

UPPER MONTGOMERY JOINT AUTHORITY

RESOLUTION NO. 2025-13

OF THE BOARD OF UPPER MONTGOMERY JOINT AUTHORITY (1) AUTHORIZING AND APPROVING A PROJECT CONSISTING OF FINANCING OF CERTAIN ADDITIONS, IMPROVEMENTS AND EQUIPMENT RELATED TO THE AUTHORITY'S SEWER SYSTEM; (2) ACCEPTING, SUBJECT TO THE PROVISIONS OF THIS RESOLUTION, A LOAN PROPOSAL TO BE EVIDENCED BY A SEWER REVENUE BOND TO BE ISSUED BY THE AUTHORITY IN THE MAXIMUM PRINCIPAL AMOUNT OF \$8,500,000; (3) AUTHORIZING PROPER OFFICERS OF THE AUTHORITY TO EXECUTE AND DELIVER SAID SEWER REVENUE BOND; (4) AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT, BETWEEN THE AUTHORITY AND THE BANK; (5) AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERCREDITOR AGREEMENT, BETWEEN THE AUTHORITY, THE 2019 LENDER AND THE BANK; (6) DESIGNATING SAID SEWER REVENUE BOND AS A "QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(B)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; (7) AUTHORIZING BOND COUNSEL AND THE AUTHORITY'S SOLICITOR TO PREPARE THE NECESSARY DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID SEWER REVENUE BOND; (8) APPOINTING A FINANCIAL ADVISOR; (9) AUTHORIZING THE CONSULTING ENGINEER TO PREPARE THE NECESSARY DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID SEWER REVENUE BOND; (10) AUTHORIZING APPROPRIATE OFFICERS AND REPRESENTATIVES OF THIS AUTHORITY TO TAKE ALL NECESSARY AND APPROPRIATE ACTIONS; (11) PROVIDING THE EFFECTIVE DATE OF THIS RESOLUTION; (12) PROVIDING FOR SEVERABILITY OF PROVISIONS; AND (13) REPEALING INCONSISTENT RESOLUTIONS.

WHEREAS, Upper Montgomery Joint Authority (the "Authority") is a municipality authority organized and existing under provisions of the Municipality Authorities Act, 53 Pa.C.S. §5601 *et seq.*, as amended and supplemented (the "Act"); and

WHEREAS, the Authority heretofore acquired and constructed a complete sewage transportation and treatment system, including related and necessary facilities, in and for rendering sewer service in and for the Borough of Red Hill, Borough of Pennsburg and Borough of East Greenville and a portion of the Township of Upper Hanover, all situated in Montgomery County, Pennsylvania, all of which facilities constitute part of the sewer system (the "Sewer System"); and

WHEREAS, the Authority heretofore issued its Sewer Revenue Bonds, Series of 2019, in the original aggregate principal amount of \$28,027,000 (the "2019 Bonds"), under and pursuant to a Resolution of the Authority, duly adopted by the Board of the Authority on November 12, 2019 (the "2019 Resolution"), to the United States of America, acting through the Rural Utilities Service (RUS), United States Department of Agriculture (the "2019 Lender"), a portion of which 2019 Bonds presently remain outstanding; and

WHEREAS, the Authority desires to undertake a project consisting of financing the acquisition, construction and equipping of certain capital additions, improvements and equipment related to the Authority's Sewer System, and the undertaking of various capital projects including, without limitation, the construction of biosolids treatment facilities and related improvements (the "Biosolids Project"); and

WHEREAS, the Authority has determined to incur debt to be evidenced by a sewer revenue bond issued under and pursuant to provisions of the Act in order to provide funds to pay a portion of the costs and expenses of the Biosolids Project and related costs and expenses; and

WHEREAS, the Authority, subject to the terms of this Resolution, has determined to accept the proposal attached hereto as Schedule A (the "Proposal"), received from the financial institution identified in the Proposal (the "Bank") for a loan of up to \$8,500,000 principal amount to be evidenced by the Authority's sewer revenue bond (the "2025 Sewer Revenue Bond"); and

