

**BOROUGH OF MUNCY,  
Lycoming County, Pennsylvania**

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**ORDINANCE NO. \_\_**

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**INCURRING “LEASE RENTAL DEBT”, AS DEFINED IN THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$1,840,000, EVIDENCED BY ITS GUARANTY OF 46.0% OF THE PAYMENTS DUE UNDER THE GUARANTEED SEWER PROJECT NOTE, SERIES OF 2013, TO BE ISSUED BY WEST BRANCH REGIONAL AUTHORITY (WBRA), TO: (1) CURRENTLY REFUND WBRA’S GUARANTEED SEWER PROJECT NOTE, SERIES OF 2012, (2) PROVIDE ADDITIONAL INTERIM FINANCING TO CONSTRUCT PUBLIC SANITARY SEWER SYSTEM FACILITIES OF WBRA, INCLUDING A NEW REGIONAL WASTEWATER TREATMENT PLANT, AND (3) PAY RELATED EXPENSES; AUTHORIZING A GUARANTY AGREEMENT, BY AND AMONG THIS BOROUGH, THE BOROUGH OF MONTGOMERY, THE TOWNSHIP OF CLINTON, AND THE TOWNSHIP OF MUNCY CREEK, ALL IN LYCOMING COUNTY, PENNSYLVANIA, SEVERALLY (NOT JOINTLY), AS GUARANTORS, WBRA, AND A LENDER TO BE SELECTED BY WBRA, SECURING THE 2013 NOTE; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS BOROUGH IN SUPPORT OF ITS GUARANTY; APPOINTING A SINKING FUND DEPOSITORY IN CONNECTION WITH SUCH GUARANTY; AND AUTHORIZING RELATED ACTIONS AND DOCUMENTS.**

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

**WHEREAS**, West Branch Regional Authority (“WBRA”) is a municipality authority organized by the joint action of this Borough, the Borough of Montgomery, the Township of Clinton, and the Township of Muncy Creek, all in Lycoming County, Pennsylvania (“Montgomery Borough”, “Clinton Township” and “Muncy Creek Township”, respectively) (this Borough, Montgomery Borough, Clinton Township, and Muncy Creek Township are collectively referred to herein, from time to time, as the “Guarantors”), and existing under the Municipality Authorities Act, 53 Pa.C.S. Ch. 56, as amended and supplemented (the “Authorities Act”); and

**WHEREAS**, WBRA and the Guarantors determined that WBRA should undertake a project consisting of the design and construction of public sanitary sewer system facilities, including a new regional wastewater treatment plant (the “Sewer Project”), which will serve residents of this Borough, Montgomery Borough, Clinton Township, and Muncy Creek Township (the “Sewer System”); and

**WHEREAS**, WBRA issued its Guaranteed Sewer Project Note, Series of 2012, dated May 1, 2012, in the original maximum principal amount of \$2,000,000 (the “2012 Note”), which provided interim financing for design and related costs of the Sewer Project; and

**WHEREAS**, The 2012 Note is guaranteed, severally, by the Guarantors under the Guaranty Agreement, dated May 1, 2012, with WBRA and The Muncy Bank and Trust Company; and

**WHEREAS**, WBRA has determined to: (1) currently refund and retire the 2012 Note (the “Refunding Project”), (2) obtain additional interim financing for the Sewer Project, and (3) pay related costs and expenses (collectively, the “Project”), by issuing its Guaranteed Sewer Project Note, Series of 2013 (the “2013 Note”), in the maximum principal amount of \$4,000,000,

to a lender to be selected by WBRA (the “Lender”), on a draw-down, revolving line of credit basis;  
and

**WHEREAS,** This Borough, Montgomery Borough, Clinton Township, and Muncy Creek Township, severally (but not jointly), as guarantors, WBRA, and the Lender shall enter into a Guaranty Agreement (hereinafter defined), whereby the Guarantors shall guaranty their respective shares of the payments of the principal of and interest due on the 2013 Note, as described in the Guaranty Agreement.

