

RESOLUTION NO. 2018-02
OF THE BOARD OF
SUSQUEHANNA TOWNSHIP AUTHORITY
Adopted: March 6, 2018

AUTHORIZING THE UNDERTAKING OF A CERTAIN
REFUNDING PROJECT AND CAPITAL PROJECT;
APPROVING THE TERMS OF, AND AUTHORIZING AND
DIRECTING THE EXECUTION AND DELIVERY OF A
SUBSIDY AGREEMENT BY AND BETWEEN THE
TOWNSHIP OF SUSQUEHANNA AND THE AUTHORITY;
AUTHORIZING NECESSARY OR APPROPRIATE ACTION IN
CONNECTION WITH THE FOREGOING AND RESCINDING
ALL INCONSISTENT RESOLUTIONS.

WHEREAS, the Susquehanna Township Authority (the "Authority"), a municipality authority created by the Township of Susquehanna, Dauphin County, Pennsylvania (the "Township") and existing under the Pennsylvania Municipality Authorities Act, 53 Pa. Cons. Stat. §§5601-5622, as amended, presently owns and operates certain sewer facilities for the collection, transportation, treatment or disposition of sewage within the Township, or within such additional areas as may, from time to time, be designated by the Township and the Authority (all thereof, together with, *inter alia*, any additions, extensions and improvements from time to time hereafter acquired or constructed and all property and interests in property now or hereafter acquired by the Authority in connection therewith, being hereinafter collectively called the "Sewer System"); and

WHEREAS, the Township is a political subdivision of the Commonwealth of Pennsylvania, is governed by the Board of Commissioners, and is a "township" within the meaning of the Pennsylvania Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 *et seq.*, as amended (the "Debt Act"); and

WHEREAS, in order to finance and refinance certain Sewer System projects, the Authority has heretofore issued its (i) Sewer Revenue Bonds, Series of 2004 in the original aggregate principal amount of \$9,995,000 (the "2004 Bonds"); (ii) Sewer Revenue Bonds, Series of 2007 in the original aggregate principal amount of \$9,995,000 (the "2007 Bonds"); (iii) Guaranteed Sewer Revenue Bonds, Series of 2009 in the original aggregate principal amount of \$8,420,000 (the "2009 Bonds"); (iv) Guaranteed Sewer Revenue Bonds, Series of 2012 in the original aggregate principal amount of \$9,995,000 (the "2012 Bonds"); (v) Guaranteed Sewer Revenue Bond, Series of 2013 in the original aggregate principal amount of \$10,000,000 (the "2013 Bond"); (vi) Guaranteed Sewer Revenue Bond, Series of 2014, in the original aggregate principal amount of \$4,797,500 (the "2014 Bond"); (vii) Guaranteed Sewer Revenue Bond, Series of 2016 in the original aggregate principal amount of \$10,000,000 (the "2016 Bond"); and (viii) Guaranteed Sewer Revenue Bond, Series of 2017, in the aggregate principal amount of \$9,993,000 (the "2017 Bond", and together with the 2004 Bonds, the 2007 Bonds, the 2009 Bonds, the 2012 Bonds, the 2013 Bond, the 2014 Bond, and the 2016 Bond, the "Authority Bonds"); and

WHEREAS, in connection with the issuance of, and as security for, the Authority Bonds, the Authority entered into a Trust Indenture dated as of July 15, 2004, as amended and supplemented by a First Supplemental Indenture, dated as of December 1, 2007, a Second Supplemental Indenture, dated as of November 10, 2009, a Third Supplemental Indenture, dated as of May 9, 2012, a Fourth Supplemental Indenture, dated as of September 16, 2013, a Fifth Supplemental Indenture, dated as of November 3, 2014, a Sixth Supplemental Indenture, dated as of February 23, 2016, a Seventh Supplemental Indenture, dated as of August 22, 2016, and an Eighth Supplemental Indenture, dated October 3, 2017 (collectively, the "Existing Indenture") with Manufacturers and Traders Trust Company, as trustee (the "Trustee"); and

WHEREAS, the 2004 Bonds, the 2007 Bonds, the 2009 Bonds, and a portion of the 2012 Bonds have heretofore been refunded by the Authority and are no longer outstanding under the Existing Indenture, and by reason of such refunding the October 1, 2019 maturity of the 2012 Bonds (the "Outstanding 2012 Bonds"), the 2013 Bond, the 2014 Bond, the 2016 Bond, and the 2017 Bond (collectively, the "Outstanding Authority Bonds"), are the only bonds outstanding under the Existing Indenture; and

WHEREAS, the Township, the Authority and the Trustee have heretofore entered into guaranty agreements with respect to each of the Outstanding Authority Bonds (with the exception of the 2017 Bond (collectively, the "Township Guaranty Agreements"), as authorized by the Pennsylvania Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 *et seq.*, as amended (the "Debt Act"), wherein the Township unconditionally guaranteed the payment of the principal of, and interest on, the Outstanding Authority Bonds (with the exception of the 2017 Bond); and