WHEREAS, pursuant to Section 3.01 of the 2019 Resolution, the Authority may issue additional bonds; provided however, that so long as the 2019 Bonds shall remain outstanding, such additional bonds may be issued only upon prior written consent of the 2019 Lender; and

WHEREAS, the 2025 Sewer Revenue Bond will be issued pursuant to a Loan Agreement (the "Loan Agreement"), between the Authority and the Bank; and

WHEREAS, the 2025 Sewer Revenue Bond will be secured on parity with the 2019 Bonds pursuant to an Intercreditor Agreement (the "Intercreditor Agreement"), between the Authority, the 2019 Lender and the Bank; and

WHEREAS, the Authority desires to take all necessary action authorizing or ratifying and confirming the negotiation, execution, attestation and delivery by its Chairman or Vice Chairman and Secretary or Assistant Secretary, as applicable, of all documents and instruments required in connection with the issuance of the 2025 Sewer Revenue Bond, including, but not limited to, the 2025 Sewer Revenue Bond, the Loan Agreement and acceptance of the Proposal and to take any other action necessary for the issuance of the 2025 Sewer Revenue Bond.

NOW, THEREFORE, BE IT RESOLVED, by the Board of the Authority, that:

1. The Biosolids Project. The Authority hereby authorizes and approves the Biosolids Project and does hereby ratify and confirm all action heretofore taken by officers of the Authority and others pursuant to direction of the Authority in proceeding with the Biosolids Project. The Authority hereby determines that the Biosolids Project is in the best interests of the users of the Sewer System. The Authority shall proceed with the Biosolids Project and the necessary financing to fund the Biosolids Project and related costs and expenses.

2. Acceptance of Proposal. The Authority accepts the Proposal, subject to the conditions set forth herein and therein, and the Secretary of the Authority is directed to attach a copy of the Proposal hereto, thereby making the Proposal a part hereof. The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority are authorized and directed to execute, on behalf of the Authority, a written acceptance of the Proposal and to negotiate such additional terms and provisions as shall be necessary or desirable.

3. Authorization of 2025 Sewer Revenue Bond. The Authority hereby determines to issue its 2025 Sewer Revenue Bond in the maximum principal amount of \$8,500,000 for the purpose of undertaking the Biosolids Project. The 2025 Sewer Revenue Bond shall be in the form as approved by the officers of the Authority executing the same, which form hereby is approved, and secured by a pledge of all receipts

and revenues from the Sewer System on parity with the 2019 Bonds. The Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority are authorized and directed to execute the 2025 Sewer Revenue Bond by manual or facsimile signature and to deliver the same to the Bank.

4. Loan Agreement. The Chairman or Vice Chairman of the Authority and the Secretary or Assistant Secretary of the Authority are authorized to execute and deliver the Loan Agreement in such form and containing such terms and provisions as are acceptable to such officers executing the same with the advice of counsel, such approval to be conclusively evidenced by the execution and delivery thereof by such officers.

5. Intercreditor Agreement. The Chairman or Vice Chairman of the Authority and the Secretary or Assistant Secretary of the Authority are authorized to execute and deliver the Intercreditor Agreement in such form and containing such terms and provisions as are acceptable to such officers executing the same with the advice of counsel, such approval to be conclusively evidenced by the execution and delivery thereof by such officers.

6. Designation of 2025 Sewer Revenue Bond as "Qualified Tax-Exempt Obligation". The Authority hereby determines for purposes of the Internal Revenue Code of 1986, as amended, that the 2025 Sewer Revenue Bond shall be and hereby is designated as a "qualified tax-exempt obligation" to the extent the 2025 Sewer Revenue Bond is acquired by any "financial institution", as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and the applicable regulations and rulings thereunder and corresponding provisions of any Federal tax laws from time to time proposed or enacted and at the time applicable or proposed to be applicable. The Authority hereby reasonably anticipates that the total amount of qualified tax exempt obligations, including qualified 501(c)(3) bonds but excluding all other private activity bonds, which will be issued by it and by its subordinate entities, if any shall hereafter be created, during the calendar year 2025 will not exceed \$10,000,000, within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and the applicable regulations and rulings thereunder and corresponding provisions of any Federal tax laws from time to time proposed or enacted and at the time applicable or proposed to be applicable.

