

**FUNDING RECIPIENT - LOAN NUMBER 85216**

**RESOLUTION TO BORROW**

AUTHORIZING THE SECURING OF FUNDING FROM THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY ("PENNVEST") IN THE MAXIMUM PRINCIPAL AMOUNT OF \$500,000.00 AND THE ACCEPTANCE OF A PRINCIPAL FORGIVENESS LOAN FROM THE AUTHORITY IN THE MAXIMUM PRINCIPAL AMOUNT OF \$785,135.00 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE COST OF THE IMPROVEMENT OF THE DRINKING WATER SYSTEM OF THE FUNDING RECIPIENT, TO PAY COSTS AND EXPENSES OF SECURING SUCH FUNDING; AUTHORIZING THE EXECUTION AND DELIVERY OF A PLEDGE OF A LIEN ON THE WATER REVENUES; APPROVING THE FORM, TERMS AND CONDITIONS OF THE FUNDING DOCUMENTS; AUTHORIZING THE EXECUTION OF THE FUNDING DOCUMENTS AND PROVIDING FOR THE AUTHENTICATION AND DELIVERY THEREOF; AND AUTHORIZING THE DISPOSITION OF THE FUNDING PROCEEDS RECEIVED OR TO BE RECEIVED FROM PENNVEST.

WHEREAS, Pottstown Borough Authority, created and existing under the laws of the Commonwealth of Pennsylvania, has determined that it is necessary and in its best interests to

improve the drinking water system (the "Project") by replacing the existing lead service lines within the Borough with copper service lines, and associated restoration and appurtenances (the "System"); and

WHEREAS, in order to finance the cost of the Project, Pottstown Borough Authority intends to secure a loan in the maximum principal amount of \$500,000.00, from PENNVEST to be evidenced by a debt obligation (the "Debt Obligation"), substantially in the form and including the proposed amortization schedule presented to this meeting and attached to and part of this Resolution, and a principal forgiveness loan in the maximum principal amount of \$785,135.00 (the "PENNVEST Funding"), secured by a pledge of a lien on the water revenues (the "Project Collateral") and other agreements granting and creating security interests, all as more particularly set forth in the funding agreement between Pottstown Borough Authority and PENNVEST (the "Funding Agreement") and the funding offer from PENNVEST dated October 20, 2021 (the Debt Obligation, Project Collateral, other security agreements, funding offer, the Funding Agreement and all other agreements, documents, certificates and instruments described in or contemplated by the Funding Agreement are collectively referred to as the "Funding Documents"); and

WHEREAS, Pottstown Borough Authority desires and intends to take all necessary and proper actions and to execute all documents required by PENNVEST to be executed to obtain the PENNVEST Funding and assure its proper repayment, as well as to perfect the required lien and security interest in the Project Collateral.

NOW, THEREFORE, Pottstown Borough Authority hereby resolves as follows:

Section 1. For the purpose of providing funds to finance the cost of the Project and to pay costs and expenses in connection with the PENNVEST Funding, Pottstown Borough Authority hereby authorizes the execution of all Funding Documents and the taking of all actions necessary and required by PENNVEST to obtain the PENNVEST Funding in the maximum principal amount of \$1,285,000.00 pursuant to the provisions of the Pennsylvania Municipality Authorities Act of May 2, 1945, P.L. 382, as amended and the Funding Documents.

Section 2. The PENNVEST Funding shall be secured by the Funding Documents from Pottstown Borough Authority to PENNVEST, and to the extent and in the manner therein set forth, the Project Collateral and other agreements granting and creating certain security interests in favor of PENNVEST, as well as a pledge of water revenues and receipts of Pottstown Borough Authority for the payment of costs of Pottstown Borough Authority, and for the payment of principal of, and interest on, the Debt Obligation. In addition, Pottstown Borough Authority shall accept the Debt Obligation as a special revenue obligation and pledge its water revenues toward the repayment of the Debt Obligation under and subject to an Eleventh Supplemental Trust Indenture between the Pottstown Borough Authority and U.S. Bank Trust Company, National Association, as trustee.

The Funding Documents shall not in any manner pledge the full faith and credit or taxing power of the Commonwealth of Pennsylvania, nor shall it be deemed to be an obligation of the Commonwealth of Pennsylvania, nor shall the Commonwealth be liable for the payment of the principal of, or interest on, such obligation, but it shall be secured upon and payable from the

water revenues and receipts of Pottstown Borough Authority derived from the System and from such other moneys as may be made available for the purpose of repaying the Debt Obligation.

Section 3. The form, terms and conditions of the Funding Documents prepared by counsel for Pottstown Borough Authority and PENNVEST, to be substantially in the form as submitted to this meeting are hereby approved. The Chairman of the Board of Pottstown Borough Authority is hereby authorized to execute the Funding Documents in such form on behalf of Pottstown Borough Authority, subject to such changes and modifications, if any, as may be approved by such Chairman of the Board, the execution of the Funding Documents to be conclusive evidence of such approval, and the Secretary is hereby authorized to cause the corporate seal of Pottstown Borough Authority to be affixed thereto and to attest the same. The Chairman of the Board of Pottstown Borough Authority is further authorized to acknowledge the same on behalf of Pottstown Borough Authority and to deliver said Funding Documents to PENNVEST.

Section 4. The PENNVEST Funding shall be repaid in the amounts and on certain dates, all as set forth in the Funding Documents as submitted to this meeting. The PENNVEST Funding is also subject to early repayment as provided in the Funding Documents.

Section 5. The application for the PENNVEST Funding ("Application") in the form submitted at this meeting is hereby approved with such subsequent, necessary and appropriate variations, omissions and insertions, if any, as may be approved by the Chairman of the Board of Pottstown Borough Authority, and the Chairman of the Board is hereby authorized to sign said

Application, amended as aforesaid, on behalf of Pottstown Borough Authority. The review of the Application and any amendments by PENNVEST, as well as any investigation required by PENNVEST in connection with the PENNVEST Funding, are hereby authorized.

Section 6. Upon receipt, the proceeds from the PENNVEST Funding authorized to be secured in this Resolution, shall be applied by Pottstown Borough Authority under the terms and conditions set forth in the Funding Documents.

Section 7. The proper officers of Pottstown Borough Authority are hereby authorized, empowered and directed on behalf of Pottstown Borough Authority to execute any and all papers and documents to do and cause to be done any and all acts and things necessary or proper for the execution or carrying out of this Resolution, as well as all acts and thing necessary or proper for the execution or carrying out of the Funding Documents and in the Application and securing of the PENNVEST Funding.

Section 8. All resolutions or parts of resolutions inconsistent herewith shall be, and the same are, hereby rescinded, cancelled and annulled.

ATTEST:

Pottstown Borough Authority

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(SEAL)

Chairman