

SMITHFIELD SEWER AUTHORITY,
MONROE COUNTY, PENNSYLVANIA

RESOLUTION 1-1989

A RESOLUTION INCREASING THE INDEBTEDNESS OF OF THE SMITHFIELD SEWER AUTHORITY, COUNTY OF MONROE, COMMONWEALTH OF PENNSYLVANIA, BY THE ISSUANCE OF A GENERAL OBLIGATION NOTE IN AN AMOUNT NOT TO EXCEED \$3,200,000.00 FOR SUNDRY PURPOSES; FIXING THE FORM, NUMBER, DATE, INTEREST, AND MATURITY THEREOF; MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE NOTE; AND AUTHORIZING EXECUTION, SALE AND DELIVERY THEREOF.

WHEREAS, it is necessary that the indebtedness of the Smithfield Sewer Authority, Monroe County, Pennsylvania, be increased to finance the debt necessary for the cost of engineering, acquiring certain rights-of-way, reimbursement to Smithfield Township for costs previously incurred by the Township for the sewer project and other legal expenses associated with said project in Smithfield Township, including costs of issuance of said Note; and

WHEREAS, the Sewer Authority desires to authorize execution, sale and delivery of the said Note after fixing the form, number, date, interest and maturity thereof.

NOW, THEREFORE, BE IT RESOLVED by the Smithfield Sewer Authority, Monroe County, Pennsylvania as follows:

Section 1. The aggregate principal amount of the Note of the Smithfield Sewer Authority, County of Monroe, and Commonwealth of Pennsylvania proposed to be issued is an amount not to exceed \$3,200,000.00.

Section 2. Said indebtedness shall be evidenced by one General Obligation Note, in registered form, designated as bank eligible, in the principal sum not to exceed \$3,200,000.00 dated and bearing interest from the earliest date of possible issue of said note at the interest rate of 6.98% per annum payable at the end of the term of said Note, with the entire principal amount and any unpaid accumulated interest due 24 months from the date of this Note, at which time said Note shall fully mature.

The Smithfield Sewer Authority reserves the right to anticipate any or all installments of principal or any payment of interest at any time to the respective payment dates thereof, without notice or penalty.

The principal and interest of said Note shall be payable at the office of First Eastern Bank, N.A., 639 Main Street, Stroudsburg, Pennsylvania, or any other designated location as hereinafter provided.

Section 3. The said Note is hereby declared to be a general obligation of the Smithfield Sewer Authority. The Smithfield Sewer Authority hereby covenants that the Authority shall include the amount of the debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts to the payment of said debt service; and shall duly and punctually pay or cause to be paid the principal of the Note and the interest accumulated

thereon at the date and places and in the manner stated in the Note according to the true intent and meaning thereof.

The amounts which Smithfield Sewer Authority hereby covenants to pay in the following fiscal year in which the Note is due, on the basis of the interest rate of 6.98% per annum.

Section 4. The form of said Note shall be substantially as set forth in Exhibit "A" attached hereto and made a part hereof.

Section 5. The said Note shall be executed in the name and under the corporate seal of the Smithfield Sewer Authority by the Chairman, Secretary and Treasurer of the Smithfield Sewer Authority. The Treasurer is hereby authorized and directed to deliver said Note to First Eastern Bank, N.A. and receive payment therefor on behalf of the Smithfield Sewer Authority.

Section 6. The Treasurer is hereby directed to deposit with First Eastern Bank, N.A. sufficient amounts for payment of principal and interest on the obligation no later than the date upon which such payments shall become due.

Section 7. The General Obligation Note in the amount not to exceed \$3,200,000.00 herein authorized to be issued and sold, is hereby awarded and sold to First Eastern Bank, N.A. in accordance with its proposal to purchase said Note at par; provided the said Note is dated the date of delivery thereof to First Eastern Bank, N.A. in the form as set forth in

Exhibit "A". The members of the Smithfield Sewer Authority have determined that a private sale by negotiation rather than a public sale is in the best financial interest of the Smithfield Sewer Authority and therefore, the Authority awards the General Obligation Note as hereinbefore provided.

Section 8. The Authority hereby covenants with the holders of the Notes, that no part of the proceeds of the Notes shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would cause any of the Notes to be "arbitrage bonds," as defined in Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code") or any regulations thereunder or applicable similar provisions or successor laws, and the regulations thereunder, or which for any reason would cause any of the Notes to become an obligation the interest on which is not excludable from gross income for federal income tax purposes.

Section 9. In order to ensure that the holders of the Notes, if they are financial institutions, will not be subject to certain provisions of the Code, as a result of acquiring and carrying the Notes, the Board of this Authority hereby designates the Notes as "qualified tax-exempt obligations", within the meaning of Section 265(b)(3)(B) of the Code, and the Board hereby covenants with holders of the Notes that it will take such steps which may be necessary to cause the Notes to continue to be obligations described in such paragraph during

the period during which the Notes are outstanding. The Board further agrees that it will take such steps as may be necessary to ensure compliance with any similar provision contained in any other federal income tax legislation enacted while the Notes are outstanding. The Board also represents that it has not, and covenants it will not, without prior written consent of the holders of all the Notes, designate obligations other than the Notes as "qualified tax-exempt obligations" which, when combined with the Notes, will result in more than \$10,000.00 of obligations which have been designated by the Board and its "subordinate entities", as defined in the Code, as "qualified tax-exempt obligations" having been issued during this calendar year.

Section 10. All Resolutions or parts of Resolutions not in accord with this Resolution are hereby repealed insofar as they conflict herewith.

Adopted this 18th day of April 1989.

I, Mariann E. Higgins, Secretary of the Smithfield Sewer Authority, hereby certifies that the attached is a true and correct copy of a Resolution adopted by the members of the Smithfield Township Sewer Authority on April 18, 1989 at a Special Meeting of said Authority.


MARIANNE HIGGINS