7. Bond Counsel and Authority Solicitor. The Authority authorizes and directs the law firm of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, bond counsel, in conjunction with the law firm of Picardi Philips & Ottaviano Attorneys at Law, solicitor of the Authority, to prepare all legal documents and to take all legal action necessary in connection with consummation of the financing for the Biosolids Project.

8. Financial Advisor. Concord Public Financial Advisors, Inc. is hereby appointed to serve as the Authority's independent municipal advisor in connection with the issuance of the 2025 Sewer Revenue Bond.

9. General Authorization. Proper officers of the Authority are authorized and directed to execute and deliver such documents (in addition to documents hereinbefore mentioned) and do such things as are required in connection with issuance of the 2025 Sewer Revenue Bond, including payment of costs and expenses incurred in connection with the issuance of the 2025 Sewer Revenue Bond, and as otherwise may be required to carry out the intent and purpose of this Resolution.

10. Effective Date. This Resolution shall become effective immediately.

11. Severability. In the event any provisions, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision,

section, sentence, clause or part of this Resolution, it being the intent of the Authority that such remainder shall be and shall remain in force and effect.

12. Repealer. All resolutions or parts of resolutions inconsistent herewith are expressly repealed to the extent of such inconsistencies.

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DULY ADOPTED this 8th day of July, 2025, by the Board of Upper Montgomery Joint Authority,
in lawful session duly assembled.

ATTEST:

UPPER MONTGOMERY JOINT
AUTHORITY



(Assistant) Secretary

By: 

(Vice) Chairman

(SEAL)

SCHEDULE A

FORM OF PROPOSAL
Upper Montgomery Joint Authority
Sewer Revenue Note
Series of 2025

The Bank (the "Bank" or "Lender") hereby agrees to purchase the Sewer Revenue Note, Series of 2025 (the "Note"), to be issued by the Upper Montgomery Joint Authority, Montgomery County, Pennsylvania (the "Authority") in the approximate principal amount of \$8,500,000, subject to the terms and conditions set forth in the term sheet dated June 4, 2025 (the "Term Sheet"), which is attached hereto and incorporated hereby by this reference. The final aggregate principal amount of any one principal installment or the entire issue itself shall not differ from the original principal amount of any one principal installment or the entire issue itself as presented on the Preliminary Note Amortization Schedule by more than \$800,000. The Bank agrees to be legally bound to such terms from the date of the Form of Proposal to the date of Closing Date of the Note. In connection with the Bank's proposal, it represents that it is acquiring the Note for its own account and not with the view or intention of making any public offering of the Note. It acknowledges it will deliver a certificate substantially to that effect at closing of the Note.

Interest Rate. The Authority shall only consider proposals which clearly express the rate of interest and/or the method of setting such rate of interest and the maximum rate of interest to be charged during the full term of the Note. Therefore, a qualified proposer must respond to I, II, III or IV below, or multiple if the bank wishes to provide options.

I. Fixed Rate of Interest

A fixed rate of interest for the full term of the Note equal to N/A % per annum.

and/or



II. Fixed/Variable Rate of Interest - (7 Year Fixed Rate, Variable Rate Thereafter)

Initial Interest Rate: The initial interest rate on the Note shall be 4.25 % for a period of approximately seven years, ending October 1, 2032.

Interest Rate Reset: After the initial fixed interest rate period, the rate shall be reset monthly at N/A % of the sum of 1 Month Term Secured Overnight Financing Rate ("1 Month SOFR") plus N/A Basis Points OR continually reset at 70 % of the Bank's prime lending rate (or its equivalent). (Select Index) WSJ Prime

and/or

III. Fixed/Variable Rate of Interest - (10 Year Fixed Rate, Variable Rate Thereafter)

Initial Interest Rate: The initial interest rate on the Note shall be 5.00 % for a period of approximately ten years, ending October 1, 2035.

