

TOWNSHIP OF MIDDLESEX,
Cumberland County, Pennsylvania

ORDINANCE NO. 1-02

AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF THIS TOWNSHIP DETERMINING TO INCUR LEASE RENTAL DEBT IN THE MAXIMUM PRINCIPAL AMOUNT OF NINE MILLION NINE HUNDRED THIRTY-FIVE THOUSAND DOLLARS (\$9,935,000) TO BE EVIDENCED BY GUARANTEED REVENUE BONDS TO BE ISSUED BY MIDDLESEX TOWNSHIP MUNICIPAL AUTHORITY IN CONNECTION WITH THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS OF SAID AUTHORITY ISSUED IN CONNECTION WITH THE WATER AND SEWER SYSTEMS OWNED BY SAID AUTHORITY; AUTHORIZING AND APPROVING A GUARANTY AGREEMENT BY AND AMONG THIS TOWNSHIP, AS GUARANTOR, SAID AUTHORITY, AND THE TRUSTEE FOR SAID BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF SAID GUARANTY AGREEMENT; PROVIDING THAT THIS TOWNSHIP SHALL GUARANTY PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; SPECIFYING THE MAXIMUM AMOUNTS OF THE GUARANTY OBLIGATIONS OF THIS TOWNSHIP PURSUANT TO SAID GUARANTY AGREEMENT AND THE SOURCE OF PAYMENT OF SUCH GUARANTY OBLIGATIONS; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT OF SUCH GUARANTY OBLIGATIONS; PROVIDING FOR PROPER OFFICERS OF THIS TOWNSHIP TO TAKE ALL REQUIRED OR DESIRABLE RELATED ACTION AND TO EXECUTE ALL OTHER REQUIRED OR DESIRABLE DOCUMENTS; CREATING A SINKING FUND IN CONNECTION WITH SUCH GUARANTY OBLIGATIONS AND APPOINTING A SINKING FUND DEPOSITARY AND PAYING AGENT; AUTHORIZING PROCEEDINGS FOR THE APPROVAL OF SUCH LEASE RENTAL DEBT PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT; PROVIDING FOR THE EFFECTIVENESS OF THIS ORDINANCE; AND REPEALING ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES.

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

WHEREAS. Middlesex Township Municipal Authority (the "Authority") is a municipality authority existing under the Municipality Authorities Act 53 Pa. C.S. Ch. 56 (the "Authorities Act") of the Commonwealth; and

WHEREAS. The Authority and this Township have determined that the Authority shall undertake the refunding and retirement of the Refunded Original Bonds, as such phrase is defined in the Guaranty Agreement (hereinafter defined), heretofore issued in connection with the Sewer System and the Water System, as such phrases are defined in the Guaranty Agreement (hereinafter defined), by issuance of a series of guaranteed revenue bonds.

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

SECTION 1. This Township authorizes and requests the Authority to undertake such Refunding Project. Such Refunding Project is authorized by 53 Pa.C.S. §8241(b)(1) and (6) (reducing total debt service over the life of the series and adjusting lease rentals upon refunding of lease rental debt).

SECTION 2. This Township determines that the Authority shall incur debt, which shall be lease rental debt of this Township pursuant to the Act, in connection with such Refunding Project.

SECTION 3. Such debt will constitute lease rental debt of this Township pursuant to the Act. shall be in the aggregate principal amount of Nine Million Nine Hundred Thirty-five Thousand Dollars (\$9,935,000). shall be evidenced by obligations to be issued by the Authority under the Authorities Act and shall consist of a series of guaranteed revenue bonds, to be known generally as "Guaranteed Revenue Bonds - Series of 2002," dated as of March 1, 2002 (the "Series of 2002 Bonds"), which shall have the benefit of and shall be secured by the guaranty obligations of this Township pursuant to the Guaranty Agreement (hereinafter mentioned and identified).

SECTION 4. This Township specifies that the estimated remaining useful life of such Water System and Sewer System is at least 17 years.

