

ORDINANCE NO. 1-92
BOROUGH OF HARRISVILLE
BUTLER COUNTY, PENNSYLVANIA

AN ORDINANCE AUTHORIZING THE BOROUGH OF HARRISVILLE TO INCUR LEASE RENTAL DEBT IN CONNECTION WITH THE ISSUANCE OF THE PINE-HARRISVILLE AUTHORITY GUARANTEED SEWER REVENUE BONDS, REFUNDING SERIES OF 1993, BY ENTERING INTO A FIRST SUPPLEMENTAL AGREEMENT OF LEASE WITH SAID AUTHORITY, CONSENTING TO THE ASSIGNMENT OF THE SUPPLEMENTAL LEASE, BY ENTERING INTO A FIRST SUPPLEMENTAL GUARANTY AGREEMENT WITH THE AUTHORITY, AUTHORIZING ALL FILINGS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT AND THE PERFORMING OF ALL ACTS NECESSARY AND PROPER UNDER SAID ACT AND THE BOROUGH CODE.

WHEREAS, the Pine-Harrisville Authority (the "Authority") has determined that it would be in the best interests of its customers to refund its outstanding Guaranteed Sewer Revenue Bonds, Series of 1986 (the "Series of 1986 Bonds") by issuing its Guaranteed Sewer Revenue Bonds, Refunding Series of 1993 (the "Series of 1993 Bonds") in order to adjust lease rentals by reducing total debt service over the life of the Bonds; and

WHEREAS, in order for the Authority to issue its Series of 1993 Bonds, certain action must be taken by the Borough;

NOW, THEREFORE, be it ordained and enacted by the Council of the Borough of Harrisville and it is hereby ordained and enacted by the authority of the same:

SECTION 1. That the Borough determines that the sewerage facilities acquired and constructed with the proceeds of the Series of 1986 Bonds have a realistic estimated useful life of forty-three (43) years. The Authority's Project consists of refunding its Series of 1986 Bonds.

SECTION 2. That \$715,950 is the aggregate principal amount of bonds of the Authority which will be secured by the lease

rentals provided for in the First Supplemental Agreement of Lease-I dated as of January 1, 1993 (the "First Supplemental Agreement of Lease-I"), being the first supplement to the Agreement of Lease-I dated as of January 1, 1986, between the Authority, as Lessor, and the Borough, as Lessee, covering said sewerage facilities and by the guaranty by the Borough of the debt service for the Authority's bonds provided for in the First Supplemental Guaranty Agreement-I dated as of January 1, 1993 (the "First Supplemental Guaranty Agreement-I"), being the first supplement to the Guaranty Agreement-I dated as of January 1, 1986, by and among the Authority, the Borough and Integra Trust Company, National Association, formerly First Seneca Bank, as Trustee for the Authority's bonds.

SECTION 3. That the debt to be incurred is lease rental debt, as that term is defined in the Local Government Unit Debt Act, as amended (the "Act").

SECTION 4. That the President of Council and the Borough Secretary are hereby authorized and directed to prepare a Borrowing Base Certificate pursuant to Section 102(c)(3) of the Act and the Borough Secretary is hereby authorized and directed to prepare, certify and file the Debt Statement required by Section 410 of the Act.

SECTION 5. That the form of the First Supplemental Agreement of Lease-I covering the sewerage facilities and providing for the payment of the rentals by the Borough, which rentals are set forth in the Schedule A attached hereto and made a part hereof, out of the receipts and revenues derived from the Author-

ity's Sewer System, which includes the sewerage facilities, and other current revenues of the Borough, presented and discussed at this meeting is approved by this Council and ordered filed with the records and minutes of the Borough.

SECTION 6. That the President of Council is hereby authorized and directed to execute and deliver said First Supplemental Agreement of Lease-I for and upon behalf of the Borough and the Borough Secretary shall attest the same and affix thereto the corporate seal of the Borough. The President of Council is further authorized and directed to execute the usual form of acknowledgment acknowledging said Supplemental Agreement of Lease to be the act and deed of the Borough.

SECTION 7. Council consents to the assignment by the Authority of its rights under the First Supplemental Agreement of Lease-I to Integra Trust Company, National Association, Trustee as aforesaid.

SECTION 8. That the form of the First Supplemental Guaranty Agreement-I, providing for the guarantee by the Borough from its tax and other general revenues of the payment of the principal of and interest and premium, if any, on the aforesaid bonds of the Authority as set forth in Schedule B attached hereto and made a part hereof, presented to and discussed at this meeting is approved by this Council and ordered filed with the records and minutes of the Borough.