Interest Rate Reset: After the initial fixed interest rate period, the rate shall be reset monthly at N/A % of the sum of 1 Month Term Secured Overnight Financing Rate ("1 Month SOFR") plus N/A Basis Points OR continually reset at 70 % of the Bank's prime lending rate (or its equivalent). (Select Index) WSJ Prime

and/or

IV. Fixed/Variable Rate of Interest - (15 Year Fixed Rate, Variable Rate Thereafter)

Initial Interest Rate: The initial interest rate on the Note shall be N/A % for a period of approximately fifteen years, ending October 1, 2040.

Interest Rate Reset: After the initial fixed interest rate period, the rate shall be reset monthly at N/A % of the sum of 1 Month Term Secured Overnight Financing Rate ("1 Month SOFR") plus N/A Basis Points OR continually reset at N/A % of the Bank's prime lending rate (or its equivalent). (Select Index)

Maximum Cap Interest Rate (With respect to II, III and IV above): In no instance shall the interest rate ever exceed 5.25%.

Costs & Expenses.

The Bank shall request the payment of its fees and expenses (including counsel), subject to a maximum of \$2,500.00 (subject to a maximum of \$2,500 per the Term Sheet).

The Bank acknowledges that the Authority reserves the right to reject any and all proposals received in connection with this request for proposals.

Name and Address of Bank

QNB Bank

215-538-5600 ext 5795
Phone Number

P.O. Box 9005

SZajkowski@qnbk.com
E-Mail Address

Quakertown, PA 18951

Stephanie Zajkowski
Authorized Officer (Signature)

6/23/2025
Date

Stephanie Zajkowski, Vice President
Authorized Officer
Print Name and Title

Option # II - 4.25% 7 years

Approved and Accepted by:

William Ingram
Upper Montgomery Joint Authority
Authorized Officer

July 08, 2025
Date

UPPER MONTGOMERY JOINT AUTHORITY
Sewer Revenue Note
Series of 2025
REQUEST FOR PROPOSAL
AND
TERM SHEET
Dated June 4, 2025

The Bank (the “Bank” or “Lender”) hereby agrees to purchase the Sewer Revenue Note, Series of 2025 (the “Note”), to be issued by the Upper Montgomery Joint Authority, Montgomery County, Pennsylvania (the “Authority”) in the approximate principal amount of \$8,500,000, subject to the following terms and conditions set forth in the term sheet (the “Term Sheet”). The final aggregate principal amount of any one principal installment or the entire issue itself shall not differ from the original principal amount of any one principal installment or the entire issue itself as presented on the Preliminary Note Amortization Schedule by more than \$800,000. The Bank agrees to be legally bound to such terms from the date of the Form of Proposal to the Closing Date of the Note. In connection with the Bank’s proposal, it represents that it is acquiring the Note for its own account and not with the view or intention of making any public offering of the Note. It acknowledges it will deliver a certificate substantially to that effect at closing of the Note.

1. **Term**: The term of the Note shall be approximately 20 years, final principal payment to be due on April 1, 2045.
2. **Principal Payments**: The principal of the Note shall be fully amortized over the term of the loan in an amount and in the manner as substantially set forth on the attached “Preliminary Note Amortization Schedule.”
3. **Interest**: Interest on the Note shall be calculated on the basis of a year of three hundred sixty (360) days comprised of twelve (12) thirty (30) day months, payable on April 1 and October 1, commencing April 1, 2026, at the rate set forth in the accepted Form of Proposal. If any variable or adjustable rate is proposed, a maximum fixed rate per annum must be quoted.
4. **Advances**: The loan shall be structured as a drawdown loan with the ability for advances to be made to the Authority from time to time upon the Authority’s request through October 1, 2027 for the purpose of paying project costs and capitalizing interest on the Note.
5. **Optional Prepayment**: The principal amount of the Note shall be subject to prepayment prior to maturity, at the option of the Authority, as a whole or, from time to time, in part, on any date, upon payment of the principal amount to be redeemed together with accrued interest thereon to the date fixed for prepayment and without any premium or penalty. Any partial prepayment of principal may be credited against such stated installments of principal on the Note as the Authority may designate in writing to the Bank at the time of prepayment; otherwise a partial prepayment shall be applied against the principal installments last, by date, due and payable.

