

WRIGHTSVILLE BOROUGH

ORDINANCE NO. 2012-1

AN ORDINANCE OF THE BOROUGH OF WRIGHTSVILLE, YORK COUNTY, PENNSYLVANIA, APPROVING A GUARANTY AGREEMENT GUARANTEEING PAYMENT OF BONDS OF THE WRIGHTSVILLE BOROUGH MUNICIPAL AUTHORITY; DIRECTING EXECUTION, ACKNOWLEDGMENT AND DELIVERY OF SAID GUARANTY AGREEMENT ON BEHALF OF THE BOROUGH; APPROVING THE PREPARATION OF CERTAIN ENGINEERING REPORTS AND AUTHORIZING CERTAIN APPLICATIONS TO THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; MAKING AN IRREVOCABLE ALLOCATION UNDER SECTION 148 OF THE INTERNAL REVENUE CODE OF 1986; AND DIRECTING OTHER NECESSARY AND PROPER ACTION TO EFFECTUATE THE PURPOSES HEREOF.

WHEREAS, Wrightsville Borough Municipal Authority (“Authority”) has acquired and constructed a sanitary sewage collection, transmission and treatment system (the “Sewer System”) and a water transmission and treatment system (the “Water System”) including related and necessary facilities, for providing service in and about the Borough of Wrightsville (the “Borough”); and

WHEREAS, the Authority has determined to undertake, renovations, improvements and upgrades to the Water System (the “Project”) and the current refunding (the “Refunding Project”) of a portion of its Guaranteed Revenue Bonds, Series of 2006 (the “2006 Bonds”); and

WHEREAS, the Authority has determined to issue bonds to be designated as the Wrightsville Borough Municipal Authority Guaranteed Sewer Revenue Bonds, Series of 2012 (the “Bonds”), to be issued in the maximum aggregate principal amount of \$8,435,000, to provide funds to (1) undertake the Refunding Project; (2) pay for a portion of the Project; (3) fund a debt service reserve fund; and (4) pay costs related to the issuance and sale of the Bonds.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, and it is hereby enacted and ordained by the Borough Council of Wrightsville Borough, York County, Pennsylvania, as follows:

SECTION 1: The Borough, as Guarantor, shall enter into a Guaranty Agreement to be dated on or about March 16, 2012 (the “Guaranty Agreement”) with the Trustee of a Trust Indenture between the Authority and Manufacturers and Traders Trust Company (the “Trustee”) dated as of November 30, 2006, as supplemented by a First Amended Trust Agreement dated as of March 16, 2012 (the “Indenture”). Pursuant to the Guaranty Agreement, the Borough shall unconditionally guarantee the payment of principal and interest on the Bonds and the full funding of a Debt Service Reserve Fund for the Bonds, all in the form substantially as presented at this meeting. Yearly payments of principal and interest on the Bonds shall be in the maximum amount as more fully set forth in the Bond Debt Service Schedule attached hereto, incorporated herein and marked Exhibit “A”.

Pursuant to the Guaranty Agreement, the Borough hereby covenants with the owners of the Bonds that it shall unconditionally guaranty, among other things, the payment of the principal of and interest on the Bonds when the same shall become due and payable and shall include the amount of such payment in its annual budget in the year in which such payments are required to be made, shall appropriate such amounts from its general revenues if payments are required to be made, and for such guaranty the Borough hereby pledges its full faith, credit and taxing power to the benefit of the owners of the Bonds.

SECTION 2: The Borough hereby approves the preparation of a report of the consulting engineers for the exclusion of self-liquidating debt, the filing of such Report and an application to the Pennsylvania Department of Community and Economic Development (the “DCED”) for approval of the execution and delivery of the Guaranty Agreement by the Borough and for the exclusion of the debt (the principal and interest of the Bonds) from the “debt” of this Borough (the “DCED

Application”), as defined in the Local Government Unit Debt Act, 53 Pa.C.S.A. ' 8001 et seq. (the “Act”), in accordance with Section 8026 thereof.

SECTION 3: The Mayor, President of Borough Council, Secretary and any other appropriate officers of the Borough are authorized and directed, on behalf of the Borough, to (a) execute, attest, acknowledge and deliver the Guaranty Agreement, (b) if necessary, certify, execute, attest and deliver the Engineering Report to DCED, and (c) certify, execute, attest and deliver and file with DCED the DCED Application, including a Debt Statement and Borrowing Base Certificate.

SECTION 4: The Borough hereby approves the financing of the Refunding Project and Project, the funding of the Debt Service Reserve Fund all in accordance with a Final Financing Report for the Authority to be dated on or about February 6, 2012 prepared by Public Financial Management, Inc.

SECTION 5: The Borough finds the useful life of the Project and the remaining useful life of the capital project funded by the 2006 Bonds to be at least 25 years and at least the term of the Bonds.

SECTION 6: The Borough hereby irrevocably allocates to the Authority, a “subordinate entity”, as that phrase is used in Subsection 148(f)(4)(D)(iv) of the Internal Revenue Code of 1986, as amended (the “Code”), of this Borough the rebate exemption inuring to the Borough under the Code, to the extent of \$8,435,000 for the 2012 calendar year. The Borough hereby declares such allocation bears a reasonable relationship to the benefits received by this Borough from the Authority, in connection with the Project and the current refunding of the 2006 Bonds.

SECTION 7: The purpose for incurring the lease rental debt by way of the issuance of the Bonds is to provide funds to pay the costs of the Refunding Project and Project.

SECTION 8: The total debt authorized hereby shall be Lease Rental Debt within the meaning of the Act.

SECTION 9: The proper officers of the Borough are directed to make, execute and deliver all documents, instruments and writings and to do all other acts as may be necessary and proper to carry out the purposes, terms and conditions of this Ordinance and all of the undertakings of the Borough under the Guaranty Agreement.

SECTION 10: If any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect nor impair any remaining provision, section, sentence, clause or part of this Ordinance.

SECTION 11: It is declared that enactment of this Ordinance is necessary for the protection, benefit and preservation of the health, safety and welfare of inhabitants of the Borough.

SECTION 12: All other Ordinances or parts thereof inconsistent herewith shall be and the same hereby are expressly repealed.

ENACTED AND ORDAINED this 6th day of February 2012.

ATTEST:

WRIGHTSVILLE BOROUGH

Secretary

BY _____
President of Borough Council

(SEAL)

APPROVED this 6th day of February, 2012.

Mayor