

TOWNSHIP OF READING  
Adams County, Pennsylvania

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03  
ORDINANCE NO. 2019-04

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AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THIS TOWNSHIP DETERMINING TO INCUR LEASE RENTAL DEBT IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$625,000; DETERMINING THAT SUCH DEBT SHALL BE INCURRED AS LEASE RENTAL DEBT AND SHALL BE EVIDENCED BY THE GUARANTY OF A SERIES OF GUARANTEED SEWER REVENUE NOTE - SERIES OF 2019, DATED ON OR ABOUT DECEMBER 30, 2019, TO BE AUTHORIZED AND TO BE ISSUED BY READING TOWNSHIP MUNICIPAL AUTHORITY IN CONNECTION WITH THE REFINANCE OF THE SERIES 2004 GUARANTEED SEWER PROJECT NOTE AND THE 2011 LINE OF CREDIT SEWER REVENUE NOTE INCURRED IN CONNECTION WITH ITS SEWER SYSTEM; APPROVING THE FORM OF A GUARANTY AGREEMENT TO BE ENTERED INTO IN CONNECTION WITH SUCH LEASE RENTAL DEBT AND AUTHORIZING AND DIRECTING PROPER OFFICERS OF THIS TOWNSHIP TO EXECUTE, TO ATTEST AND TO DELIVER SUCH GUARANTY AGREEMENT; SPECIFYING THE MAXIMUM AMOUNTS OF THE GUARANTY OBLIGATIONS OF THIS TOWNSHIP PURSUANT TO SAID GUARANTY AGREEMENT AND THE SOURCES OF PAYMENT OF SUCH GUARANTY OBLIGATIONS, AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT THEREOF; CREATING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY IF NECESSARY IN CONNECTION WITH SUCH GUARANTY OBLIGATIONS; PROVIDING FOR PROPER OFFICERS OF THIS TOWNSHIP TO TAKE ALL REQUIRED, NECESSARY OR DESIRABLE RELATED ACTION AND TO EXECUTE AND DELIVER ALL OTHER REQUIRED, NECESSARY OR DESIRABLE DOCUMENTS; AUTHORIZING PROCEEDINGS FOR THE APPROVAL OF SUCH LEASE RENTAL DEBT PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT; PROVIDING FOR THE EFFECTIVENESS OF THIS ORDINANCE; PROVIDING FOR SEVERABILITY OF PROVISIONS OF THIS ORDINANCE; AND PROVIDING FOR REPEAL OF ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES.

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WHEREAS, this Township is a political subdivision of the Commonwealth of Pennsylvania and is a "local government unit" under provisions of the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 of the Commonwealth ("Act"); and

WHEREAS, Reading Township Municipal Authority ("Authority") is a municipal authority organized and existing under the Pennsylvania Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended and supplemented, from time to time, of the Commonwealth ("Authorities Act"); and

WHEREAS, the Authority heretofore acquired and/or constructed certain sanitary sewage collection, transmission, treatment and disposal system facilities required for rendering sewer service in the Township ("Existing Sewer Facilities"); and

WHEREAS, the Authority has determined that the Authority shall refinance its series 2004 Guaranteed Sewer Project Note and its 2011 Line of Credit Sewer Revenue Note which were both previously guaranteed by the Township by issuance of a series of guaranteed sewer revenue Note, Series 2019; and

WHEREAS, the Township supports the refinancing of the Notes as fiscally prudent;

NOW THEREFORE, BE IT ORDAINED AND ENACTED by the Board of Supervisors, as follows:

**Section 1. Purpose**

The purpose of this Ordinance is to guarantee the refinancing of the Authority's series 2004 Guaranteed Sewer Project Note and 2011 Line of Credit Sewer Revenue Note by issuance of a series of guaranteed sewer revenue Note, Series 2019.

## **Section 2. Enabling Authority**

This Ordinance is enacted pursuant to the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82.

## **Section 3. Substantive Terms**

1. The Township authorizes the Authority to refinance the Series 2004 Guaranteed Sewer Project Note and the 2011 Line of Credit Sewer Revenue Note.
2. The Township determines that it shall incur debt, which shall be lease rental debt of the Township pursuant to the Act, in connection with the refinancing of the Series 2004 Guaranteed Sewer Project Note and the 2011 Line of Credit Sewer Revenue Note.
3. Such debt, which shall be incurred as such lease rental debt, shall be in the maximum aggregate principal amount of \$625,000, shall be evidenced by obligations to be issued by the Authority under the Authorities Act and shall consist of a series of guaranteed sewer revenue note, to be known generally as "Guaranteed Sewer Revenue Note – Series of 2019", dated on or about December 30, 2019 ("Note"), which Note shall have the benefit of and shall be secured by, *inter alia*, the guaranty obligations of the Township pursuant to the Guaranty Agreement (hereinafter mentioned and identified), attached and marked as APPENDIX A.
4. The Township accepts the Authority's representation that the remaining estimated useful life of the Existing Sewer Facilities is at least 20 years.
5. The Township, as guarantor, shall enter into a 2019 Guaranty Agreement, dated on or about December 30, 2019 ("Guaranty Agreement"), substantially in the

form referred to in paragraph 6, with the Authority and ACNB Bank, (“Lender”), a Loan Agreement, dated on or about December 30, 2019, (collectively, “Loan Agreement”), between the Authority and the Lender, with respect to the refinance of the Series 2004 Guaranteed Sewer Project Note and the 2011 Line of Credit Sewer Revenue Note, under terms and provisions of which Guaranty Agreement, *inter alia*, the Township shall guaranty, unconditionally, for the benefit of the holders, from time to time, of the Note, full and prompt payment of Debt Service, as such phrase is defined in the Guaranty Agreement, to the extent provided in the Guaranty Agreement, as such shall be due and payable with respect to the Note.

