

SMITHFIELD SEWER AUTHORITY,
MONROE COUNTY, PENNSYLVANIA

RESOLUTION 1-1992

A RESOLUTION AUTHORIZING THE INCURRENCE OF THE INDEBTEDNESS BY SMITHFIELD SEWER AUTHORITY, COUNTY OF MONROE, COMMONWEALTH OF PENNSYLVANIA, BY THE ISSUANCE OF GRANT ANTICIPATION NOTES IN AN AGGREGATE AMOUNT EQUAL TO \$910,000.00; FIXING THE FORM, NUMBER, DATE, INTEREST, AND MATURITY THEREOF; MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE NOTES; AUTHORIZING EXECUTION, SALE AND DELIVERY THEREOF; APPOINTING A FISCAL AGENT FOR THE NOTES; APPROVING A PROPOSAL FOR THE PLACEMENT OF THE NOTES; RATIFYING USE OF PRELIMINARY PRIVATE PLACEMENT MEMORANDUM AND AUTHORIZING EXECUTION OF A FINAL PRIVATE PLACEMENT MEMORANDUM; REQUESTING THE FISCAL AGENT TO AUTHENTICATE THE NOTES; APPROVING ALL OTHER ACTIONS PERTAINING TO THE ISSUANCE, DELIVERY AND SALE OF THE NOTES; AUTHORIZING AUTHORITY OFFICERS TO EXECUTE AND DELIVER ALL NECESSARY DOCUMENTS.

WHEREAS, the Smithfield Sewer Authority, Monroe County, Pennsylvania (the "Authority"), a body corporate and politic and a government instrumentality duly organized pursuant to the Municipalities Authorities Act of 1945, as amended and supplemented (the "Act"), previously issued its \$5,455,000 aggregate principal amount of Guaranteed Sewer Revenue Bonds, Series of 1991 (the "Bonds") pursuant to a Trust Indenture dated as of January 15, 1991 (the "Indenture") between the Authority and Northeastern Bank of Pennsylvania, as trustee, in order to finance certain costs related to a project (the "Project"), including but not limited to paying the costs of constructing, holding, improving, maintaining, operating and owning a sewage treatment facility and the related sewers and sewer systems and the properties and assets related thereto in Monroe County and to undertake all activities useful in relation thereto including but not limited to engineering costs, costs of acquiring certain

rights-of-way, reimbursing Smithfield Township for costs previously incurred by the Township for the Project and paying other legal expenses associated with the Project in Monroe County; and

WHEREAS, additional costs of the Project are to be paid from proceeds of certain grants (the "Grant") from the United States of America acting through the Environmental Protection Agency ("EPA"), a portion of which Grant moneys have now been received by the Authority; and

WHEREAS, pending receipt of all additional Grant moneys, the Authority desires to incur indebtedness in the form of Grant Anticipation Notes, Series of 1992, as more specifically described in Section 1 hereof (the "Notes"), such Notes to be payable from proceeds of the Grant when and as received, together with excess moneys, if any, on deposit in the Bond Redemption and Improvement Fund established under the Indenture; and

WHEREAS, the Authority desires to authorize execution, sale and delivery of the Notes after fixing the form, number, date, interest and maturity thereof; and

WHEREAS, a proposal in the form of a note placement contract dated September 14, 1992 (the "Placement Contract") has been submitted by W.H. Newbold's Son & Co., on behalf of itself (the "Placement Agent") (a copy of which is attached hereto) to privately place the Notes upon the terms and conditions set forth in the proposal and to fix the rate of interest on the Notes in accordance with said proposal; and

WHEREAS, the Authority has determined that it is in the best interest of said Authority (i) to accept the Placement Agent's proposal; (ii) to issue the Notes; (iii) to set the maturity of the Notes as March 1, 1994; (iv) to take certain related action in connection with the issuance and of the Notes.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE SMITHFIELD SEWER AUTHORITY MONROE COUNTY, PENNSYLVANIA AS FOLLOWS:

Section 1. The aggregate principal amount of the Grant Anticipation Notes, Series of 1992 of the Smithfield Sewer Authority (the "Authority") proposed to be issued is an amount equal to \$910,000.00.

Section 2. Said indebtedness shall be evidenced by one or more Grant Anticipation Notes, Series of 1992 in registered form, in the aggregate principal amount of \$910,000 dated September 1, 1992 and bearing interest from September 1, 1992 (or if requested in writing by the Placement Agent, bearing interest from the date of delivery of the Notes without accrued interest) at the interest rate of 4.5% per annum, payable semiannually on March 1, 1993, September 1, 1993 and the maturity date of March 1, 1994 (unless the Notes are redeemed prior to maturity) with the entire principal amount of the Notes due and payable on March 1, 1994. The Notes shall be issuable, and exchangeable at the principal corporate trust office of the fiscal agent identified in Section 3 below (the "Fiscal Agent"), in denominations of \$100,000 or any integral of \$5,000 in excess of \$100,000.

The Notes shall be subject to optional redemption by

the Authority at any time on or after September 1, 1993, as a whole or in part by any method deemed fair and reasonable by the Fiscal Agent at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued interest to the date of redemption.

