

**TOWNSHIP OF PORTAGE  
CAMBRIA COUNTY, PENNSYLVANIA**

**ORDINANCE NO. 2005-7**

AN ORDINANCE OF THE TOWNSHIP OF PORTAGE AUTHORIZING THE EXECUTION AND DELIVERY OF A 2005 GUARANTY AGREEMENT BY AND AMONG THE CENTRAL MAINLINE SEWAGE AUTHORITY, THE BOROUGH OF CASSANDRA AND THE TOWNSHIPS OF CRESSON, PORTAGE AND WASHINGTON, AUTHORIZING THE ASSIGNMENT THEREOF, APPROVING THE CONSULTING ENGINEERS' COST ESTIMATE AND REPORT, AND AUTHORIZING THE EXECUTION AND FILING OF AN APPROVAL REQUEST AND DEBT STATEMENT AND BORROWING BASE CERTIFICATE FOR SAID 2005 GUARANTY AGREEMENT WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT.

**WHEREAS**, the Central Mainline Sewage Authority (the "Authority") was previously incorporated to plan, acquire and construct certain sanitary sewage collection, transportation and treatment facilities to serve the Borough of Cassandra (the "Borough") and the Townships of Cresson, Portage and Washington (the "Townships"), substantially as proposed in the studies and reports prepared for said project; and

**WHEREAS**, the Authority is authorized by law, among other things, to acquire, hold, construct, improve, maintain, own and operate certain sanitary sewage collection, transportation and treatment facilities and all necessary equipment related or incidental thereto; and

**WHEREAS**, the Authority previously received and consummated interim financing for a portion of the costs associated with the construction phase of said Sewer Construction Project, through a Sewer Revenue Bond Anticipation Note, Series of 2004 ("BAN"), issued to the North Wales Water Authority through the Pennsylvania Rural Water Association, as Program Administrator, said Ban, secured by the assignment of the USDA-Rural Utilities Service Loan, and said Project to be subsequently permanently long-term financed, in part, through a forty (40) year loan from the Rural Utilities Service ("RUS") of the United States Agriculture Department in the principal amount of \$3,227,350 (the "USDA-RUS Loan"), evidenced through a bond issued by the Authority to USDA/RUS; and

**WHEREAS**, the Authority has determined to consummate the loan, securing financing on a permanent basis for a balance of the funds providing permanent financing for costs associated with the Project through the issuance of Guaranteed Sewer Revenue Bond or Bonds, in the aggregate principal amount of \$827,000 ("Guaranteed Sewer Revenue Bond, Series of 2005, No. AR-2" or "Series of 2005 Bond" or "Bond No. AR-2"); and

**WHEREAS**, in order to provide a guaranty security instrument for said aforementioned Guaranteed Sewer Bond or Bonds, it is necessary for the Township of Portage (the “Township”), located in Cambria County, Pennsylvania, to enter into a 2005 Guaranty Agreement with the Central Mainline Sewage Authority and the other Guarantor Municipalities; and

**WHEREAS**, in order to render said 2005 Guaranty Agreement, effective as to the Township as “excluded self-liquidating lease rental debt”, it will be necessary, pursuant to the Local Government Unit Debt Act, for the Township and the Authority and the other Guarantor Municipalities to approve and adopt the Consulting Engineers’ Report submitted herewith and the Consulting Engineers’ Cost Estimate as set forth therein.

**NOW, THEREFORE, BE IT ORDAINED AND ENACTED** by the Board of Township Supervisors of the Township of Portage, and it is hereby ordained and enacted by authority of the same as follows:

**SECTION 1.** The Township of Portage shall enter into an agreement with the Central Mainline Sewage Authority and the other Guarantor Municipalities substantially in the form of the 2005 Guaranty Agreement, dated as of September 15, 2005, for reference purposes only, presented to this meeting, which is hereby made a part hereof by reference only and is on file with the Township Secretary.

**SECTION 2.** The Chairman or Vice Chairman of the Board of Township Supervisors is hereby directed to execute, on behalf of the Township, an agreement substantially in the form of the said 2005 Guaranty Agreement, which 2005 Guaranty Agreement when consummated shall be sealed and attested to by the Township Secretary, shall be delivered to the other parties thereto, and shall, after proper filing and approvals, be “excluded self-liquidating lease rental debt” of the Township of Portage to the extent of \$223,290 (the Township’s 27% share of the principal amount of said proposed \$827,000 – RUS Guaranteed Sewer Bond, as guaranteed by said 2005 Guaranty Agreement). The Board of Township Supervisors also hereby approves and adopts the Consulting Engineers’ Report for said anticipated Sewer Construction Project submitted herewith and the Consulting Engineers’ Cost Estimate as set forth therein.