The Guaranty Agreement shall be for the life of the Note and shall set forth terms, conditions, provisions, covenants and agreements to be observed by the Township, the Authority and the Trustee in relation to the Sewer System, as such phrase is defined in the Guaranty Agreement, and the Note.

6. The Guaranty Agreement shall be substantially in the form attached to this Ordinance (ATTACHMENT A), which form is approved; and a copy of the Guaranty Agreement, in the form so presented and so approved, shall be filed with the Township Secretary and shall be made available for inspection at reasonable times by interested persons requesting such inspection.
7. The Township shall covenant in the Guaranty Agreement and does hereby covenant to and with the Trustee, the Authority and the holders, from time to time, of the Note that shall be Outstanding, as such term is defined in the Indenture, that the Township shall do the following: (i) include the Debt

Service, as that phrase is defined in the Guaranty Agreement, payable in respect of its guaranty pursuant to the Guaranty Agreement, for each Fiscal Year, as that phrase is defined in the Guaranty Agreement, in which such sums shall be payable in its budget for that Fiscal Year; (ii) appropriate such amounts from its general revenues for payment to the Trustee of its obligations under the Guaranty Agreement; and (iii) duly and punctually pay or cause to be paid from a sinking fund (hereinafter referred to), if necessary, or any other of its revenues or funds the amount payable in respect of such guaranty, in the event the Authority cannot meet its obligation, at the dates and in the manner stated in the Guaranty Agreement, at the corporate office of the Lender located in Gettysburg, Pennsylvania, or at such other office as shall be specified by the Lender, according to the true intent and meaning thereof; and for such budgeting, appropriation and payment in respect of such guaranty, the Township shall and does pledge, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable. For the purposes of complying with the foregoing covenant, the Township covenants that it shall budget annually the amount set forth in ATTACHMENT A, which is attached hereto and made part hereof, such amounts being such Debt Service on the Note for the Fiscal Years in which such amounts are payable, and shall appropriate and shall pay over to the Trustee such amounts; subject, however, to provisions of the Guaranty Agreement with respect to credit for certain sums that shall be available for such Debt Service under the Loan Agreement, all as more fully set forth in the Guaranty Agreement.

The Township also shall covenant in the Guaranty Agreement and does hereby covenant that, to the extent sufficient money shall not be available in its then current budget at any time when payments are required under the Guaranty Agreement, and if it shall be unable to incur debt lawfully in the current year for the purpose or to issue tax anticipation notes or otherwise to satisfy its obligations under the Guaranty Agreement, it shall include any amounts so payable by it in its budget for the next succeeding Fiscal Year and shall appropriate such amounts to the payment of such obligations and duly and punctually shall pay or shall cause to be paid its obligations incurred under the Guaranty Agreement, in the manner therein stated, according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, it shall and does pledge, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable.

It shall be the intent and purpose of the Guaranty Agreement that the Township shall be required to pay over to the Lender only that portion of such Debt Service that cannot be paid from the Receipts and Revenues from the Sewer System, as that phrase is defined in the Guaranty Agreement, or from other money of the Authority that shall be available for the purpose, as set forth in the Guaranty Agreement.

The phrase "Fiscal Year", as used in this Ordinance and in ATTACHMENT A, which is attached hereto and made part hereof, shall mean the fiscal year of the Township as prescribed by applicable statute.

8. The guaranty obligations of the Township, with respect to the Note, as set forth in the Guaranty Agreement in the form referred to in paragraph 6, which shall be payable, if and as necessary, on a quarterly basis, shall be as is set forth in ATTACHMENT A, which is attached hereto and made part hereof.
9. The guaranty obligations of the Township, as set forth in paragraphs 7 and 8, shall be payable from the tax and other general revenues of the Township.
10. If necessary, the Township will create and establish a "sinking fund", as such phrase is defined or applied in the Act, with respect to its obligations under such guaranty and the Guaranty Agreement and, if established, ACNB Bank, Gettysburg, Pennsylvania, is hereby appointed "sinking fund depository" and "paying agent", as such phrases are defined or applied in the Act, with respect to obligations of the Township under such guaranty and the Guaranty Agreement.
11. The Chairman or Vice Chairman of the Board of Supervisors and the Township Secretary, respectively, as appropriate, are authorized and directed to prepare, to certify and to file the debt statement, as such phrase is defined in the Act, required by the Act, in behalf of the Township.

The Chairman or Vice Chairman of the Board of Supervisors and the Township Secretary, respectively, as appropriate, are authorized and directed to prepare and execute a borrowing base certificate for the Township to be appended to such debt statement, as required by the Act.

12. The Chairman or Vice Chairman of the Board of Supervisors and the Township Secretary, respectively, as appropriate, are authorized and directed to prepare and to file appropriate statements required by Chapter 80, Subchapter B of the Act

that are necessary to qualify all or any portion of the lease rental debt of the Township that is subject to exclusion as self-liquidating or subsidized debt for exclusion from the appropriate debt limit as self-liquidating or subsidized debt.