Section 3. The Authority hereby appoints Northeastern Bank of Pennsylvania, Scranton, Pennsylvania to act as Fiscal Agent for the Notes upon the terms and conditions set forth in the Placement Contract attached hereto. Interest on the Notes shall be payable by draft or check of the Fiscal Agent, mailed to the registered owners of the Notes at the addresses of the registered owners as shown on the Note Registry to be maintained by the Fiscal Agent for such purposes. Principal of the Notes shall be payable at the principal corporate trust office of the Fiscal Agent in Scranton, Pennsylvania, or any other designated location as hereinafter provided.

Section 4. The said Notes are limited obligations of the Authority, payable solely from the sources described in Section 6 below. The Authority shall duly and punctually pay or cause to be paid the principal of the Notes and the interest accumulated thereon at the date and places and in the manner stated herein and in the Notes according to the true intent and meaning hereof and thereof.

Section 5. The form of said Notes shall be substantially as set forth in Exhibit "A" attached hereto and made a part hereof.

Section 6. As permitted by Section 3.05 of the Indenture, the Notes shall be payable solely from proceeds of the Grant received by the Authority and from excess moneys on deposit in the Bond Redemption and Improvement Fund established under the Indenture. So long as the Notes remain outstanding, the Authority covenants to the holders of the Notes that it will not pledge or encumber the Grant or moneys in the Bond Redemption and Improvement Fund to any other party. Upon a failure to pay the Notes on any payment date thereof, holders of the Notes shall be entitled to all remedies provided by the Act.

Section 7. The members of the Authority have determined that a private placement and sale by negotiation rather than a public sale is in the best financial interest of the Authority and therefore, the proposal of the Placement Agent for the private placement of the Notes is hereby accepted, upon the terms and conditions set forth in the Placement Contract.

Section 8. The Authority hereby designates the Notes as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), for the purpose of ensuring any holders of the Notes, who qualify as financial institutions within the meaning of Section 265(b)(5) of the Code, that they will not be subject to the disallowance of certain deductions for carrying charges under Section 265(b)(1) of the Code. In connection with such designation, the Authority hereby covenants that: (i) it will not at any time while the Notes are outstanding take any

action that will result in the Notes failing to constitute a "qualified tax-exempt obligation"; and (ii) neither it nor any entities subordinate thereto will designate any obligations other than the Notes as a "qualified tax-exempt obligation" if such obligations, when combined with the Notes, will result in the designation by the Authority and entities subordinate thereto of more than \$10,000,000 of obligations as "qualified tax-exempt obligations" during this calendar year, unless it receives an opinion of a nationally recognized bond counsel or a ruling from the Internal Revenue Service to the effect that any such additional designation will not result in the Notes failing to constitute a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code.

Section 9. The Authority hereby ratifies the use by the Placement Agent of the Preliminary Private Placement Memorandum distributed September 10, 1992 and authorizes the use of a Final Private Placement Memorandum in connection with the private placement and sale of the Notes in such form as may be approved by the officer of the Authority executing the same, execution of the Final Private Placement Memorandum on behalf of the Authority by said officer to be conclusive evidence of such approval.

Section 10. The Chairman or Vice Chairman of the Authority is hereby authorized and directed to execute (or to cause to be executed with his facsimile signature) the Notes and the Secretary or Assistant Secretary of the Authority is hereby authorized and directed to affix the seal (or a facsimile

thereof) of the Authority to the Notes and to attest the same with his signature or a facsimile thereof, and when so executed, sealed and attested, to deliver the same to the Fiscal Agent for authentication.

Section 11. The Fiscal Agent is hereby requested to authenticate the Notes upon the order of the Chairman and Secretary of the Authority and to deliver said Notes to or upon the order of the Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority.

Section 12. The proper officers of the Authority are, and each of them acting singly is, hereby authorized, empowered and directed to take all such further action and execute such additional documents, including but not limited to a Tax Certificate and Agreement, as they and each of them deem advisable to carry out the purposes of this Resolution and all actions heretofore taken by such officers consistent with the purposes and intent of the foregoing resolutions are hereby ratified and approved.

Section 13. All resolutions previously adopted by the Authority in connection with the Notes are hereby repealed in all respects insofar as they are inconsistent with the foregoing.

Section 14. This Resolution may be amended and/or restated by the Authority prior to delivery of the Notes if necessary or desirable, in the reasonable opinion of the Authority, in order to fully provide for any additional final terms of the Notes.

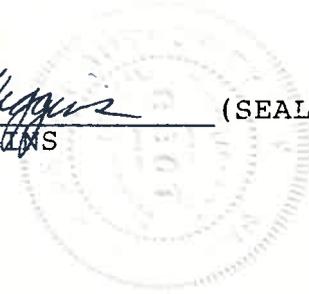
Section 15. This Resolution shall take effect immediately.

SMITHFIELD SEWER AUTHORITY

By: 
Chairman

Dated: September 14, 1992

I, Marianne Higgins, Secretary of the Smithfield Sewer Authority, hereby certify that the attached is a true and correct copy of a Resolution adopted by the members of the Smithfield Township Sewer Authority on September 14, 1992 at a special Meeting of said Authority.


