

**SMITHFIELD SEWER AUTHORITY
MONROE COUNTY, PENNSYLVANIA**

RESOLUTION NO. 3-2016

AUTHORIZING THE ISSUANCE OF THE SMITHFIELD SEWER AUTHORITY PROMISSORY NOTE (THE "2017 NOTE") IN THE ORIGINAL PRINCIPAL AMOUNT OF \$75,000.00 TO ESSA BANK & TRUST, A PENNSYLVANIA BANKING INSTITUTION (THE "LENDER") FOR THE PURPOSES OF FINANCING A PORTION OF THE COSTS ASSOCIATED WITH THE STORMWATER PIPE PROJECT LOCATED ON ROUTE 447 IN SMITHFIELD TOWNSHIP (THE "PROJECT") AND PAYING THE COSTS OF ISSUANCE OF THE NOTE; AUTHORIZING EXECUTION AND DELIVERY OF THE NOTE, A LOAN AGREEMENT, AND RELATED LOAN DOCUMENTS AND AUTHORIZING THE EXECUTION OF THE SAME BY THE APPROPRIATE OFFICERS OF THE AUTHORITY, AND AUTHORIZING OTHER NECESSARY ACTIONS.

WHEREAS, the Smithfield Sewer Authority (the "Authority"), was created and exists under the Municipality Authorities Act of General Assembly of the Commonwealth of Pennsylvania approved May 2, 1945, P.L. 382, as continued by the Act of General Assembly of the Commonwealth of Pennsylvania approved June 19, 2001, P.L. 22 (53 Pa.C.S. Section 5601, et seq.) (the "Act"); and,

WHEREAS, the Authority owns and operates a sewage treatment facility, sewer system servicing the residents of Smithfield Township; and, controls the flow of stormwater in a storm pipe located within Route 447 in the township (the "System"), as amended; and,

WHEREAS, in order to fund a portion of the costs of the Project, including necessary reimbursements to the Authority, and the 2016 and 2017 administrative costs related to stormwater issues, and the payment of costs of issuance of the Note, the Authority intends to issue its Promissory Note in the amount of \$75,000.00 ("2017 Note") to the Lender; and,

WHEREAS, the Authority desires to authorize the issuance of the 2017 Note and the Project, and desires to authorize the appropriate officials of the Authority to execute by and on behalf of the Authority the approval letter from the Lender dated December 1, 2016, the Promissory Note, the Loan Agreement, and all related documentation as required (the "Related Documentation") between the Authority and the Lender and such other documents as shall be necessary or appropriate.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Smithfield Sewer Authority, as follows:

1. AUTHORIZATION OF THE ISSUANCE OF THE 2017 AUTHORITY NOTE.

(a) The Authority hereby approves the Project as described in this Resolution, and authorizes the issuance of the 2017 Note in the amount of \$75,000.00 or such lesser stated principal amount as the officials of the Authority find sufficient to effectuate the Project. The 2017 Note shall be an obligation of the Authority and shall bear interest payable at such times and at such rates and mature as shall be specified in the 2017 Note and its accompanying Loan Agreement and related Loan Documents.

(b) The 2017 Note shall be a direct obligation of the Authority and shall be secured by and payable solely from the "Revenues from the Sewer and Stormwater Systems" as defined in the Loan Agreement and Related Loan Documents.

2. FEDERAL TAX COVENANTS. The Authority covenants with the holder from time to time of the 2017 Note that it will at all times do and perform all actions and things within its power which are necessary or desirable in order to assure that interest paid on the 2017 Note will, for purposes of federal income taxation, by and remain excludable from the gross income of the recipients thereof and that it will refrain from doing or performing any act or thing that would cause such interest not to be so excludable, and to otherwise comply with the requirements of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") and regulations thereunder (the "Regulations"). The Authority further covenants with the holder from time to time of the 2017 Note that it will make no investment or other use of the proceeds of the 2017 Note which, if such investment or use had been reasonably expected on the date of issuance of the 2017 Note would cause the Bonds to be an "arbitrage note" or "private activity note" within the meaning of Section 148 of the Code, and the Regulations applicable thereto, and that this covenant shall extend throughout the term of the Note and shall apply to all amounts which are proceeds of the 2017 Note for the purposes of said section and regulations. Neither the Treasurer or any other Authority Official or agent shall make any investment inconsistent with the foregoing covenant. The Treasurer and all other Authority officials responsible for investment shall follow the advice or direction of the Authority counsel (the "Authority Counsel") as investments, which may be made in compliance with this covenant.