6. Security: The Note will be issued by the Authority pursuant to and secured by a resolution duly adopted by the Authority (the "Resolution") and a Loan Agreement (the "Agreement," or the "Loan Agreement"). The Note shall be secured by a pledge under the Agreement of all revenues, receipts and moneys derived from or in connection with the Sewer System by or on behalf of the Authority, including the Authority's right, title and interest in all sums of money due and payable thereunder, and moneys held in certain funds created thereby ("Sewer System Revenues").

The Authority has outstanding 2019 Sewer Revenue Bonds with the United States Department of Agriculture (Rural Utilities Service). The Authority will take such steps as necessary to establish a parity lien on the Sewer System Revenues for the benefit of the Note.

Neither the credit nor the taxing power the Commonwealth of Pennsylvania or any political subdivision thereof, is pledged for the payment of the Note.

7. Additional Liens on Authority Revenues. The Authority shall be permitted to issue additional debt and to secure such debt with a parity lien on Sewer System Revenues provided that the Authority presents an officer's certificate of the Authority setting forth that, taking into account all debt service of the Authority, including the debt to be incurred, the Authority has sufficient revenues (calculated on a cash flow basis and not a GAAP basis) to pay 100% of annual debt service requirements after the payment of all operating expenses of the Authority.

8. Interest to be Tax-Exempt: The Authority will enter into such covenants as shall be necessary, in the opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel, to assure compliance with the Internal Revenue Code of 1986, as amended (the "Code"), and to qualify interest on the Note for exclusion from gross income for federal income tax purposes as set forth in the opinion of Bond Counsel hereinafter mentioned. The Authority will designate the Note as a "qualified tax-exempt obligation" under Section 265(b)(3)(B) of the Code.

9. Loan Documents: Loan documents, including the Loan Agreement and form of Note embodying the terms hereof and of the accepted proposal, shall be prepared by Bond Counsel for the Authority, who shall provide the Lender and its Counsel with drafts of the loan documents for review and approval at least one week prior to loan closing.

10. Closing Documents: As a condition of closing the Authority shall deliver to the Lender the following:

- A. An Opinion of Bond Counsel, substantially to the effect that: 1) the Authority is duly authorized and empowered under the laws of the Commonwealth to issue the Note; 2) the Note is a valid and enforceable instrument of the Authority; 3) under the laws of the Commonwealth, the Note and the interest on the Note shall at all times be free from taxation within the Commonwealth, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Note or the interest on the Note; 4) interest on the Note is not includible in gross income of the registered owner thereof for Federal income tax purposes under Section 103(a) of the Code; and 5) the Loan Agreement is a valid and binding obligation of the Authority

and creates a valid and enforceable assignment and pledge of the receipts and revenues from the Sewer System;

- B. An affidavit or certificate of appropriate officers of the Authority and its Solicitor substantially to the effect that no litigation of any nature is pending or threatened: 1) seeking to restrain or enjoin or restraining or enjoining: (a) execution and delivery by the Authority of the Note or Loan Agreement; or (b) execution, authentication, issuance, delivery or sale of the Note; or 2) otherwise affecting the ability of the Authority to carry out the terms, provisions, covenants and agreements contained in Loan Agreement; or 3) in any manner affecting or questioning proceedings and authority of the Authority for execution, authentication, issuance, delivery or sale of the Note or the Loan Agreement; or 4) affecting, directly or indirectly, or questioning: (a) validity of the Note; or (b) creation, organization and existence of the Authority; or 5) affecting the ability of the Authority to undertake and to complete the undertakings to be financed with proceeds of the Note;
- C. Such other documents, certificates and instruments as shall be required by Bond Counsel to evidence compliance with, or to comply with, the provisions of the Code, and applicable regulations thereunder, with respect to the exclusion of interest payable on the Note from gross income for federal income tax purposes.