Marianne Higgins (SEAL)
MARIANNE HIGGINS

Registered
No. _____

EXHIBIT A

UNITED STATES OF AMERICA

SMITHFIELD SEWER AUTHORITY
MONROE COUNTY

COMMONWEALTH OF PENNSYLVANIA

GRANT ANTICIPATION NOTE, SERIES OF 1992

<u>Registered Owner</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%
<u>Maturity Date</u>	<u>Issue Date</u>	<u>CUSIP No.</u>
March 1, 1994	September __, 1992	

Smithfield Sewer Authority, a body corporate and politic of the Commonwealth of Pennsylvania (the "Authority"), for value received hereby promises to pay, but only from the sources hereinafter referred to, to the Registered Owner specified above, or registered assigns, upon surrender hereof, the Principal Amount specified above, in such coin or currency as at the time and place of payment shall be legal tender for the payment of public and private debts on March 1, 1994 and pay to the registered owner hereof interest on said principal sum (computed on the basis of a 360-day year) from the date of authentication at the rate per annum stated above, until the aforementioned maturity date. The principal of this Note is payable at the principal corporate trust office of Northeastern Bank of Pennsylvania in Scranton, Pennsylvania (the "Fiscal Agent"), or its successor as fiscal agent under the Resolution hereinafter mentioned. Interest hereon is payable by draft or check of the Fiscal Agent, mailed to the registered owner hereof on March 1, 1993, September 1, 1993 and the maturity date of March 1, 1994 (unless this Note is redeemed prior to maturity) at the address of such registered owner as shown on the Note Registry maintained for such purpose under the provisions of the Resolution, without deduction for any tax or taxes (except gift, estate, succession or inheritance taxes, or any other taxes not levied directly on the Note, the transfer thereof, the income therefrom, or the realization of profits on the sale thereof), which the Authority or the Treasurer thereof may be required to pay thereon or retain therefrom under or pursuant to any present or future law of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the Authority assumes and agrees to pay the Registered Owner.

This Note is entitled Grant Anticipation Note, Series of 1992 of the Authority (the "Note"), issued for the purpose of providing funds for the payment of (i) the costs related to a sewer project, including but not limited to constructing, holding, improving, maintaining, operating, and owning a sewage treatment facility and the related sewers and sewer system and the properties and assets related thereto in Monroe County and to undertake all activities useful in relation thereto including, but not limited to, engineering costs, acquiring certain rights-of-way, reimbursing Smithfield Township for costs previously incurred by the Township for the sewer project and paying other legal expenses associated with said project in Monroe County; and (ii) the costs of issuance of the Note.

This Note is one of a series of Grant Anticipation Notes, Series of 1992 issued in the aggregate principal amount of \$910,000 in Authorized Denominations of \$100,000 and integral multiples of \$5,000 in excess of \$100,000, pursuant to a Resolution duly enacted by the Authority on September __, 1992 (the "Note Resolution"). Reference is hereby made to the Note Resolution and to the Pennsylvania Municipality Authorities Act, 53 P.S. § 301 et seq., for a complete statement of the rights and limitations of rights of the holder of the Notes, to all of which, the holder hereof, by acceptance of this Note, assents.

Neither the taxing power of the Commonwealth of Pennsylvania, the Township of Smithfield or any other political subdivision is pledged for the payment of this Note or the interest hereon, nor does this Note or the interest hereon constitute a liability or obligation of the Commonwealth of Pennsylvania, the Township of Smithfield or any other political subdivision. This Note, and the interest hereon, are payable from any grant money to be received from the United States Environmental Protection Agency in respect of the Authority's sewer system and from certain excess moneys contained in the Bond Redemption and Improvement Fund established pursuant to the trust indenture dated as of January 15, 1991 (the "Indenture") between the Authority and Northeastern Bank of Pennsylvania, as Trustee (the "Trustee") securing the Authority's Guaranteed Sewer Revenue Bonds, Series of 1991, in the original principal amount of \$5,545,000 (the "Series 1991 Bonds"). The Notes are not secured by, or payable from, any other revenues of the Authority or other funds or accounts established under the Indenture and are not otherwise secured by revenues or other assets pledged as security for the Series 1991 Bonds.

As provided in the Note Resolution, the Notes shall be subject to redemption on or after _____, 1993, at the option of the Authority prior to its stated maturity, in whole or in part at any time by any method deemed fair and reasonable by the Fiscal Agent at a redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Any such redemption shall be made on notice of redemption, which shall be conclusively presumed to have been given when mailed at least 15 days prior to the date proposed for redemption by first class mail to the registered owners of the Notes to be redeemed, as the applicable address appears in the Note Registry; provided, however, that failure to mail such notice to the registered owner or any defect in the notice so mailed or in the mailing thereof shall affect neither the validity of the proceedings for redemption nor the validity of the notice of redemption for any other Note. If the Authority shall have duly given notice of redemption, subject as aforesaid, and funds shall have been provided for the payment of the principal amount hereof plus accrued interest to the date fixed for redemption, this Note shall cease to accrue interest after the date for redemption.