SECTION 9. That the President of Council is hereby authorized and directed to execute and deliver said First Supplemental Guaranty Agreement-I for and upon behalf of the Borough, and the Borough Secretary shall attest the same and affix thereto the corporate seal of the Borough.

SECTION 10. That the Borough covenants with the holders from time to time of the Authority's bonds that it (i) shall include the amount of debt service as set forth in said Schedule B for each fiscal year in which such amounts are payable in its budget for that year, (ii) shall appropriate such amounts from its sewer revenues and, if necessary, its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from said revenues or any of its funds, the amount payable in respect of its guaranty, at the dates and places and in the manner stated in the First Supplemental Guaranty Agreement-I. according to the true intent and meaning thereof. For such budgeting, appropriation and payment in respect of its guaranty of the bonds of the Authority, it hereby pledges its full faith, credit and taxing power.

SECTION 11. The report of Joseph F. Goncz, Jr., P.E. of Goncz Engineering, Inc., prepared pursuant to Section 206 of the Act is hereby approved and it is authorized and directed that said report be filed with the Department of Community Affairs to exclude the bonds of the Authority from the net lease rental debt of the Borough.

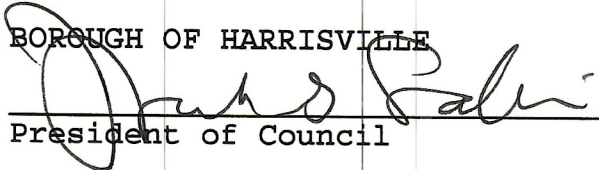
SECTION 12. In connection with the issuance by the Authority of its Series of 1993 Bonds, the Borough hereby allocates \$715,950 of said municipality's \$5,000,000 tax-exempt rebate exception limitation under Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code") to the Authority as a subordinate entity of said municipality pursuant to the allocation provision of Code Section 148(f)(4)(C)(iv) as added by the Technical and Miscellaneous Revenue Act of 1988, P.L. 100-647. The Borough hereby determines that the amount of the Code Section 148(f)(4)(C) limitation so allocated bears a reasonable relationship to the benefits received by said municipality from the aforementioned Bonds.

SECTION 13. The proper officers of the Borough are hereby authorized and directed to perform all other acts necessary and proper as required by the Act and the Borough Code in connection with the refunding.

SECTION 14. Any Ordinance or part thereof which may conflict herewith or be repealed hereby, be and the same is hereby repealed.

ORDAINED AND ENACTED into an ordinance this 7th day of December, 1992.

BOROUGH OF HARRISVILLE



President of Council

[SEAL]
Attest:




Borough Secretary

Approved this 7th day of December, 1992.

A handwritten signature in cursive script, appearing to read "Robert R. Maurer". The signature is written in black ink and is positioned above a horizontal line.

Mayor

Schedule A

Schedule of Rental Payments

The Borough shall pay to the Authority as rentals under the First Supplemental Agreement of Lease-I on each December 15 and June 15, beginning June 15, 1993, to and including December 15, 2010, the sum of (a) \$1,000 and (b) an amount equal to 55% of the lesser of (i) the average annual debt service requirements on bonds attributable to that portion of the Sewer System leased to the Borough pursuant to the First Supplemental Agreement of Lease-I or (ii) the current debt service requirements on such bonds, outstanding under the Indenture, after taking into consideration moneys on hand in the Authority's Debt Service Fund.

Schedule B
 Schedule of Principal and Interest Payments
 66.6% Borough

<u>Fiscal Year</u>	<u>January 1</u>	<u>July 1</u>	<u>Total</u>
1993	0	23,244.73	23,244.73
1994	26,574.73	23,182.13	49,756.86
1995	26,512.13	23,114.20	49,626.33
1996	26,444.20	23,042.27	49,486.47
1997	26,372.27	22,965.01	49,337.28
1998	26,295.01	22,879.76	49,174.77
1999	32,869.76	22,610.03	55,479.79
2000	65,900.03	21,397.91	87,297.94
2001	64,687.91	20,142.50	84,830.41
2002	63,432.50	18,832.80	82,276.30
2003	65,463.80	17,398.58	82,862.38
2004	67,348.58	15,800.18	83,148.76
2005	69,080.18	14,041.94	83,122.12
2006	73,981.94	12,019.30	86,001.24
2007	71,959.30	9,958.70	81,918.00
2008	76,558.70	7,669.66	84,228.36
2009	77,599.66	5,265.40	82,865.06
2010	78,525.40	2,747.25	81,272.65
2011	82,667.25	0	82,667.25

