the payment of the 1987 Bonds and such pledge is hereby approved.

Section 4. That a copy of the Guaranty Agreement whereby the Township will guarantee the payment of the principal of, premium, if any, and interest on the 1987 Bonds, in accordance with the provisions thereof is attached hereto marked Exhibit B. The Guarantee Agreement is hereby approved and the Chairman or Vice Chairman of the Board of Supervisors and the Secretary of the Township are authorized and directed to execute the Guarantee Agreement, and to do or cause to be done all acts and things necessary to effectuate the purpose of this Ordinance and the Project.

Section 5. That the Chairman or Vice Chairman of the Board of Supervisors and the Secretary are hereby authorized and directed to prepare, verify, execute and file the Debt Statement required by the Act of July 12, 1972, as amended and reenacted, the Local Government Unit Debt Act (the Debt Act), and to take all necessary action to comply with the provisions of the Debt Act, including specifically the authority to prepare and file, as it shall become necessary or required, both originally and annually thereafter, such statements under the Debt Act as are necessary to qualify all or any portion of the debt herein authorized to be incurred as excluded from any debt limit, either as self-liquidating debt or as subsidized debt or both. Furthermore, the aforesaid specified officers are authorized and directed to do or cause to be done all acts and things necessary for the purpose of carrying out the provisions of this Ordinance and of the Guarantee Agreement and to facilitate the acquisition and construction of the Project.

Section 6. In accordance with the provisions of the Debt Act, the debt to be incurred hereby is lease rental debt. The amounts of the annual payments guaranteed by the Township are set forth in the Purchase Proposal.

Section 7. The 1987 Bonds are being sold at private, negotiated sale to Butcher & Singer, Inc. The Township hereby determines that a private, negotiated sale of the 1987 Bonds is in the best financial interests of the Township. The 1987 Serial Bonds all mature on May 1, 1990, which date is within one year after the estimated date of completion of construction on May 1, 1989. The 1987 Term Bonds are being amortized on an approximately level annual debt service plan beginning in 1991.

Section 8. That the Township does hereby guarantee the payment of the 1987 Bonds, of the Authority, in the event of a deficiency in the Rents, Revenues and Receipts of the Authority derived from the Sewer System which obligation hereby created is a general obligation of the Township and the Township hereby authorizes the incurrence of lease rental debt thereby. The Township covenants with the registered owners from time to time of the 1987 Bonds, that the Township shall include the amount of the Debt Service and the amounts payable in respect of its guaranty for each fiscal year in which such sums are payable in its budget for that year, shall appropriate such amounts to the payment of such Debt Service, and shall duly and punctually pay or cause to be paid the principal of every 1987 Bond, the premium, if any, and the interest thereon at the dates and places and in the manner stated in the 1987 Bonds, according to the true intent and meaning thereof and for such

budgeting, appropriation and payment, the Township pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable.

Section 9. That in accordance with the provisions of the Debt Act, the debt to be incurred hereby is lease rental debt. The existing net non-electoral debt of the Township as determined under the provisions of the Debt Act, including the debt to be incurred hereby, does not in the aggregate exceed the limitations of the Constitution or of the Debt Act. The debt to be incurred hereby is to be excluded from the debt limitations of the Debt Act as a "self-liquidating" debt. In accordance with the provisions of the Municipality Authorities Act of 1945 when the Authority shall have finally paid and discharged all 1987 Bonds, and any additional Bonds issued under the Indenture which, together with the interest due thereon are secured by a pledge of the Rents, Revenues and Receipts of the Authority derived from the Sewer System, it may (subject to any agreements concerning the operation or disposition of the Sewer System) convey the Sewer System as it exists in the Township to the Township.

Section 10. That the average annual payments by the Authority for the principal and interest on the 1987 Bonds will be \$154,000 and the source of the payments will be the Rents, Revenues and Receipts of the Authority derived from the Sewer System as defined in the Indenture. The Township hereby guarantees the payment of the principal, premium, if any, and interest on the 1987 Bonds and the source of any such payment would be the general

revenues of the Township to which the Township pledges its full faith, credit and taxing power.