If the date for payment of the principal of or interest on this Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the corporate trust office of the Fiscal Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

The Authority, solely for the convenience of the holder of the Notes, has caused a CUSIP (Committee on Uniform Security Identification Procedures) number to be printed on the Notes. No representation is made as to the accuracy of said numbers, either as printed on the Note or as contained in any notice of prepayment, and the Authority shall have no liability of any sort with respect thereto. Reliance with respect to any redemption notices with respect to the Notes may be placed only on the identification numbers **prefixed with R-** printed hereon.

Upon any of the defaults specified in the Act with respect to the Notes, the principal of such Notes then outstanding may be declared or become due and payable in the manner and with the effect provided in the Act and the Note Resolution. Upon the curing of any default, the Fiscal Agent or the holders of the Notes then outstanding may waive such default and its consequences, and such waiver shall be binding upon the Fiscal Agent and upon such holders of the Notes. The registered owner of this Note shall have no right to enforce the provisions of this Note, the Note Resolution or the Act, except as provided in the Act.

The Authority has in the Note Resolution elected under and for the purpose of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), to designate the Notes as a "Qualified Tax-Exempt Obligation" as such term is

defined in Section 265(b)(3)(B) of the Code.

This Note is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal corporate trust office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Note Resolution, and upon surrender and cancellation of this Note. This Note may be transferred upon the Note Registry upon delivery to the Fiscal Agent of the Note, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Fiscal Agent, duly executed by the owner of the Notes to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Note, along with the social security number or federal employer identification number of such transferee and, if such transferee is a trust, the name and social security or federal employer identification number and date of the trust and the name of the trustee. In all cases of the transfer of the Notes, the Fiscal Agent shall enter the transfer of ownership on the Note Registry and shall authenticate and deliver in the name of the transferee or transferees one (1) or more new fully registered Notes of the same maturity and interest rate, in Authorized Denominations and for the same aggregate principal amount as the Note surrendered, at the earliest practicable time, in accordance with the provisions of the Resolution. The Authority or the Fiscal Agent may charge the owner of such Note for every such transfer of the Note an amount sufficient to pay any tax, fee, or other governmental charge required to be paid with respect to such transfer, and may require that such amount be paid before any such new Note shall be delivered.

The Authority and the Fiscal Agent shall not be required (a) to issue or transfer this Note during the period from the date it is determined that this Note should be prepaid to the date of mailing the related notice of redemption, or (b) to transfer this Note if called for redemption.

The Authority and the Fiscal Agent may deem and treat the registered owner of this Note as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest hereon, and for all other purposes, and neither the Authority nor the Fiscal Agent shall be affected by any notice to the contrary.

No covenant or agreement contained in this Note or the Note Resolution shall be deemed to be a covenant or agreement of any officer, agent or employee of the Authority in his individual capacity, and no official executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

All actions have been duly taken and conditions have been fulfilled which are requisite in connection with the issuance of this Note, and in the creation of the debt of which this is evidence. The debt represented by this Note does not exceed any constitutional or statutory limitation.

This Note shall not be valid or binding for any purpose until this Note shall have been authenticated by the Fiscal Agent or its successor as such, by execution of the Certificate of Authentication set forth below.

IN WITNESS WHEREOF, the Smithfield Sewer Authority has caused this Note to be duly executed on its behalf by the signatures of its duly authorized officers, the corporate seal of the Authority to be hereon imprinted and duly attested and this Note to be dated as first set forth above.

SMITHFIELD SEWER AUTHORITY

By: _____
Chairman

(SEAL)

Attest: *Marianne Higgins*
Secretary

FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION

This Note is one of the Grant Anticipation Notes, Series of 1992 described in the within-mentioned Resolution which has been authenticated by this bank as Fiscal Agent. An executed opinion of Morgan, Lewis & Bockius, Philadelphia, Pennsylvania was delivered on and dated the date of the original delivery of and payment for the Note and is on file with the undersigned.

NORTHEASTERN BANK OF PENNSYLVANIA,
as Fiscal Agent

By: _____

Date: September __, 1992

W.H. Newbold's Son & Co.
Division of Fahnestock & Co. Inc.
225 N. Washington Ave.
Park Plaza, Suite 5
Scranton, PA 18503
(800) 225-3125
(717) 969-3128 FAX

Members of All
Principal Exchanges

SMITHFIELD SEWER AUTHORITY
Monroe County, Pennsylvania
\$910,000 aggregate principal amount,
4.50% Grant Anticipation Notes, Series of 1992

NOTE PLACEMENT CONTRACT

September 14, 1992

Authority Members
Smithfield Sewer Authority
R.D. #5
East Stroudsburg, Pennsylvania 18301

Dear Authority Members:

W. H. NEWBOLD'S SON & CO., A division of Fahnestock & Co. Inc. (the "Placement Agent"), acting not as fiduciary, advisor or agent for you, but on its own behalf, DOES hereby OFFER AND AGREE TO PRIVATELY PLACE on a "BEST EFFORT BASIS" and the Smithfield Sewer Authority, Monroe County, Pennsylvania (the "Authority"), upon due execution and delivery of this Note Placement Contract (the "Placement Contract") by properly authorized officers on or before 11:59 p.m., prevailing local time, on September 14, 1992 DOES hereby ACCEPT AND AGREE TO SELL, all or less than all, of its above-described 4.50% GRANT ANTICIPATION NOTES, SERIES OF 1992, dated the date, maturing on the date in the amount, bearing interest at the rate, redeemable at the time and in the amount, according to and all as further DESCRIBED IN THE MATURITY SCHEDULE (and accompanying debt service schedule) attached to this Placement Contract as Exhibit A, and by reference incorporated herein (the "Notes"), for a purchase price of 100.00% of the par value of all the Notes, plus accrued interest to the date of delivery (the "Purchase Price"), AND TO DELIVER THE SAME, consisting of several instruments not in excess of the above-stated aggregate principal amount in such denominations of \$100,000.00 or any integral multiple of \$5,000.00 for amount in excess of \$100,000.00, and registered in such names (the "Purchasers"), as shall be requested by the Placement Agent, into the possession of the Placement Agent upon payment of the Purchase Price in immediately available funds AT SETTLEMENT at 10:00 a.m., on or about October 1, 1992, at the principal corporate trust office of Northeastern Bank of Pennsylvania, Scranton, Pennsylvania or at such other time, date and place as shall be mutually acceptable to the Placement Agent and the Authority, and as shall not contravene applicable law (the "Settlement").

The obligation of the Placement Agent to place the Notes, shall be subject to and further defined and qualified by all the following terms, conditions and other provisions.

Additional Terms of Sale.

(a) The Notes shall be authorized by a Resolution of the Authority adopted September 14, 1992 according to all rules of procedure of the Authority, and all applicable law, including, especially, the Pennsylvania Municipality Authorities Act of 1945, the Act of May 2, 1945, P.L. 382, as amended and supplemented (the "Act"), which Resolution shall authorize the execution of the Placement Contract and (together with all other hereinafter mentioned legal documents) shall be in a form and substance acceptable to the Placement Agent, its counsel, if any, and the Authority's Counsel, Daniel M. Corveleyn, Esquire.

(b) The Notes shall constitute a valid, legal and binding obligation of the Authority, as provided in the Resolution.

(c) The Notes shall be in fully registered form, without coupons, printed on quality stock or such other form acceptable to the Placement Agent, bearing CUSIP numbers, properly executed (including impression or facsimile of the seal) by the Authority.

(d) At or prior to Settlement, in addition to the requirements of the parties, the Placement Agent shall receive two (2) executed copies of the following opinions, dated the date of closing unless otherwise specified and in form and substance satisfactory to the Placement Agent: the approving legal opinion of Morgan, Lewis & Bockius, Bond Counsel, which opinion shall include statements as to the tax-exempt status of the Notes under the laws of both the Commonwealth of Pennsylvania and the United States of America, including treatment of the alternative minimum tax and generally be in form and substance acceptable to the Placement Agent.

(e) The Authority has designated the Notes as "qualified tax-exempt obligations" within the meaning of paragraph (b)(3)(B) of Section 265 of the Code.

Special Conditions of Sale.

The Authority represents and warrants, and the Placement Agent or its Counsel, if any, shall be entitled to receive at Settlement or other appropriate time such certifications, formal opinions of Bond Counsel; of Daniel M. Corveleyn, Esquire, the Authority's Solicitor; and documentation or other proof as may be reasonably requested to its satisfaction, that:

(a) The Authority is a body corporate and politic organized and incorporated under the provisions of the Act.

(b) The Resolution has not been altered or amended since its adoption, but remains in full force and effect, and constitutes, together with the Notes, and this Placement Contract, a valid, legal and binding obligation of the Authority in accordance with its terms;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public tribunal or competent jurisdiction, Federal or Commonwealth, pending or threatened against the Authority: (1) affecting the existence or present geopolitical composition of the Authority or the titles of its officers to their respective offices; (2) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Notes or the collection of the grant moneys of the Authority anticipated to pay the Notes; or (3) contesting the power or ability of the Authority to issue, sell and deliver the Notes, adopt the Resolution, execute this Placement Contract, or the official acts of the Authority in connection therewith;

(d) All approvals, consents and orders of any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance by the Authority of its obligations under this Placement Contract, under the Resolution and on the Notes, have been obtained, or deemed to have been obtained, in a manner satisfactory to the Placement Agent and its Counsel, if any;

(e) The Authority is not, or is anticipated to be, in breach of or default under any applicable law or administrative regulation, Federal or Commonwealth, or any applicable judgement or decree of the same, or any loan agreement, bond, note, resolution or other instrument to which the Authority is a party or is otherwise subject; nor will the execution and delivery of the Placement Contract, the Resolution and the Notes, and compliance with the provisions of each, conflict with or constitute a breach of or default under any of the same; nor has the Authority authorized nor incurred debt between the time of the execution of this Placement Contract and Settlement;

(f) The Private Placement Memorandum used in connection with the private placement of the Notes, as of its date and as of Settlement, does not and will not contain any untrue statements of a material fact or omit to state any material fact which should be included therein in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. The Preliminary Private Placement Memorandum is and was on its date of initial distribution in a form "deemed final" by the Authority for purposes of SEC Rule 15c2-12(B)(1). Within seven business (7) days of the Authority's acceptance hereof, a sufficient number of copies of the final Private Placement Memorandum will be delivered to the Placement Agent and signed on the Authority's behalf by the Chairman of the Authority.