11. Closing: It is anticipated that closing for the Note shall occur on or about July 30, 2025, but not later than September 15, 2025. Closing shall occur at a time and place mutually acceptable to the Authority and the Lender.

12. Fees and Expenses: The Authority shall pay all fees and expenses of its Bond Counsel, Solicitor and Financial Advisor and shall pay for the preparation and printing of the Note documents. The Authority shall also pay the Lender's fees and expenses (including its counsel) subject to a maximum amount up to \$2,500 as specified on the form of proposal.

13. Continuing Reporting: The Authority shall remit, when available, annual audited financial statements to the Lender, and any other information that the Lender shall reasonably request.

14. Rejection of Proposals: The Authority expressly reserves the right to reject any and all proposals received in connection with this request for proposals and term sheet and thereafter to negotiate with any proposer or other bank. The basis for acceptance of any proposal shall be that which is in the best interest of the Authority as determined solely by the Authority.

15. Amendment: The Authority reserves the right to amend or modify this Request for Proposals by email, addressed to each proposer which at the time has its name and address on file with the Financial Advisor.

16. Confidentiality and Nondisclosure Restrictions: Certain of the financial, demographic or statistical information sent to you, or to be sent to you, with respect to this Term Sheet may be internal or draft information of, or about, the Authority that is not generally available to the public or to the investment community generally. Accordingly, by acceptance of this Term Sheet, you are deemed to have agreed to use all financial, demographic or statistical information sent to you, or to be sent to you, solely for your internal evaluation of the creditworthiness and pricing of any Bank Loan Proposal you may submit. Subject to applicable law, no information sent to you, or to be sent to you, with respect to this Term Sheet may be disseminated to anyone outside of your Bank or to any persons within your Bank not involved in the evaluation of the creditworthiness and pricing of any Bank Loan Proposal you may choose to submit. If you do not, or cannot, agree to abide by this Restriction, you are required to return or destroy all information sent to you with respect to this Term Sheet.

Preliminary Note Amortization Schedule

Date	Principal Installment
4/1/2026	
10/1/2026	
4/1/2027	
10/1/2027	150,000
4/1/2028	154,000
10/1/2028	157,000
4/1/2029	162,000
10/1/2029	166,000
4/1/2030	171,000
10/1/2030	175,000
4/1/2031	180,000
10/1/2031	184,000
4/1/2032	189,000
10/1/2032	194,000
4/1/2033	199,000
10/1/2033	205,000
4/1/2034	210,000
10/1/2034	215,000
4/1/2035	221,000
10/1/2035	227,000
4/1/2036	213,000
10/1/2036	219,000
4/1/2037	226,000
10/1/2037	232,000
4/1/2038	239,000
10/1/2038	247,000
4/1/2039	254,000
10/1/2039	262,000
4/1/2040	269,000
10/1/2040	278,000
4/1/2041	285,000
10/1/2041	294,000
4/1/2042	303,000
10/1/2042	312,000
4/1/2043	322,000
10/1/2043	331,000
4/1/2044	341,000
10/1/2044	352,000
4/1/2045	362,000
Total	8,500,000

CERTIFICATE

I, the undersigned (Assistant) Secretary of Upper Montgomery Joint Authority (the "Authority"), certify: that the foregoing is a true and correct copy of a Resolution which duly was adopted by affirmative vote of a majority of all members of the Board of the Authority at a meeting duly held on July 8, 2025, at which meeting a quorum was present, after due notice to the members of the Board of the Authority and to the public and which was at all times open to the public; that said Resolution duly has been recorded in the minute book of the Authority; and that said Resolution is in full force and effect, without amendment, alternation or repeal, as of the date of this Certificate.

I further certify that the Authority met the public notice requirements of the Sunshine Act, 65 Pa.C.S. § 701 *et seq.*, by advertising the place, date and time of said meeting in a newspaper of general circulation and by posting a notice of the place, date and time of said meeting at the meeting place of the Board of the Authority, and by giving notice to parties upon request as required under Section 709 of the Sunshine Act.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Authority, this 8th day of July, 2025.



(Assistant) Secretary

(SEAL)