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED,** by the Council of this Borough, as follows:

**SECTION 1.** This Borough authorizes and requests WBRA to undertake and to complete the Project.

**SECTION 2.** This Borough hereby incurs “lease rental debt” pursuant to the Debt Act, represented by the Guaranty Agreement, to enable WBRA to undertake the Project.

**SECTION 3.** Such debt shall be in the maximum principal amount of \$1,840,000, and shall be evidenced by this Borough’s 46.0% several (not joint) guaranty of all payments due on the 2013 Note. The guaranty obligations of the Guarantors on the 2013 Note shall be shared as follows: this Borough 46.0%, Montgomery Borough 25.3%, Clinton Township 18.7%, and Muncy Creek Township 10.0%, pursuant to the Guaranty Agreement (hereinafter defined).

**SECTION 4.** The initial principal installment payment date on the 2013 Note shall not be deferred beyond one (1) year after estimated completion of the Sewer Project, in accordance with Section 8142(c) of the Debt Act. The Refunding Project is authorized pursuant to

Section 8241(b)(4) of the Debt Act (extending debt to a later maturity), which constitutes the first refunding of the original 2012 Note of WBRA. This Borough specifies that the realistic estimated useful life of the facilities associated with the Sewer Project, which includes the facilities associated with the 2012 Note, will be at least forty (40) years. This Borough has reviewed cost estimates of the Project, which are at least \$28,461,349.

**SECTION 5.** This Borough, together with Montgomery Borough, Clinton Township, and Muncy Creek Township, as guarantors, shall enter into a Guaranty Agreement (the “Guaranty Agreement”), with WBRA and the Lender, under terms and provisions of which Guaranty Agreement the Guarantors shall each severally (but not jointly) guaranty (this Borough to the extent of 46.0%, Montgomery Borough to the extent of 25.3%, Clinton Township to the extent of 18.7%, and Muncy Creek Township to the extent of 10.0%, of all sums due under the 2013 Note), unconditionally, for the benefit of the Bank and any other holder, from time to time, of the 2013 Note, 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 2013 Note.

The Guaranty Agreement shall be for the life of the 2013 Note and shall set forth the terms, conditions, provisions, covenants, and agreements to be observed by the Guarantors (individually and collectively), WBRA, and the Lender in relation to the Sewer System.

**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 Borough

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

**SECTION 7.** This Borough shall covenant in the Guaranty Agreement and does hereby covenant to and with WBRA and the Lender and such other holder, from time to time, of the 2013 Note that this Borough: (i) shall include the Debt Service, as that phrase is defined in the Guaranty Agreement, payable in respect of its several guaranty pursuant to the Guaranty Agreement, for each Fiscal Year, as that phrase is defined in the Guaranty Agreement, in which such sums shall be payable, in its budget for that Fiscal Year; (ii) shall appropriate such amounts from its general revenues for payment of such several guaranty; and (iii) shall duly and punctually pay or cause to be paid from its sinking fund (hereinafter mentioned and identified) or any other of its revenues or funds the amount payable in respect of such several guaranty, at the dates and in the manner stated in the Guaranty Agreement, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment in respect of such several guaranty, this Borough shall and does pledge, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable.

For the purposes of complying with the foregoing covenant, this Borough covenants that it shall budget the amounts set forth in Exhibit "A" which is attached hereto and made part hereof, such amounts being this Borough's portion of the maximum Debt Service on the 2013 Note for the Fiscal Years in which such amounts are payable, and shall appropriate and shall pay over to the Lender such amounts; subject, however, to provisions of the Guaranty Agreement with respect to credit for sums that shall be available for such Debt Service, all as more fully set forth in the Guaranty Agreement.

This Borough 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 and, for such budgeting, appropriation and payment, it shall and does pledge, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable.