(g) There has been no material adverse change in the financial condition of the Authority since December 31, 1991, nor has any economic, demographic, political, financial or other similar event or condition occurred, nor been identified as expected to occur, in which could reasonably be expected to produce a material adverse change in the financial condition of the Authority. In addition, the Authority will notify the Placement Agent of any such occurrences for a period of 90 days after the Settlement;

(h) The Notes, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are governed by Article 8 of the Uniform Commercial Code;

(i) The proceeds received from the placement of the Notes shall be used in accordance with all the terms of the Resolution and other applicable law, and

(j) The Authority has taken, and will, within the applicable time periods, take all actions and do all things necessary to preserve and further ensure the federal income tax exemption of the Notes under law.

(k) The following Certificates shall be available at Settlement: 1) Non-arbitrage certificate, and 2) two (2) signed copies of the final Private Placement Memorandum.

General Conditions of Sale. The Placement Agent shall determine to its own satisfaction that:

(a) No legislation shall have been introduced into the Congress, or the Pennsylvania General Assembly, or proposed by a member thereof, or adopted by either or both Houses of the Congress or the General Assembly or signed into law by the President or the Governor, nor litigation shall be pending before, or a decision have been rendered by, a court of competent jurisdiction, Federal or Commonwealth, nor a ruling, regulation, proposed regulation or official release of statement by or on behalf of the U.S. Treasury Department, the Internal Revenue Service, the Securities and Exchange Commission, or other governmental agency, Federal or Commonwealth, shall have been made, with the purpose or effect (1) of imposing directly or indirectly, income taxation upon interest to be received by any holders of the Notes, in a manner different from present law, or (2) of requiring the offer or sale of the Notes to be registered under securities laws; and

(b) No event, such as (1) a suspension, formal or informal, or trading in securities on the New York or American Stock Exchanges, (2) a general banking moratorium established by Federal, New York or Pennsylvania authorities, (3) a war involving the United States of America or other National emergency or calamity, or (4) such radical change in common financial markets as shall materially adversely affect the value and/or marketability of the Notes, shall have occurred.

(c) The Placement Agent shall have the right to terminate this Placement Contract and cancel its obligation to place the Notes by written notification to the Authority (stating the reason for such termination) if at any time after the date hereof and prior to Settlement there shall have been a material adverse change in the affairs of the Authority which, in the Placement Agent's reasonable judgement, will materially adversely affect the market for the Notes.

Miscellaneous.

(a) All costs and expenses associated with the issuance and delivery of the Notes, including, generally, the cost of printing the Notes and related documents including the Preliminary Private Placement Memorandum and the Placement Memorandum, the fees of the Fiscal Agent, the fees and expenses of Bond Counsel, and Authority Solicitor, and

Placement Agent's Counsel, if any, the fee for analysis and rating charged by any rating agency, municipal bond insurance premium and such costs as are appropriate to governmental operations, and notice of publication expenses, shall be assumed and paid by the Authority; provided, however, that the Placement Agent shall assume and pay their out-of-pocket expenses and such costs as are appropriate to internal operations, such as MSRB registration fee.

(b) The Placement Agent shall receive one (1) complete set of the closing transcript of documents delivered at Settlement on the Notes, and as many executed original Private Placement Memorandums as it may reasonably request;

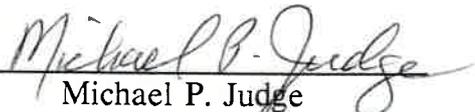
(c) Any notice or other communication to be given to the Authority under the Placement Contract may be given by delivering the same in writing to the Smithfield Sewer Authority, Smithfield Township Municipal Building, R.D. #5, Box 2259, East Stroudsburg, Pennsylvania 18301, Attention: Russell D. Scott, III, Authority Chairman, and any notice or other communication to be given to the Placement Agent under the Placement Contract may be given by delivering the same in writing to W. H. Newbold's Son & Co., Park Plaza, Suite 5, 225 N. Washington Avenue Scranton, Pennsylvania 18503, Attention: Michael P. Judge, Senior Vice President.

(d) This Placement Contract is made solely for the benefit of the Authority and the Placement Agent and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties, covenants, and agreements contained herein shall remain operative and in full force and effect and shall survive delivery of the payment for the Notes at Settlement;

(e) This Placement Contract shall be governed by the laws of the Commonwealth of Pennsylvania.

Respectfully yours,

W. H. NEWBOLD'S SON & Co.
A Division of Fahnstock & Co., Inc.

BY 
Michael P. Judge
Senior Vice President

ACCEPTED by a Resolution adopted by the Smithfield Sewer Authority on Monday, September 14, 1992.

SMITHFIELD SEWER AUTHORITY

BY 
Chairman of the Authority

(SMITHFIELD SEWER AUTHORITY,
Monroe County, Pennsylvania)

Attest:

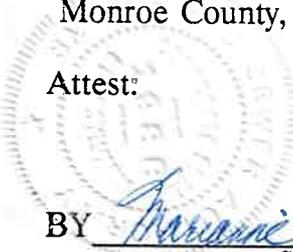

BY 
Secretary

EXHIBIT A

SMITHFIELD SEWER AUTHORITY
4.50% Grant Anticipation Notes, Series of 1992

Dated	-	September 1, 1992
Due	-	March 1, 1994
First Interest Payment	-	March 1, 1993
Principal Amount	-	\$910,000
Interest Rate	-	4.50%

Optional Redemption

The 1992 Notes are subject to redemption on or after September 1, 1993 by the Authority, as a whole or in part at any time by any method deemed fair and reasonable by the Fiscal Agent at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.