13. The Chairman or Vice Chairman of the Board of Supervisors and the Township Secretary, respectively, as appropriate, are authorized and directed to execute, to attest and to deliver the Guaranty Agreement, in behalf of the Township substantially in the form approved in paragraph 6; Subject, however, to applicable provisions of the Act.
14. The Chairman or Vice Chairman of the Board of Supervisors and the Township Secretary, respectively, as appropriate, are authorized and directed to make application to the Department of Community and Economic Development of the Commonwealth ("Department") for approval with respect to the Guaranty Agreement, as required by the Act; and, in connection with such application, the Authority shall pay or shall cause to be paid to the Department any filing fees required by the Department, the payment of which filing fees is authorized and approved.
15. The Chairman or Vice Chairman of the Board of Supervisors ~~Governing Body~~ and the Township Secretary, respectively, as appropriate, are authorized and directed to execute all documents and to do all other acts as may be necessary and proper to carry out the intent and purpose of this Ordinance and the undertakings of the Township under the Guaranty Agreement.



16. Reference in this Ordinance to specified officers of the Township shall include and shall be construed to include, if and as applicable, their respective successors in office.
17. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the Township that such remainder shall be and shall remain in full force and effect.

**Section 4. Repealer**

All ordinances or parts of ordinances that are inconsistent herewith shall be and the same expressly are repealed.

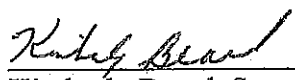
**Section 5. Effective Date**

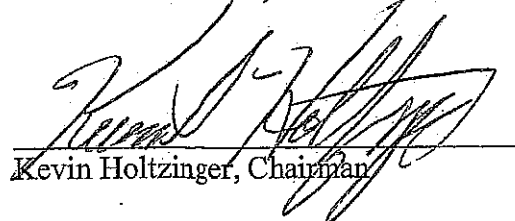
This Ordinance shall become effective November 23, 2019.

ORDAINED AND ENACTED THIS 18<sup>th</sup> day of November, 2019, by the Board of Supervisors, in lawful session duly assembled.

BOARD OF SUPERVISORS  
READING TOWNSHIP,  
ADAMS COUNTY, PENNSYLVANIA

ATTEST:

  
\_\_\_\_\_  
Kimberly Beard, Secretary

  
\_\_\_\_\_  
Kevin Holtzinger, Chairman

*Gregory B. Hecker*  
Gregory Hecker, Vice-Chairman

SEAL:

*Gary Sauble*  
Gary Sauble, Supervisor

ATTACHMENT A

Debt Service, as such phrase is defined in the Guaranty Agreement referred to in the Ordinance to which this ATTACHMENT A is attached, on the Note, as such term is defined in the Ordinance to which this ATTACHMENT A is attached (in the maximum aggregate principal of \$625,000), to be issued by Reading Township Municipal Authority.

## Reading Twp Municipal Authority

Compound Period ..... : Quarterly

Nominal Annual Rate .... : 2.740 %

## CASH FLOW DATA

| Event     | Date       | Amount     | Number | Period    | End Date   |
|-----------|------------|------------|--------|-----------|------------|
| 1 Loan    | 12/30/2019 | 625,000.00 | 1      |           |            |
| 2 Payment | 02/01/2020 | 33,401.69  | 20     | Quarterly | 11/01/2024 |

## AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

| Date            | Payment    | Interest  | Principal  | Balance    |
|-----------------|------------|-----------|------------|------------|
| Loan 12/30/2019 |            |           |            | 625,000.00 |
| 2019 Totals     | 0.00       | 0.00      | 0.00       |            |
| 1 02/01/2020    | 33,401.69  | 1,569.79  | 31,831.90  | 593,168.10 |
| 2 05/01/2020    | 33,401.69  | 4,063.20  | 29,338.49  | 563,829.61 |
| 3 08/01/2020    | 33,401.69  | 3,862.23  | 29,539.46  | 534,290.15 |
| 4 11/01/2020    | 33,401.69  | 3,659.89  | 29,741.80  | 504,548.35 |
| 2020 Totals     | 133,606.76 | 13,155.11 | 120,451.65 |            |
| 5 02/01/2021    | 33,401.69  | 3,456.16  | 29,945.53  | 474,602.82 |
| 6 05/01/2021    | 33,401.69  | 3,251.03  | 30,150.66  | 444,452.16 |
| 7 08/01/2021    | 33,401.69  | 3,044.50  | 30,357.19  | 414,094.97 |
| 8 11/01/2021    | 33,401.69  | 2,836.55  | 30,565.14  | 383,529.83 |
| 2021 Totals     | 133,606.76 | 12,588.24 | 121,018.52 |            |
| 9 02/01/2022    | 33,401.69  | 2,627.18  | 30,774.51  | 352,755.32 |
| 10 05/01/2022   | 33,401.69  | 2,416.37  | 30,985.32  | 321,770.00 |
| 11 08/01/2022   | 33,401.69  | 2,204.12  | 31,197.57  | 290,572.43 |
| 12 11/01/2022   | 33,401.69  | 1,990.42  | 31,411.27  | 259,161.16 |
| 2022 Totals     | 133,606.76 | 9,238.09  | 124,368.67 |            |
| 13 02/01/2023   | 33,401.69  | 1,775.25  | 31,626.44  | 227,534.72 |
| 14 05/01/2023   | 33,401.69  | 1,558.61  | 31,843.08  | 195,691.64 |
| 15 08/01/2023   | 33,401.69  | 1,340.49  | 32,061.20  | 163,630.44 |
| 16 11/01/2023   | 33,401.69  | 1,120.87  | 32,280.82  | 131,349.62 |
| 2023 Totals     | 133,606.76 | 5,795.22  | 127,811.54 |            |
| 17 02/01/2024   | 33,401.69  | 899.74    | 32,501.95  | 98,847.67  |
| 18 05/01/2024   | 33,401.69  | 677.11    | 32,724.58  | 66,123.09  |
| 19 08/01/2024   | 33,401.69  | 452.94    | 32,948.75  | 33,174.34  |
| 20 11/01/2024   | 33,401.69  | 227.35    | 33,174.34  | 0.00       |
| 2024 Totals     | 133,606.76 | 2,257.14  | 131,349.62 |            |
| Grand Totals    | 668,033.80 | 43,033.80 | 625,000.00 |            |

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Reading Twp Municipal Authority

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Last interest amount increased by 0.11 due to rounding.