**SECTION 3.** The Chairman or Vice Chairman of the Board of Township Supervisors and the Township Secretary are hereby further directed to prepare, execute and verify under oath a “Debt Statement”, a “Borrowing Base Certificate”, and a related “Self-Liquidating Debt Exclusion Certificate” of the Township for said 2005 Guaranty Agreement in order to make effective the aforementioned 2005 Guaranty Agreement as to the Township, and to submit the same, together with an executed “Application for Approval” of said 2005 Guaranty Agreement and the necessary filing fee, to the Pennsylvania Department of Community and Economic Development pursuant to the Local Government Unit Debt Act, as promptly as practicable. Upon approval by the Pennsylvania Department of Community and Economic Development, the approved “Application” and approved “Self-Liquidating Debt Exclusion Certificate” shall be promptly filed with the Records of the Township. Said officers are also hereby further

authorized and directed to perform all other acts and do all other things necessary to obtain said approval and perfect such exclusion.

**SECTION 4.** The Board of Township Supervisors hereby further authorizes and directs that the Authority shall commence and complete the permanent financing of the Sewer Construction Project pursuant to and in compliance with the Plans and Specifications and Reports prepared by The EADS Group of Somerset, Pennsylvania, the Authority's Consulting Engineers, and provide permanent financing for a portion of the costs paid for the \*construction, of said Project, through the consummation of said Guaranteed Sewer Bond or Bonds, as secured by the 2005 Guaranty Agreement approved hereunder. It is also hereby declared, as estimated by said Consulting Engineers, that the useful life of said proposed sanitary sewers and treatment plant and related facilities shall be in excess of fifty (50) years, and the estimated time for completion of construction and development of said anticipated Sewer Construction Project is less than six (6) months.

**SECTION 5.** The Board of Township Supervisors hereby authorizes and consents to the Assignment by the Authority of its rights under said 2005 Guaranty Agreement to The United States of America, acting through the United States Department of Agriculture's – Rural Utilities Service (RUS), as the Lender/Bondholder, in conjunction with said Guaranteed Sewer Bond or Bonds.

**SECTION 6.** The Township and the Authority and the other Guarantor Municipalities have determined that under the present market conditions it is in the best financial interests of the Township and the Authority and the other Guarantor Municipalities that the Authority enter into said RUS Guaranteed Sewer Bond or Bonds with USDA/RUS pursuant to a private sale by negotiation.

**SECTION 7.** The Board of Township Supervisors hereby authorizes and directs the proper officers of the Township to perform any and all other acts necessary and proper to be done as required by the Local Government Unit Debt Act in connection with this financing, in part, through the RUS Guaranteed Sewer Bond or Bonds.

**SECTION 8.** All ordinances or resolutions or parts of ordinances or resolutions not in accord with this Ordinance are hereby repealed insofar as they affect this Ordinance.

**SECTION 9.** This Ordinance shall take effect five (5) days after its final enactment and its second and final advertisement.

\*Including the refunding of certain interim construction debt incurred for construction purposes, pursuant to Section 8284(b)(5) of the Local Government Unit Debt Act by substituting bonds for notes.

**ORDAINED AND ENACTED** into law by the Board of Township Supervisors  
of the Township of Portage in lawful session assembled this December 7, 2005

**TOWNSHIP OF PORTAGE**

By \_\_\_\_\_  
Chairman, Board of Township  
Supervisors

(TOWNSHIP SEAL)

Attest:

\_\_\_\_\_  
Township Secretary

**CERTIFICATE**

I, the undersigned, Township Secretary of the Township of Portage, Cambria County, Pennsylvania, do hereby certify that the foregoing and attached is a true and correct copy of an Ordinance of said Township which was duly enacted by the affirmative vote of a majority of the members of the Governing Body of said Township at a meeting thereof duly called and held on December 7, 2005, with said members voting in the following manner:

<u>Board of Township Supervisors</u>	<u>Vote</u>
_____, Chairman	_____
_____, Vice Chairman	_____
_____	_____

I hereby further certify that proper notices before and after its adoption were duly published, as required by law, in a newspaper of general circulation, published or circulating in said Township, and that the same was duly recorded in the Ordinance Book of said Township, and that said Ordinance has not been amended, modified or rescinded and is still in full force and effect.

**WITNESS** my hand and the seal of the Township of Portage this December 7, 2005.

**TOWNSHIP OF PORTAGE**

(TOWNSHIP SEAL)

By \_\_\_\_\_  
Township Secretary