Section 11. That First Seneca Bank, New Castle, Pennsylvania is hereby designated as sinking fund depository and paying agent for the 1987 Bonds.

Section 12. That the form of the 1987 Bonds and authentication certificate which are hereby approved is attached hereto as Exhibit C.

Section 13. That there is hereby created a Sinking Fund with the Sinking Fund Depository to be known as Sinking Fund, Guaranteed Sewer Revenue Bonds, Series of 1987. The Township shall pay into the Sinking Fund all amounts required under the Guaranty Agreement, and the covenant contained in Section 8 hereof. The Sinking Fund shall be maintained until the 1987 Bonds are paid in full. The Authority shall pay into the Sinking Fund the amounts required from the Rents, Revenues and Receipts of the Sewer System for the payment of the principal, premium, if any, and interest on the 1987 Bonds.

Section 14. That the Authority shall pledge the Rents, Revenues and Receipts from the Sewer System in favor of the owners of the 1987 Bonds. Such pledge shall be perfected as a security interest in favor of the owners of the 1987 Bonds against all creditors and third parties from and after the filing of a financing statement in accordance with the Uniform Commercial Code.

Section 15. The Township hereby designates the 1987 Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"). The Township reasonably anticipates that the total amount of "qualified tax-exempt obligations" to be issued by the Township and all subordinate entities thereof during calendar year 1987 will not exceed \$10,000,000.

Section 16. The Township covenants to the owners of the 1987 Bonds that it will make no use of the proceeds of the 1987 Bonds at any time during the term thereof which, if such use had been reasonably expected on the date of issue of the 1987 Bonds, would have caused the 1987 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, as interpreted by the regulations applicable to the 1987 Bonds, as promulgated for such purpose by the United States Treasury Department.

The Township agrees to take all actions necessary to preserve and maintain the tax exempt status of the 1987 Bonds and of the interest thereon, under all laws currently in effect and any that may become effective. The Township covenants that it will not intentionally use any portion of the proceeds of the 1987 Bonds to acquire, or to replace funds used directly or indirectly to acquire, investment property with a yield materially higher than the yield on the 1987 Bonds as prohibited by Section 148(a) of the Code. The Township covenants to expend the proceeds of the 1987 Bonds within the temporary periods prescribed by Section 148(c) of the Code and the regulations thereunder. The Township covenants to rebate to the United States all arbitrage profits

earned on the proceeds of the 1987 Bonds as required by Section 148(f) of the code, except for any arbitrage profits earned on funds held in the Sinking Fund so long as the annual earnings on the Sinking Fund are less than \$100,000. For purposes of this covenant, "arbitrage profits" means (i) the excess of (A) the amount earned on any proceeds of the 1987 Bonds invested in any investment property (excluding tax-exempt bonds) over (B) the amount which would have been earned if such investments were invested at a rate equal to the yield on the 1987 Bonds, and (ii) any income attributable to such excess.

Section 17. All Ordinances and parts of Ordinances inconsistent herewith are hereby repealed to the extent of such inconsistencies.

Section 18. This Ordinance shall become effective immediately.

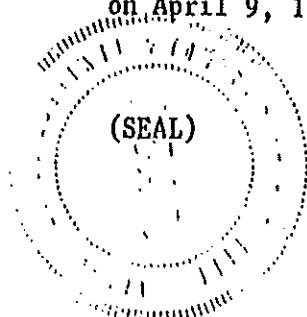
ORDAINED and enacted into law by the Board of Supervisors of Shenango Township this 9th day of April, 1987, in lawful session regularly assembled.

ATTEST:

Theresa K. Pace
Secretary

Joseph Skinsky
Board of Supervisors

I hereby certify the above to be a true and correct copy of Ordinance No. 21987 enacted and ordained by the Board of Supervisors of Shenango Township on April 9, 1987.



Theresa K. Pace
Secretary