SECTION 5. This Township, as guarantor, shall enter into a Guaranty Agreement, dated as of March 1, 2002 (the "Guaranty Agreement"), substantially in the form referred to in Section 6, with the Authority and Allfirst Bank (the "Trustee"), as trustee under a Trust Indenture, dated as of April 1, 1997, as amended and supplemented by a First Supplemental Indenture, to be dated as of March 1, 2002 (as so amended, the "Trust Indenture"), of the Authority, with respect to such Refunding Project and the Series of 2002 Bonds, under terms and provisions of which Guaranty Agreement this Township shall guaranty, unconditionally, for the benefit of the holders, from time to time, of the Series of 2002 Bonds, 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 Series of 2002 Bonds.

The Guaranty Agreement shall be for the life of the Series of 2002 Bonds and shall set forth terms, conditions, provisions, covenants and agreements to be observed by this Township, the Authority and the Trustee in relation to the Water System, as that phrase is defined in the Guaranty Agreement, and the Series of 2002 Bonds.

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 of this Township, respectively, are authorized and directed to prepare, to certify and to file the debt statement, as such phrase is defined in the Act, required by the Act, on behalf of this Township, and to prepare and to file any statements required by the Act that are necessary to qualify all or any portion of the debt of this Township for exclusion from the appropriate debt limit as self-liquidating or subsidized debt.

The Chairman or Vice Chairman of the Board of Supervisors and the Secretary of this Township are authorized and directed to prepare and to execute, or to authorize the auditors of this Township to prepare and to execute, an appropriate borrowing base certificate for filing with the Department of Community and Economic Development (the "Department") of the Commonwealth, as required by the Act.

SECTION 8. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary of this Township, as applicable, are authorized and directed to execute, to attest, to acknowledge and to deliver the Guaranty Agreement, on behalf of this Township, substantially in the form approved in Section 6; Subject, however, to applicable provisions of the Act.

SECTION 9. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary of this Township are authorized and directed to make application to the Department for approval with respect to the Guaranty Agreement, as required by the Act, and for approval with respect to the exclusion of such lease rental debt as self-liquidating debt; and in connection with such application, this Township shall pay to the Department the filing fee as required by the Act, the payment of which filing fee is authorized and approved.

SECTION 10. The guaranty obligations of this Township, with respect to the Series of 2002 Bonds, as set forth in the Guaranty Agreement in the form referred to in Section 6, which shall be payable, if and as necessary, semiannually, 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 11. The guaranty obligations of this Township, as set forth in Section 10, shall be payable from the tax and other general revenues of this Township.

SECTION 12. This Township shall covenant in the Guaranty Agreement and does hereby covenant to and with the Trustee, the Authority and the holders of the Series of 2002 Bonds that shall be Outstanding, as such term is defined in the Trust Indenture, that this Township: (1) shall include the Debt Service, as such phrase is defined in the Guaranty Agreement, 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) shall appropriate such amounts from its tax or other general revenues for payment to the Trustee of its obligations under the Guaranty Agreement; and (3) shall 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 such Debt Service with respect to the Series of 2002 Bonds for the Fiscal Years in which such amounts are payable, and shall appropriate and shall pay over to the Trustee 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 under the Trust Indenture, 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 Allfirst Bank, Harrisburg, Pennsylvania, is hereby appointed "sinking fund depository" and "paying agent," as such phrases are defined or applied in the Act, to the extent necessary with respect to obligations of this Township under the Guaranty Agreement with respect to such guaranty.

SECTION 13. 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 14. 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 15. This Ordinance shall become effective in accordance with provisions of the Act.

SECTION 16. 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 17. All other ordinances or parts of ordinances which are inconsistent herewith shall be and the same expressly are repealed.

IN WITNESS WHEREOF, we set our hands, this 25th day of January, 2002.

TOWNSHIP OF MIDDLESEX,
Cumberland County, Pennsylvania

By: Robert M. Eppley
(Vice) Chairman of the Board of
Supervisors

ATTEST:

Mary S. Just
(Assistant) Secretary

(SEAL)