**APPENDIX A**

**GUARANTY AGREEMENT**

Dated \_\_\_\_\_, 2019

By and Among

**READING TOWNSHIP**

Adams County, Pennsylvania,

as Guarantor,

and

**READING TOWNSHIP MUNICIPAL AUTHORITY**

and

**ACNB BANK**

as Lender,

With Respect To The

\$625,000 Guaranteed Sewer Revenue Note, Series 2019

**GUARANTY AGREEMENT**

**THIS GUARANTY AGREEMENT**, dated April \_\_\_\_ 2019, by and among the **TOWNSHIP OF READING**, Adams County, Pennsylvania, a municipal corporation of the Commonwealth, as Guarantor, and **READING TOWNSHIP MUNICIPAL AUTHORITY** a municipal authority existing under the Municipality Authorities Act of the Commonwealth, and **ACNB BANK**, a bank organized and existing under laws of the Commonwealth and having its principal office in Gettysburg, Pennsylvania.

**WITNESSETH:**

**WHEREAS**, the Authority intends to authorize and to issue the Note; and

**WHEREAS**, the Note is to be issued under and pursuant to the Loan Agreement; and

**WHEREAS**, the proceeds derived from authorization, issuance and sale of the Note will be applied, together with other funds available or to be available to the Authority, for and toward, to refinance existing debt and to pay the cost of financing, all in the manner to be provided in the Loan Agreement; and

**WHEREAS**, the Township, as an inducement to the Bank and to any subsequent registered owners of the Note, from time to time, to accept the Note and to enhance and to ensure the marketability of the Note and thereby for the Authority to achieve interest cost and other savings with respect to the refinancing, desires to enter into this Guaranty Agreement with respect to the Note, as is permitted by the Debt Act; and

**WHEREAS**, the Township Board of Supervisors, in entering into this Guaranty Agreement, is acting in the public interest in connection with the preservation and protection of the general health and welfare of inhabitants of the Township and of the Commonwealth; and

**WHEREAS**, the parties hereto desire to set forth the terms and conditions under and pursuant to which the Note is to be guaranteed by the Township and related matters.



NOW, THEREFORE, the parties hereto covenant and agree as follows:

## ARTICLE I

### Definitions

**SECTION 1.01.** Terms and phrases defined in this Section 1.01, for all purposes of this Guaranty Agreement, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

“Authorities Act” shall mean the Act of the General Assembly of the Commonwealth, known as the Municipality Authorities Act (53 Pa.C.S. Ch. 56), as amended and supplemented, from time to time;

“Authority” shall mean Reading Township Municipal Authority, a municipal authority of the Commonwealth;

“Bank” shall mean ACNB Bank having its principal office in Gettysburg, Pennsylvania, a party hereto;

“Debt Act” shall mean the Act of the General Assembly of the Commonwealth known as the “Local Government Unit Debt Act”, 53 Pa.C.S. Chs. 80-82, as amended and supplemented, from time to time;

“Debt Service” shall mean with respect to any Fiscal Year, the sum required under the Loan Agreement to be deposited with the Lender by the Authority for payment of interest on the Guaranteed Note;

“Fiscal Year” shall mean the fiscal year of the Township as provided by laws of

the Commonwealth;

“Guaranty Agreement” shall mean this document and all modifications, alterations, amendments and supplements hereto made and delivered in accordance with provisions hereof, which phrase sometimes is referred to in this document by use of such words as “hereto”, “hereby”, “herein”, “hereof” or “hereunder”;

“Lender” shall mean ACNB Bank;

“Loan Agreement” shall mean Loan Agreement between Reading Township Municipal Authority and ACNB Bank executed contemporaneously herewith;

“Note” shall mean the Guaranteed Sewer Revenue Note, of the Authority, in the maximum principal amount of \$625,000 as more specifically described in the Note;

“Township” shall mean Reading Township, Adams County, Pennsylvania;

## ARTICLE II

### Representations and Warranties of the Township

SECTION 2.01. The Township represents and warrants that:

- A. The Township is a municipal corporation of the Commonwealth;
- B. The Township is possessed of all requisite power and authority under laws of the Commonwealth to enter into and to perform all covenants and agreements contained in this Guaranty Agreement;

C. The Township, by enabling authority and Ordinance No. 2019-04, has been authorized to enter into this Guaranty Agreement, pursuant to proper and necessary official action of the Board of Supervisors, in accordance with laws of the Commonwealth;

D. The Township, in entering into this Guaranty Agreement, is acting in the public interest in connection with preservation and protection of the general health and welfare of inhabitants of the Township and of the Commonwealth; and

E. The Township, in entering into this Guaranty Agreement, is incurring lease rental debt, to the extent provided herein, pursuant to the Debt Act; and the Township has taken all proper proceedings pursuant to the Debt Act in connection with this Guaranty Agreement.

### ARTICLE III

#### Covenants and Agreements of the Township

**SECTION 3.01.** The Township, to the extent, in the manner and upon terms and conditions provided herein, guarantees, unconditionally, for the benefit of the Bank, and any subsequent registered owners, from time to time, of the Note, full and prompt payment of the outstanding principal of the Note, together with interest due on said outstanding principal of the Note, said guaranteed principal amount not to exceed \$625,000, together with interest due on said principal of the Note, at the rate(s) specified on Exhibit A hereto, as such shall be due and payable with respect to the Note.