WHEREAS, the Existing Indenture and the Outstanding 2012 Bonds, the 2013 Bond and the 2016 Bond provide, *inter alia*, that the Outstanding 2012 Bonds, the 2013 Bond and the 2016 Bond are each subject to redemption at the option of the Authority at any time, upon not more than 45 nor less than 30 days' notice by the Trustee to the holders of the Outstanding 2012 Bonds, the 2013 Bond and 2016 Bond, and the payment of the principal thereof, and accrued interest thereon, to the date fixed for redemption; and

WHEREAS, the Existing Indenture and the 2014 Bond provide, *inter alia*, that the 2014 Bond is subject to redemption prior to maturity, at the option of the Authority, in whole on October 1, 2020, or on any date thereafter, at any time, upon not more than 45 nor less than 30 days' notice by the Trustee to the holder of the 2017 Bond, and the payment of the principal thereof, and accrued interest thereon, to the date fixed for redemption; and

WHEREAS, the Existing Indenture and the 2017 Bond provide, *inter alia*, that the 2017 Bond is subject to redemption prior to maturity, at the option of the Authority, in whole on October 1, 2022, or on any date thereafter, at any time, upon not more than 45 nor less than 30 days' notice by the Trustee to the holder of the 2017 Bond, and the payment of the principal thereof, and accrued interest thereon, to the date fixed for redemption; and

WHEREAS, the Authority has requested, and Branch Banking and Trust Company, the holder of the 2014 Bond and the 2017 Bond (the "Holder"), has agreed to waive, the holding periods for the 2014 Bond and the 2017 Bond, such that the Holder at the request of the Authority

will tender each of the 2014 Bond and the 2017 Bond for immediate redemption upon payment of the principal thereof, together with any prepayment penalty, and accrued interest thereon to the date fixed for redemption; and

WHEREAS, the Authority has determined to exercise its option to refund from proceeds of the Bonds (hereinafter defined) or to provide for payment in full from other available Authority funds, including any prepayment penalty, all of the Outstanding Authority Bonds on April 5, 2018, or such other date or dates as may be designated in writing by the Chairman or Vice Chairman of the Authority (the "Redemption Date"), in accordance with the terms of the Existing Indenture and the Outstanding Authority Bonds; and

WHEREAS, at the request of the Authority, and within the Authority parameters as set forth herein, the Township has determined to issue its General Obligation Bonds, Series of 2018, in the estimated aggregate principal amount of \$38,000,000 (the "Bonds"), with the proceeds thereof, together with other available funds of the Authority, to be applied for and toward a project, consisting of: (i) the refunding or payment in full of the Outstanding Authority Bonds, including any prepayment penalty, and defeasance of the Indenture (the "Refunding Project"); (ii) the financing of certain capital projects of the Authority related to the Sewer System (the "Capital Project"); and (iii) the payment of the costs of issuance related to the issuance of the Bonds ((i), (ii) and (iii) collectively, the "Project"), all in accordance with the applicable and appropriate provisions of the Debt Act; and

WHEREAS, the Authority, in connection with the issuance by the Township of the Bonds, has determined to enter into a Subsidy Agreement (the "Subsidy Agreement") dated as of the date of issuance and delivery of the Bonds, with the Township, which shall provide that the Authority shall periodically pay certain sums to the Township, derived solely from the receipts and revenues from the Authority's Sewer System, for application toward the payment of debt service on Bonds; and

WHEREAS, the Township has requested the Board of the Authority to make recommendations and to indicate its intentions with respect to appropriate and required legal action and proceedings related to the Project and the issuance of the Bonds.

NOW, THEREFORE, the Board of the Susquehanna Township Authority resolves as follows:

Section 1. Authorizing the Project. The Authority approves the Project, subject to the conditions as set forth herein. Further, the Authority acknowledges that the Township intends to award the Bonds, at a negotiated sale, to RBC Capital Markets, LLC (the "Underwriter") at the meeting of the Board of Commissioners of the Township on March 8, 2018, upon the terms set forth in its bond purchase proposal (the "Proposal") to be dated as of such date, and as described in the Ordinance of the Township, to be considered for enactment by the Board of Commissioners of the Township on March 8, 2018 (a copy of which shall be filed with the records of the Authority) (the "Township Ordinance"). Such details are hereby approved, and a copy of the Township Ordinance, upon enactment, will be presented to the Authority.

Section 2. Further Authorizations. The Authority expresses its intention to take all necessary and appropriate legal action and proceedings which shall be required to enable the Township to issue and to deliver the Bonds in accordance with the terms, conditions and provisions of the Proposal and the requirements of Section 1 herein, including, but not limited to, entering into the Subsidy Agreement.

Section 3. Approval of the Subsidy Agreement. The form, terms and provisions of the Subsidy Agreement, to be substantially in the form as submitted to this meeting (a copy of which shall be filed with the records of the Authority) are hereby approved. The Chairman or a Vice Chairman of the Authority is hereby authorized and directed, upon execution thereof by the Township, to execute the Subsidy Agreement in such form, subject to such changes and modifications, if any, as may be approved by such Chairman or Vice Chairman, with the advice of the Authority's Solicitor, the execution of the Subsidy Agreement to be conclusive evidence of such approval, and the Secretary or Assistant Secretary of the Authority is hereby authorized and directed to affix thereto the corporate seal of the Authority and to attest the same.