Smithfield Sewer Authority							
Series of 1992							
Draw Schedules - Construction and Capitalized Interest						Investment Rate Equals:	3.2500%
Month	Beginning Balance	Construction Draws	Capitalized Interest Draws	Amount to be Invested	Interest Earnings	Ending Balance	Draws as a Percent of Total
Oct-92	882,400	822,770	0	59,630	161	59,791	93.23%
Nov-92	59,791	0	0	59,791	162	59,953	93.21%
Dec-92	59,953	0	0	59,953	162	60,115	93.19%
Jan-93	60,115	0	0	60,115	163	60,278	93.17%
Feb-93	60,278	0	0	60,278	163	60,442	93.16%
Mar-93	60,442	0	20,475	39,967	108	40,075	95.46%
Apr-93	40,075	0	0	40,075	109	40,183	95.45%
May-93	40,183	0	0	40,183	109	40,292	95.44%
Jun-93	40,292	0	0	40,292	109	40,401	95.43%
Jul-93	40,401	0	0	40,401	109	40,511	95.42%
Aug-93	40,511	0	0	40,511	110	40,620	95.40%
Sep-93	40,620	0	20,475	20,145	55	20,200	97.71%
Oct-93	20,200	0	0	20,200	55	20,255	97.71%
Nov-93	20,255	0	0	20,255	55	20,310	97.70%
Dec-93	20,310	0	0	20,310	55	20,365	97.70%
Jan-94	20,365	0	0	20,365	55	20,420	97.69%
Feb-94	20,420	0	0	20,420	55	20,475	97.68%
Mar-94	20,475	0	20,475	0	0	0	100.00%
		822,770	61,425		1,795		

Smithfield Sewer Authority	Dated:	09/01/92
Series of 1992	Settlement:	10/01/92
Debt Service Schedule		

Interest Payment Date	Par Amount	Coupon (%)	Interest	Debt Service	Annual Debt Service
03/01/93			20,475	20,475	
09/01/93			20,475	20,475	40,950
03/01/94	910,000	4.500	20,475	930,475	
09/01/94			0	0	930,475
	910,000		61,425	971,425	971,425

Smithfield Sewer Authority Series of 1992 Estimated Sources & Uses of Funds

Sources:

Gross Bonds Sold	910,000.00
Interest Earnings	1,795.33
Equity Contribution	0.00
Accrued Interest	<u>3,412.50</u>
TOTAL	915,207.83

Uses:

Repay Meele Construction	650,000.00
Reimburse Authority Operating Fund	172,770.33
Placement Fee @ 1.00%	9,100.00
Credit Enhancement	0.00
Financing Costs(1)	18,500.00
Capitalized Interest	61,425.00
Miscellaneous	0.00
Accrued Interest	<u>3,412.50</u>
TOTAL	915,207.83

All-in Cost:	6.77748594452%
Net Interest Cost:	4.91666666667%
Weighted Average Coupon at Issuance:	4.50000000000%
Weighted Average Maturity:	1.50

(1) Rating Fees	0
Bond Counsel	7,500
Solicitor	5,000
Printing (OS & Bonds)	3,500
Paying Agent/Trustee	1,500
Misc. Financing Costs	<u>1,000</u>
Total	18,500

SMITHFIELD SEWER AUTHORITY

RESOLUTION DECLARING THE BOARD'S INTENT THAT THE AUTHORITY BE REIMBURSED FROM THE PROCEEDS OF TAX-EXEMPT BONDS FOR AUTHORIZED EXPENDITURES MADE BY THE AUTHORITY PRIOR TO THE DATE OF ISSUANCE OF SUCH BONDS

WHEREAS, Smithfield Sewer Authority (the "Authority") proposes to make certain improvements and additions to its existing sewage treatment plant in order to expand its capacity by approximately 300,000 gallons per day, or alternatively to purchase an additional sewage treatment plant to provide such additional capacity, such improvements and additions or additional plant described more fully in Exhibit A attached hereto (the "Project"); and

WHEREAS, the Authority desires to finance the Project through the issuance of its revenue bonds (the "Bonds"); and

WHEREAS, the Authority intends that any costs incurred by the Authority hereafter for the Project be eligible for reimbursement to the Authority from proceeds of the Bonds, when the Bonds are issued.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board hereby states its intention that the Authority be eligible to be reimbursed from proceeds of the Bonds for expenditures made by the Authority prior to the date of issuance of the Bonds for the items specified in Exhibit A hereto. The Board anticipates that the maximum principal amount

of Bonds to be used for such reimbursement purposes will be \$4,000,000.