**SECTION 3.02.** The Township covenants and agrees to pay all costs, fees, expenses and charges, including court costs and attorney fees, that may be paid or incurred, from time to time, by the Bank or the Authority in enforcing the guaranty obligation hereunder and/or, to the extent permitted by laws of the Commonwealth, in otherwise enforcing this Guaranty Agreement.

**SECTION 3.03.** All payments required to be made by the Township under this Guaranty

Agreement shall be made in lawful money of the United States, from time to time.

**SECTION 3.04.** Each and every default in payment of the principal of or interest on the Note shall give rise to a separate cause of action under this Guaranty Agreement and separate suits may be instituted pursuant to this Guaranty Agreement, from time to time, as each cause of action shall arise.

**SECTION 3.05.** The Township covenants to and with the Authority, the Bank and any subsequent registered owners, from time to time, of the Note that the Township: (i) shall include the amounts payable in respect of its guaranty stated in this Guaranty Agreement, for each Fiscal Year in which such sums shall be payable, in its budget for that Fiscal Year; (ii) shall appropriate such amounts from its general revenues for payment to the Bank of such guaranty; and (iii) shall duly and punctually pay or cause to be paid from a sinking fund (hereinafter referred to), if necessary, or any other of its revenues or funds the amount payable in respect of such guaranty, at the dates and in the manner provided for herein, at the principal office or at any branch office of the Bank, according to the true intent and meaning hereof; and for such budgeting, appropriation and payment in respect of such guaranty, it pledges, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable. For the purpose of complying with the covenants of this Section, the Township covenants that it shall budget the amounts set forth in Exhibit A, which is attached hereto and made part hereof; such amounts being the maximum Debt Service on the Note for the Fiscal Years in which such amounts are payable, and shall appropriate and shall pay over to the Bank such amounts; Subject, however, to provisions of Section 3.06.

The Township covenants that, to the extent sufficient money shall not be available in its then current budget at any time when payments are required hereunder, and if it shall be unable to incur debt lawfully in the current year for the purpose or to issue tax anticipation notes or otherwise to satisfy its obligations hereunder, it shall include any amounts so payable by it in its budget for the next succeeding Fiscal Year and shall appropriate such amounts to the payment of such obligations and duly and punctually shall pay or shall cause to

be paid its obligations incurred hereunder in the manner herein stated according to the true intent and meaning hereof; and for such budgeting, appropriation and payment, it does pledge, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable.

**SECTION 3.06.** It is the intent and purpose of this Guaranty Agreement that the Township shall be required to pay over to the Bank only that portion of the principal and interest on the Note that is not paid by the Authority from other funds available for the purpose. Therefore, the parties hereto agree that the Township shall be entitled to a credit against the amount of its guaranty obligation assumed hereunder, which credit shall be in an amount equal to any funds of the Authority expected to be available and applied in any Fiscal Year to the principal of and interest on the Note then due and payable.

The Township covenants to establish a "sinking fund", if necessary, as such phrase is defined in the Debt Act, with respect to its obligations under this Guaranty Agreement, and, if established, the Bank shall be appointed "sinking fund depository" and "paying agent", as such phrases are defined or applied in the Debt Act, to the extent necessary with respect to the obligations of the Township under this Guaranty Agreement.

**SECTION 3.07.** The Township pledges irrevocably its full faith, credit and taxing power.

**SECTION 3.08.** The obligations of the Township under this Guaranty Agreement shall be absolute and unconditional, irrespective of any other agreement or instrument to which the Township shall be a party, and shall remain in full force and effect until the principal of and interest on the Note shall have been paid or shall have been provided for to the satisfaction of the Bank, and shall not be affected, modified, diminished or impaired upon the happening, from time to time, of any event, including, without limitation, any of the following, whether or not with notice to or consent of the Township, unless such notice or consent is required hereunder:

A. The compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority under the Note regardless of the nature of such obligation or liability and regardless of the extent to which such obligation or liability shall have been modified, compromised or otherwise changed;

B. The validity, enforceability or termination of this Guaranty Agreement;

C. The neglect or failure of the Authority or the Bank to exercise, preserve or enforce any right or right of action against any party, Person or property;

D. The failure of the Authority or the Bank to have enforced, on prior appropriate occasions, any right or right of action against any party, Person or property;

E. The waiver of the payment, performance or observance by the Authority, the Bank or the Township of any obligations, covenants or agreements contained in this Guaranty Agreement;

F. The extension of the time for payment of the principal or interest of the Note or any part thereof owing or payable under this Guaranty Agreement or of the time for performance of any other obligations, covenants or agreements under or arising out of this Guaranty Agreement;

G. The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in this Guaranty Agreement;

H. The taking of, or the omission to take, any action referred to in this Guaranty Agreement;

I. Any failure, omission or delay on the part of the Authority or the Bank to

enforce, to assert or to exercise any right, power or remedy conferred upon or vested in the Authority or the Bank hereunder or under the Note, or to enforce, to assert or to exercise any other right or rights on the part of the Authority, the Bank or any subsequent registered owners, at any time or from time to time, of the Note;

J. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustments or other similar proceedings affecting the Township or the Authority or any of the assets of any of them, or any allegation or contest of the validity of this Guaranty Agreement in any such proceeding;

K. The default or failure of the Township or the Authority fully to perform any of its obligations set forth in this Guaranty Agreement.