It shall be the intent and purpose of the Guaranty Agreement that this Borough shall be required to pay over to the Bank only that portion of such Debt Service that cannot be paid from other funds available for the purpose, as set forth in the Guaranty Agreement.

The phrase "Fiscal Year", as provided in the Guaranty Agreement and as used in this Ordinance and in Exhibit "A" which is attached hereto and made part hereof, shall mean the fiscal year of each of the Guarantors.

**SECTION 8.** The maximum guaranty obligations of this Borough with respect to the 2013 Note are set forth in Exhibit "A" which is attached hereto and made part hereof.

**SECTION 9.** The guaranty obligations of this Borough under the Guaranty Agreement shall be payable from the tax and other general revenues of this Borough.

**SECTION 10.** This Borough hereby creates and establishes a "sinking fund", as such phrase is defined or applied in the Debt Act, with respect to its several guaranty obligations

under the Guaranty Agreement with respect to such several guaranty, and The Muncy Bank and Trust Company, with an office in Muncy, Pennsylvania, is hereby appointed “sinking fund depository” and “paying agent”, as such phrases are defined or applied in the Debt Act, with respect to obligations of this Borough under the Guaranty Agreement.

**SECTION 11.** The President or Vice President of the Council and the Secretary or Assistant Secretary, respectively, of this Borough, as appropriate, are authorized and directed to prepare, to certify and to file with the Department the debt statement, as such phrase is defined in the Debt Act, required by Section 8110 of the Debt Act, on behalf of this Borough.

The President or Vice President of the Council and the Secretary or Assistant Secretary, respectively, of this Borough, as appropriate, are authorized and directed to prepare and to execute a borrowing base certificate for this Borough to be appended to such debt statement, as required by the Debt Act.

**SECTION 12.** The President or Vice President of the Council and the Secretary or Assistant Secretary, respectively, of this Borough, as appropriate, are authorized and directed to prepare and to file appropriate statements required by Section 8026 of the Debt Act that are necessary to qualify all or any portion of the lease rental debt of this Borough that is subject to exclusion as self-liquidating debt for exclusion from the appropriate debt limit as self-liquidating debt.

**SECTION 13.** The President or Vice President of the Council and the Secretary or Assistant Secretary, respectively, of this Borough, as appropriate, are authorized and directed to execute, to attest and to deliver the Guaranty Agreement on behalf of this Borough; subject, however, to compliance with the Debt Act.

**SECTION 14.** The President or Vice President of the Council and the Secretary or Assistant Secretary, respectively, of this Borough, as appropriate, are authorized and directed to make application to the Department for approval with respect to the Guaranty Agreement, as required by Section 8111(b) of the Debt Act; and, in connection with such application, this Borough shall pay or shall cause to be paid to the Department the filing fee as required by Section 8203 of the Debt Act, the payment of which filing fee is authorized and approved.

**SECTION 15.** Proper officers and agents of this Borough, as appropriate, 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 Borough under the Guaranty Agreement.

**SECTION 16.** Reference in this Ordinance to specified officers of this Borough 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 Section 8003 of the Debt 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 Borough that such remainder shall be and shall remain in full force and effect.

**SECTION 19.** All ordinances or parts of ordinances that are inconsistent herewith shall be and the same expressly are repealed.



**DULY ENACTED AND ORDAINED**, this \_\_\_ day of \_\_\_\_\_, 2013, by  
the Council of this Borough, in lawful session duly assembled.

BOROUGH OF MUNCY,  
Lycoming County, Pennsylvania

By: \_\_\_\_\_  
(Vice) President of the Council

ATTEST:

\_\_\_\_\_  
Secretary

(SEAL)

DULY EXAMINED AND APPROVED this \_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Mayor of the Borough of Muncy

**EXHIBIT "A"**

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The maximum Debt Service on the 2013 Note being issued by WBRA payable by this Borough in respect of its guaranty (maximum principal amount of \$1,840,000), is as follows:

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SEE FOLLOWING PAGES<sup>1</sup>

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<sup>1</sup> Assumes the following: (1) the entire principal amount of the Note is advanced on June 18, 2013; (2) the Note bears interest at the maximum rate of 3.50%; (3) interest only payments are due quarterly, on March 1, June 1, September 1 and December 1 of each year, and upon maturity of the Note on June 1, 2016, on which date the entire principal amount and accrued interest are payable in full.