2. To the extent that costs of the Project are properly payable prior to the issuance of the Bonds, such costs shall be paid from operating revenues, grants and other moneys ("Revenues"), if any, available to the Authority. Such Revenues are available for such purpose only on a temporary and short-term basis pursuant to the Authority's budgets, and have not been allocated on a long-term basis, reserved or otherwise available pursuant to the Authority's budget for the purposes of paying the costs of the Project.

3. The Authority intends that the costs of the Project to be paid prior to the issuance of the Bonds and to be reimbursed out of the proceeds of the Bonds will be reimbursed out of the proceeds of the Bonds not later than one year after the later of (1) the date such payments are made, or (2) the date the Project (or the portion of the Project to which such costs relate) is placed in service.

4. Revenues used in the manner described in the preceding paragraph shall be reimbursed from the proceeds of the Bonds (or from the proceeds of borrowings issued to refund the Bonds), or from other available monies of the Authority. The Authority anticipates the debt service on the Bonds will be payable from the general operating revenues of the Authority.

5. The proper officers of the Authority shall ensure that this resolution be reasonably available for public inspection beginning thirty days after the date hereof and ending on the date of issuance of the Bonds.

6. This resolution is intended to comply with the provisions of Section 1.103-18 of the Treasury Regulations.

7. The proper officers of the Authority are hereby authorized, empowered and directed to execute any and all documents and to do and cause to be done any and all acts and things in their judgment necessary or desirable to carry out the purposes and intent of the foregoing.

8. All resolutions and parts of resolutions consistent herewith are hereby ratified, approved and confirmed in all respects, and all resolutions and parts of resolutions inconsistent herewith are hereby rescinded.

RESOLVED this 12th day of October, 1992.

SMITHFIELD SEWER AUTHORITY

(SEAL)

By: _____
Chairman

Attest: _____
Secretary

EXHIBIT A

SMITHFIELD SEWER AUTHORITY
PROJECT

The Project includes the following components:

1. [Insert a general functional description of the property to be paid for out of the reimbursement.]

SMITHFIELD SEWER AUTHORITY

RESOLUTION DECLARING THE BOARD'S INTENT THAT THE AUTHORITY BE REIMBURSED FROM THE PROCEEDS OF TAX-EXEMPT BONDS FOR AUTHORIZED EXPENDITURES MADE BY THE AUTHORITY PRIOR TO THE DATE OF ISSUANCE OF SUCH BONDS

WHEREAS, Smithfield Sewer Authority (the "Authority") proposes to make certain improvements and additions to its existing sewage treatment plant in order to expand its capacity by approximately 300,000 gallons per day, or alternatively to purchase an additional sewage treatment plant to provide such additional capacity, such improvements and additions or additional plant described more fully in Exhibit A attached hereto (the "Project"); and

WHEREAS, the Authority desires to finance the Project through the issuance of its revenue bonds (the "Bonds"); and

WHEREAS, the Authority intends that any costs incurred by the Authority hereafter for the Project be eligible for reimbursement to the Authority from proceeds of the Bonds, when the Bonds are issued.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board hereby states its intention that the Authority be eligible to be reimbursed from proceeds of the Bonds for expenditures made by the Authority prior to the date of issuance of the Bonds for the items specified in Exhibit A hereto. The Board anticipates that the maximum principal amount

of Bonds to be used for such reimbursement purposes will be \$4,000,000.

2. To the extent that costs of the Project are properly payable prior to the issuance of the Bonds, such costs shall be paid from operating revenues, grants and other moneys ("Revenues"), if any, available to the Authority. Such Revenues are available for such purpose only on a temporary and short-term basis pursuant to the Authority's budgets, and have not been allocated on a long-term basis, reserved or otherwise available pursuant to the Authority's budget for the purposes of paying the costs of the Project.

3. The Authority intends that the costs of the Project to be paid prior to the issuance of the Bonds and to be reimbursed out of the proceeds of the Bonds will be reimbursed out of the proceeds of the Bonds not later than one year after the later of (1) the date such payments are made, or (2) the date the Project (or the portion of the Project to which such costs relate) is placed in service.

4. Revenues used in the manner described in the preceding paragraph shall be reimbursed from the proceeds of the Bonds (or from the proceeds of borrowings issued to refund the Bonds), or from other available monies of the Authority. The Authority anticipates the debt service on the Bonds will be payable from the general operating revenues of the Authority.

5. The proper officers of the Authority shall ensure that this resolution be reasonably available for public inspection beginning thirty days after the date hereof and ending on the date of issuance of the Bonds.

6. This resolution is intended to comply with the provisions of Section 1.103-18 of the Treasury Regulations.

7. The proper officers of the Authority are hereby authorized, empowered and directed to execute any and all documents and to do and cause to be done any and all acts and things in their judgment necessary or desirable to carry out the purposes and intent of the foregoing.

8. All resolutions and parts of resolutions consistent herewith are hereby ratified, approved and confirmed in all respects, and all resolutions and parts of resolutions inconsistent herewith are hereby rescinded.

RESOLVED this 12th day of October, 1992.

SMITHFIELD SEWER AUTHORITY

(SEAL)

By: _____
Chairman

Attest: _____
Secretary

EXHIBIT A

SMITHFIELD SEWER AUTHORITY
PROJECT

The Project includes the following components:

1. [Insert a general functional description of the property to be paid for out of the reimbursement.]