**SECTION 3.09.** Obligations of the Township hereunder shall not be affected by any bankruptcy, arrangement for the benefit of creditors, reorganization or other similar proceedings; and the Township specifically waives any rights or benefits that could accrue to it by reason of any such proceeding and agrees that the same shall not affect its liability or responsibility hereunder, regardless of the effect that such proceedings may have with respect to the obligations of the Authority.

**SECTION 3.10.** The obligations of the Township hereunder shall not be subject to any setoff, counterclaim or defense resulting from any breach or any alleged breach by the Authority or by the Bank of any obligation to the Township, whether said obligation arises under this Guaranty Agreement or from any other transaction between the Authority, the Township and the Bank, regardless of the nature of such transaction.

**SECTION 3.11.** In the event of a default in payment of principal of the Note when and as the same shall become due and payable, whether at the stated maturity thereof or by

acceleration or call for redemption or otherwise, or in the event of a default in the payment of any interest on the Note, when and as the same shall become due and payable, the Bank may proceed, and, if requested so to do by the holders of 25% in principal amount of the Note then outstanding, and upon indemnification as herein provided, the Bank shall be obligated to proceed hereunder and the Bank, in its sole discretion, shall have the right to proceed first and directly against the Township under this Guaranty Agreement, without proceeding against or exhausting any other remedies that it may have and without resorting to any other security held by the Authority or the Bank.

Before taking any action hereunder, the Bank may require that a satisfactory indemnity bond shall be furnished for the reimbursement of all costs and expenses that it may incur and to protect it against all liability, except liability that is adjudicated to have resulted from its negligence or willful default, by reason of any action so taken.

The Township agrees to pay all costs, fees and expenses, including, to the extent permitted by law, all court costs and reasonable attorney fees, that may be incurred by the Bank in enforcing or attempting to enforce this Guaranty Agreement against it, following any default on the part of the Township hereunder, whether the same shall be enforced by suit or otherwise.

**SECTION 3.12.** The Township expressly waives notice, in writing or otherwise, from the Bank or any subsequent registered owners, at any time or from time to time, of the Note, of its acceptance and reliance upon this Guaranty Agreement.

**SECTION 3.13.** This Guaranty Agreement is entered into by the Township for the benefit of the Bank and any subsequent registered owners of the Note, all of whom shall be entitled to enforce performance and observance hereof by the Township to the same extent as if they were parties signatory hereto.

**SECTION 3.14.** Terms of this Guaranty Agreement may be enforced as to any one or more breaches, either separately or cumulatively.



## ARTICLE IV

### Covenants and Agreements of the Authority and the Township

SECTION 4.01. The Authority covenants with the Township to proceed with the refinancing with all expedition practicable.

SECTION 4.02. The Authority covenants with the Township to use its best efforts to complete the refinancing with all reasonable dispatch and diligence.

SECTION 4.03. The Authority covenants with the Bank and the Township that it shall pay, in full, the outstanding principal balance of the Note, together with interest due thereon, at the time or times due; that, further, the Authority and the Township covenant that each shall take such action necessary to retire the Note; and the Authority further covenants that, at such time, it shall pay to the Township an amount equal to all sums paid by the Township pursuant to this Guaranty Agreement.

## ARTICLE V

### Miscellaneous

SECTION 5.01. No amendment, change, modification, alteration or termination of the Loan Agreement that would in any way increase obligations of the Township, under this Guaranty Agreement shall be effective without obtaining the prior written consent of the Township.

SECTION 5.02. The obligations of the Township hereunder shall arise absolutely and unconditionally when the Note shall have been issued, sold and delivered by the Authority.

**SECTION 5.03.** The Authority and the Bank covenant with the Township that each duly and punctually will perform every covenant and agreement undertaken by the Authority or the Bank under the Note and this Guaranty Agreement.

**SECTION 5.04.** In the event of default by the Township in the punctual discharge of its obligations hereunder, the Authority and the Bank shall be entitled to exercise such remedies as are provided under the Debt Act, together with any other remedies that otherwise may be provided at law or in equity or by other statutes.

**SECTION 5.05.** No remedy conferred upon or reserved to the Bank hereunder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof; but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Bank to exercise any remedy reserved in this Guaranty Agreement, it shall not be necessary to give any notice other than such notice as herein expressly may be required hereunder. In the event any provision contained in this Guaranty Agreement shall be breached by any party and thereafter duly shall be waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification hereof shall be established by conduct, custom or dealing, but shall be established solely by an instrument, in writing, duly executed by the appropriate parties.

**SECTION 5.06.** This Guaranty Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; and this Guaranty Agreement may be executed, simultaneously, in multiple counterparts, each of which counterparts shall be deemed to be an original, but all of which counterparts, together, shall constitute but one and the same instrument.

**SECTION 5.07.** Provisions of this Guaranty Agreement shall be severable; if any one or more of the phrases, sentences, clauses, Articles, Sections or parts contained in this Guaranty Agreement shall be deemed or declared invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of remaining portions of this Guaranty Agreement or any remaining parts thereof.

**SECTION 5.08.** This Guaranty Agreement may be amended or supplemented, from time to time, by a written document duly signed by the parties hereto; Provided, however, that no amendment and/or supplement shall be made that shall diminish or discontinue the obligations of the Authority and of the Township hereunder.

**SECTION 5.09.** This Guaranty Agreement shall be construed in accordance with and shall be governed by laws of the Commonwealth.

IN WITNESS WHEREOF, the undersigned party hereto, intending to be legally bound, pursuant to proper authorization of its governing body, causes this Guaranty Agreement to be executed by its duly authorized officer or officers and to be attested by its duly authorized officer and its official or corporate seal to be affixed to this Guaranty Agreement, all as of the day and year first above written.