3. DESIGNATION OF 2017 NOTE AS "QUALIFIED TAX-EXEMPT OBLIGATIONS". The Authority reasonably expects that it (and all other issuers whose obligations must be aggregated with the Authority's under Section 265 of the Code) will not issue more than \$10,000,000.00 of such tax-exempt obligations in the aggregate in the calendar year 2017. The Authority designates the 2017 Note as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code, and covenants that it will not issue more than \$10,000,000.00 of such tax-exempt obligations in the aggregate in the calendar year 2017.

4. FURTHER ACTIONS. The Chairman, Vice Chairman, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, General Manager and Solicitor (the "Authority Officials"), collectively and individually, or any duly appointed successors, as the case may be, in the name and on behalf of the Authority, are hereby authorized to execute and acknowledge any and all acts and things deemed necessary or appropriate for the carrying out of

the purposes of this Resolution, and to comply with Act, including negotiating the final terms of the loan, additional terms, or modifications of the Loan Agreement, and approving and paying cost issuance at closing on the 2017 Note. This Authority approves, ratifies and confirms all action heretofore taken by officers and other persons in the name or on behalf of this Authority in connection with the undertakings herein contemplated. In addition, the Authority Officials are authorized generally to take any further incidental, necessary, or convenient action to effectuate the purposes of these Resolutions. References to the Authority Officials in this Resolution shall include references to their duly appointed successors. If any Authority Official whose signature appears on the 2017 Note or the Related Documentation, the signature shall nevertheless be valid and sufficient for all purposes as if he had remained in office until delivery. Any 2017 Note or Related Documentation may be signed by those persons as at the actual time of execution of the 2017 Note or Related Documentation were the proper officials to sign although at the date of the instrument these persons may not be such officials.

5. NO RECOURSE. IT IS EXPRESSLY UNDERSTOOD THAT NONE OF THE BOARD MEMBERS OF THE AUTHORITY, OFFICERS OR EMPLOYEES SHALL BE OBLIGATED IN ANY WAY FOR ANY COSTS, EXPENSES, FEES, OR OTHER OBLIGATIONS OR LIABILITIES INCURRED OR IMPOSED IN CONNECTION WITH THE 2017 NOTE, WHETHER INCURRED PRIOR TO, ON, OR AFTER THE DATE OF ISSUANCE, AND THAT NO RECOURSE SHALL BE HAD AGAINST THE AUTHORITY AND ITS BOARD MEMBERS, OFFICERS OR EMPLOYEES.

6. SEVERABILITY. In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of the Authority that such remainder shall be and shall remain in full force and effect.

7. REPEALER. All prior Resolutions or parts thereof inconsistent herewith, are hereby repealed, but only so far as they are inconsistent.


8. EFFECTIVE DATE. This Resolution shall become effective immediately.

DULY ADOPTED, as of the 19th day of December, 2016 by the BOARD OF THE SMITHFIELD SEWER AUTHORITY.

ATTEST:

SMITHFIELD SEWER AUTHORITY


Brian E. Barrett, Secretary

By: 
Russell C. Albert II, Chairman

(AUTHORITY SEAL)

SMITHFIELD SEWER AUTHORITY
SECRETARY CERTIFICATION AND INCUMBENCY CERTIFICATE

The undersigned does hereby certify and declare that:

1. The undersigned is the Secretary of the Smithfield Sewer Authority (the "Authority") and that the foregoing is a true and correct copy of the Resolution of the Board of Directors of the Authority adopted December 19, 2016 at a meeting held at the offices of the Authority at 1155 Red Fox Road, East Stroudsburg, Monroe County, Pennsylvania, pursuant to due and proper notice, and with a quorum of the Board being present and voting, upon motion duly made, seconded, and unanimously carried; and

2. The following are all of the Officers of the Company duly elected and holding office at the present time.

Chairman – Russell C. Albert, II

Vice Chairman – David Timko

Treasurer – Marianne Bridges

Secretary – Brian E. Barrett



Brian E. Barrett, Secretary

Dated: December 19, 2016