WBRA Guaranteed Sewer Project Note, Series of 2013 (Muncy Borough portion)

Compound Period: Quarterly

Nominal Annual Rate: 3.500 % (maximum rate)

CASH FLOW DATA

	<b>Event</b>	<b>Date</b>	<b>Amount</b>	<b>Number</b>	<b>Period</b>	<b>End Date</b>
1	Loan	06/18/2013	1,840,000.00	1		
2	Payment	09/01/2013	Interest Only	11	Quarterly	03/01/2016
3	Payment	06/01/2016	1,856,100.00	1		

AMORTIZATION SCHEDULE - Normal Amortization

	<b>Date</b>	<b>Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
Loan	06/18/2013				1,840,000.00
1	09/01/2013	13,232.88	13,232.88	0.00	1,840,000.00
2	12/01/2013	16,100.00	16,100.00	0.00	1,840,000.00
2013 Totals		29,332.88	29,332.88	0.00	
3	03/01/2014	16,100.00	16,100.00	0.00	1,840,000.00
4	06/01/2014	16,100.00	16,100.00	0.00	1,840,000.00
5	09/01/2014	16,100.00	16,100.00	0.00	1,840,000.00
6	12/01/2014	16,100.00	16,100.00	0.00	1,840,000.00
2014 Totals		64,400.00	64,400.00	0.00	
7	03/01/2015	16,100.00	16,100.00	0.00	1,840,000.00
8	06/01/2015	16,100.00	16,100.00	0.00	1,840,000.00
9	09/01/2015	16,100.00	16,100.00	0.00	1,840,000.00
10	12/01/2015	16,100.00	16,100.00	0.00	1,840,000.00
2015 Totals		64,400.00	64,400.00	0.00	
11	03/01/2016	16,100.00	16,100.00	0.00	1,840,000.00
12	06/01/2016	1,856,100.00	16,100.00	1,840,000.00	0.00
2016 Totals		1,872,200.00	32,200.00	1,840,000.00	
Grand Totals		2,030,332.88	190,332.88	1,840,000.00	

**CERTIFICATE**

I, the undersigned, Secretary of the Borough of Muncy, in Lycoming County, Pennsylvania (the "Borough"), certify that: the foregoing is a true and correct copy of an Ordinance which was duly enacted by the Council of the Borough, in accordance with law, at a meeting duly held on \_\_\_\_\_, 2013, at which meeting a quorum was present; said Ordinance was duly examined and approved by the Mayor of the Borough on \_\_\_\_\_, 2013; said Ordinance has been certified and recorded by me, as Secretary of the Borough, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 2013-\_\_; presently, the total number of members of the Council of the Borough is seven (7); the vote of the members of the Council of the Borough, upon enactment of said Ordinance, the yeas and nays having been called, duly was recorded by me, as Secretary, as follows:

Richard Baker	-
Galen Betzer	-
Matilda Noviello	-
Elaine McAleer	-
Dana Bertin	-
John Ort	-
Linda Stein	- ;

said Ordinance has been advertised (both before and after enactment), as required by law, in a proper newspaper of general circulation in the Borough; and said Ordinance has not been amended, altered or repealed as of the date of this Certificate.

I further certify that the Council of the Borough met the advance notice and public comment requirements of the Sunshine Act, 65 Pa.C.S. Ch. 7, by advertising said meeting, by posting prominently a notice of said meeting at the principal office of the Borough or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting, all in accordance with such Act.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Borough, this \_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Secretary

(SEAL)