TOWNSHIP OF READING  
Adams County, Pennsylvania

By: \_\_\_\_\_

Chairman

ATTEST:

\_\_\_\_\_

Secretary

(SEAL)

IN WITNESS WHEREOF, the undersigned party hereto, intending to be legally bound, pursuant to proper authorization of its governing body, causes this Guaranty Agreement to be executed by its duly authorized officer or officers and to be attested by its duly authorized officer and its official or corporate seal to be affixed to this Guaranty Agreement, all as of the day and year first above written.

READING TOWNSHIP  
MUNICIPAL AUTHORITY

By: \_\_\_\_\_  
(Vice) Chairman

ATTEST:

\_\_\_\_\_  
(Assistant) Secretary  
(SEAL)

IN WITNESS WHEREOF, the undersigned party hereto, intending to be legally bound, pursuant to proper authorization of its governing body, causes this Guaranty Agreement to be executed by its duly authorized officer or officers, all as of the day and year first above written.

ACNB BANK, as Lender

By: \_\_\_\_\_

Title:

ATTACHMENT A

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The maximum amounts to be budgeted by the Township, for the purpose of fulfilling its obligations under the Guaranty Agreement to which this Exhibit A is attached, shall be as follows:

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SEE FOLLOWING PAGE<sup>1</sup>

<sup>1</sup>Assumes the Note is issued by the Authority to the Bank on December \_\_, 2019 with interest only payable quarterly, beginning on February 1, 2019, on the outstanding principal balance.



DEBT STATEMENT PURSUANT TO SECTION 8110

LOCAL GOVERNMENT UNIT DEBT ACT

Local Government Unit - Reading Township, Adams County

Supplemental Statement as of November 15, 2019

(Date - within 60 days of filing date)

Section 8002 I. GROSS INCURRED DEBT

|        |                   | Electoral | Nonelectoral    | Lease         |
|--------|-------------------|-----------|-----------------|---------------|
| Rental |                   |           |                 |               |
| A.     | Bonds outstanding | \$        | \$              | \$            |
|        | List and identify | \$        | \$              | \$            |
|        | by year of issue  | \$        | \$              | \$            |
|        |                   | \$        | \$              | \$            |
|        |                   | \$        | \$              | \$            |
| B.     | Notes Outstanding | \$        | \$              | \$            |
|        | List and identify | \$        | \$              | \$            |
|        | by year of issue  | \$        | \$ 3/30/04 Note | \$ 384,735.85 |
|        |                   | \$        | \$ LRA4145      |               |
|        |                   | \$        | \$ 4/27/11 Note | \$ 240,726.72 |
|        |                   |           | LRA5108         |               |
|        | TOTAL             | \$ 0      | \$ 0            | \$ 625,462.57 |

II. CREDITS & EXCLUSIONS

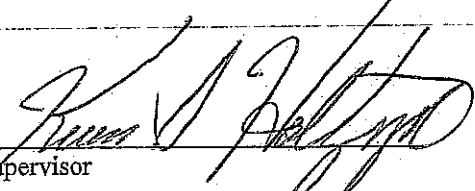
Section 8028(b)

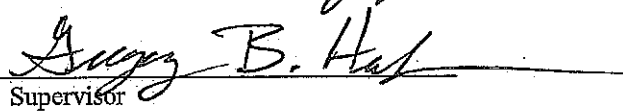
Less:  
(where applicable)


|    |  |    |    |               |
|----|--|----|----|---------------|
| 1. | Sinking Funds, reserve accounts, bond proceeds                                       | \$ | \$ | \$            |
| 2. | Current appropriations   | \$ | \$ | \$            |
| 3. | Uncollected special assessments  | \$ | \$ | \$            |
| 4. | Delinquent taxes and liens   | \$ | \$ | \$            |
| 5. | Surplus cash   | \$ | \$ | \$            |
| 6. | Solvent debts due  | \$ | \$ | \$            |
| 7. | Indemnifying insurance   | \$ | \$ | \$            |
| 8. | Self-liquidating and self-sustaining debt (Excluded under Sections 8024, 8025, 8026) | \$ | \$ | \$ 625,462.57 |

|   |      |      |                |
|---|------|------|----------------|
| TOTAL NET INDEBTEDNESS  | \$ 0 | \$ 0 | \$ 0           |
| III. The aggregate principal amount of bonds or notes being issued or evidencing lease rental debt  |      |      | \$ 625,000     |
| IV. The principal amount of bonds or notes which will no longer be deemed to be outstanding pursuant to Section 8250 after settlement of the issue. |      |      | \$625,000      |
| <u>(Refunding issues only)</u>  |      |      | \$ 0           |
| The borrowing base as shown by appended borrowing base certificate  |      |      | \$1,206,247.66 |
| Applicable debt limitations   |      |      |                |
| (a) nonelectoral<br>(250% of the borrowing base; 300% for counties)   |      |      | \$3,052,657.50 |
| (a)(1) nonelectoral plus lease rental debt limit for school district borrowings<br>(225% of the borrowing base)                                     |      |      | N/A            |
| (b) nonelectoral plus lease rental<br>(350% of the borrowing base; 400% for counties)   |      |      | \$4,221,866.81 |

Section 8110(a) IN WITNESS WHEREOF, we, the Board of Supervisors of Reading Township, and being authorized to prepare, certify and file the foregoing statement, have hereunto set out hands and affixed the seal of the Township of Reading, this 18<sup>th</sup> day of November, 2019.