Section 4. Refunding Project. The Authority, exercising its option to do so, hereby authorizes and directs the refunding and redemption of the Outstanding Authority Bonds, all in accordance with the Existing Indenture and the Outstanding Authority Bonds.

Subject only to completion of delivery of, and settlement for, the Bonds, the Authority hereby authorizes and directs the irrevocable deposit in trust, with the Trustee proceeds of the Bonds in an amount which will be sufficient to effect the refunding and redemption of the Outstanding Authority Bonds on the Redemption Date. On the Redemption Date, the Trustee is irrevocably authorized and directed to take all necessary steps to effectuate the refunding and redemption of the Outstanding Authority Bonds, including, but not limited to, the delivery of all necessary notices of refunding and redemption with respect to the Outstanding Authority Bonds.

The Authority hereby gives and grants the Trustee full authority to do and perform all and every act and thing whatsoever requisite and necessary to effectuate said purposes as the Authority might do on its own behalf, and hereby ratifies and confirms all that said agents shall do or cause to be done by virtue hereof.

Section 5. Defeasance of Existing Indenture. The Board of the Authority does hereby authorize in connection with the refunding of the Outstanding Authority Bonds the taking of all necessary action to defease the lien of the Existing Indenture, such defeasance in accordance with the defeasance rights and privileges reserved to this Authority in Article XIV of the Existing Indenture. The proper officers of this Authority are hereby authorized and directed to notify the Trustee of the action authorized herein by delivering to it a certified copy of this Resolution, together with any other documents the Trustee may reasonably request in connection with the defeasance of the lien of the Existing Indenture.

Without limiting the generality of the foregoing, this Authority expresses its intention, and proper officers of this Authority and counsel to this Authority are hereby authorized, to execute and to deliver all appropriate and required documents and to do and to

perform any and all other acts appropriate and required in its behalf in order to enable this Authority to retire the Outstanding Authority Bonds and to defease the Existing Indenture.

Section 6. 2018 Debt Service Account. The Authority hereby creates with Manufacturers and Trader Trust Company, as paying agent for the Bonds (the "Paying Agent"), a special fund to be known as the "Susquehanna Township Authority Subsidy Agreement 2018 Debt Service Account" (the "2018 Debt Service Account"). The 2018 Debt Service Account shall be held for the benefit of the Authority until disbursed in accordance with the provisions hereof. The Authority shall periodically transfer to the Paying Agent for deposit in the 2018 Debt Service Account such receipts and revenues from the Authority's Sewer System as required to effectuate the payments due the Township under Article IV of the Subsidy Agreement.

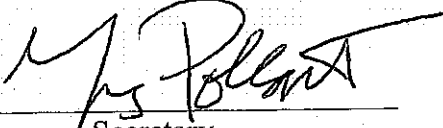
Section 7. Disposition of Proceeds. The Authority acknowledges that all money derived from the Bonds shall be deposited in the Settlement Account created pursuant to the Township Ordinance, and shall be appropriated to payment of the costs of the Project, including but not limited to payment of the costs and expenses of preparing and issuing the Bonds, and shall not be used for any other purpose except as specified in the Township Ordinance. Promptly upon the deposit of the proceeds of the Bonds to the Settlement Account, the Paying Agent shall pay costs of issuance of the Bonds as set forth in the closing receipt to be executed by the Township, the Authority, the Trustee, the Paying Agent and the Underwriter at the time of closing on the sale of the Bonds (the "Closing Receipt"), and shall apply a portion of the proceeds of the Bonds in accordance with the Closing Receipt, to effectuate the Refunding Project, and shall transfer the balance of the proceeds of the Bonds to an account of the Authority to effectuate the Capital Project.

Section 8. Further Covenants. The proper officers of the Authority are hereby authorized, directed and empowered on behalf of the Authority to execute any and all papers and documents, including a Continuing Disclosure Agreement enabling the Underwriter to meet the requirements imposed upon it by SEC Rule 15c2-12(b)(5), and any certificates described in the Purchase Proposal; and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the provisions of this Resolution, the Township Ordinance and the issuance by the Township of with Bonds, including all action as may be necessary or appropriate to comply, or to evidence compliance with, the requirements of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended, and with regulations implementing such Sections.

Section 9. Rescinding Inconsistent Resolutions. All resolutions or parts of resolutions inconsistent herewith be and the same hereby are rescinded, canceled and annulled.

I, the undersigned officer of the Susquehanna Township Authority, DO HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution duly adopted by the Board of the Authority at a public meeting of the Authority held the 6th day of March, 2018, after notice thereof had been duly given as required by law, at which meeting a quorum was present and voting and is now in full force and effect on the date of this certification.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Authority this 6th day of March, 2018.


Secretary

(SEAL)