  
Supervisor

  
Supervisor

  
Supervisor

(SEAL)

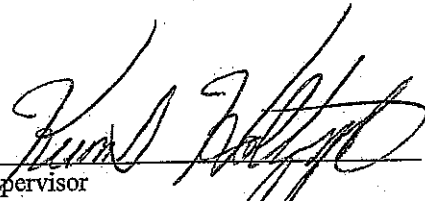
  
Secretary

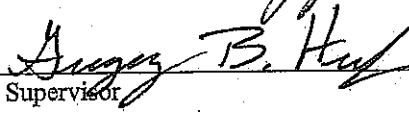
SECTION 8110(b) CERTIFICATE

(If claiming exclusions on the debt statement, the following certification must be included)

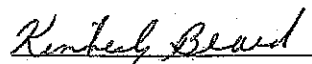
I hereby certify that no decrease in the amounts to be excluded is required by any change of circumstances other than decreases resulting from the payments of bonds or notes.

(note: if there is a decrease other than from payments, the Local Government Unit must reduce the amount being excluded to reflect the changed circumstances).

  
\_\_\_\_\_  
Supervisor

  
\_\_\_\_\_  
Supervisor

  
\_\_\_\_\_  
Supervisor

  
\_\_\_\_\_  
Secretary

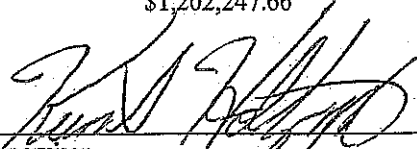
BORROWING BASE CERTIFICATE - SECTION 8002

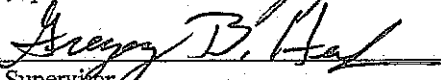
The borrowing base is the arithmetic average of total revenues received for the three fiscal years preceding the fiscal year in which the debt ordinance is enacted, as set forth in a certificate stating the total revenues for each year and stating the average. The certificate may be executed by any authorized official of the local government unit or an independent accountant. The computation of the borrowing base must be done in accordance with the definition of revenues in Section 8002. The following method may be used:

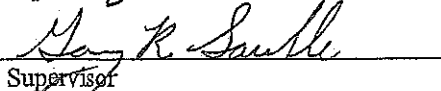
BORROWING BASE CERTIFICATE

Prepared as of November 15, 2019  
(Date)

|   | <u>FISCAL YEAR</u> |                    |                 |
|---|--------------------|--------------------|-----------------|
|   | 2016               | 2017               | 2018            |
| Total Revenues Received (money from all sources)  | \$1, 187,907       | 1,211,945          | 1,218,891       |
| <u>Less:</u>  |                    |                    |                 |
| (1) State and Federal subsidies and reimbursements related to a particular project financed by debt | \$0                | \$0                | \$0             |
| (2) Revenues, receipts, assessments, etc., pledged for self-liquidating debt                        | \$0                | \$0                | \$0             |
| (3) Interest on moneys in sinking funds pledged for debt  | \$0                | \$0                | \$0             |
| (4) Grants and gifts-in-aid measured by construction or acquisition of specific projects            | \$0                | \$0                | \$0             |
| (5) Nonrecurring receipts   | \$0                | \$0                | \$0             |
| <br>SUBTOTAL  | <br>\$1,189,907    | <br>\$1,211,945    | <br>\$1,218,891 |
| TOTAL NET REVENUES  |                    | \$3,618,743        |                 |
| <br>BORROWING BASE<br>(Total Net Revenues divided by 3)   |                    | <br>\$1,202,247.66 |                 |

  
\_\_\_\_\_  
Supervisor

  
\_\_\_\_\_  
Supervisor

  
\_\_\_\_\_  
Supervisor

(SEAL)

Secretary

COMMONWEALTH OF PENNSYLVANIA :  
: SS  
COUNTY OF Adams :

Before me, the undersigned Notary Public, personally appeared Kevin Hottzinger  
Gregory Heefner, and Gary Sauble, who, being duly sworn according to law  
depose and say that they are Supervisors of Reading Township, Adams County,  
Pennsylvania. and that the facts set forth in the foregoing are true and  
correct.

Sworn to and subscribed before me  
this 18th day of November, 2019.

Gayle A. Rinehart  
Notary Public

Commonwealth of Pennsylvania - Notary Seal  
Gayle A. Rinehart, Notary Public  
Adams County  
My commission expires August 24, 2022  
Commission number 1138070  
Member, Pennsylvania Association of Notaries

CERTIFICATE

I, the undersigned, Secretary of the Township of Reading, Adams County, Pennsylvania (the "Township"), certify that: the foregoing is a true and correct copy of an Ordinance, which duly was enacted by the Board of Supervisors of the Township, in accordance with law, at a meeting duly held on November 18, 2019; said Ordinance has been certified and recorded by me, as Secretary of the Township, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 2019-3; the total number of members of the Board of Supervisors of the Township is Three (3); the vote of the Board of Supervisors of the Township, upon enactment of said Ordinance, the yeas and nays having been called, duly was recorded by me, as Secretary, as follows;

3 yeas

     nays

A motion was made by Supervisor Gary Sauble to adopt Ordinance No. 2019-3; motion was seconded by Supervisor Greg Heeban, motion carried unanimously.

said Ordinance has been advertised (both before and after final enactment), as required by law, in a newspaper of general circulation in the Township; and said Ordinance has not been amended, altered or repealed, as of the date of this Certificate.

I further certify that the Board of Supervisors of the Township met the advance notice and public comment requirements of the Sunshine Act, Act. No 1986-84 of the General Assembly of the Commonwealth of Pennsylvania, approved July 3, 1986, as amended, by advertising the time and place of said meeting, by posting prominently a notice of said meeting at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Township, this 18<sup>th</sup> day of November, 2019.

Kimberly B. Reed  
Secretary

(SEAL)