

**MOUNT PENN BOROUGH MUNICIPAL AUTHORITY
RESOLUTION NO. ____ OF 2026**

**A RESOLUTION AUTHORIZING FORMAL DISCUSSIONS WITH THE BOROUGH OF MOUNT PENN
REGARDING A CONVEYANCE AND LEASEBACK STRUCTURE AND DIRECTING STAFF AND
PROFESSIONALS TO ADVANCE SUCH EFFORTS**

WHEREAS, the Mount Penn Borough Municipal Authority (the “Authority”) is responsible for the operation, maintenance, and governance of the public water system serving the residents of Mount Penn Borough and surrounding areas; and

WHEREAS, the Borough of Mount Penn (the “Borough”) has expressed its intent to explore a conveyance-and-leaseback structure whereby the Borough may assume ownership of the underlying water system infrastructure, consistent with its legal authority, and subsequently lease such infrastructure back to the Authority for continued operation and governance; and

WHEREAS, both the Authority and the Borough share a mutual interest in ensuring the long-term sustainability, operational stability, and financial strength of the water system, while maintaining high-quality service to ratepayers and protecting taxpayers; and

WHEREAS, the Borough has consistently emphasized that any such structure must preserve the independence of the Authority, maintain local control, and include enforceable protections against the sale or transfer of water assets to any third party; and

WHEREAS, the Authority recognizes that a cooperative and transparent process is necessary to evaluate the feasibility, structure, and long-term implications of such an arrangement, including legal, financial, operational, and governance considerations; and

WHEREAS, it is the intent of the Authority to engage in good faith discussions that are guided by mutual benefit, shared objectives, and respect for each entity’s governance responsibilities.

NOW, THEREFORE, BE IT RESOLVED, by the Mount Penn Borough Municipal Authority as follows:

SECTION 1. AUTHORIZATION OF FORMAL DISCUSSIONS

The Authority hereby authorizes and directs its Board members, staff, and retained professionals to engage in formal discussions and negotiations with the Borough of Mount Penn, including its staff and professional advisors, for the purpose of developing, reviewing, and refining a proposed Conveyance and Leaseback Agreement and any related documents.

SECTION 2. COORDINATION AND COOPERATION

The Authority affirms that these discussions shall be conducted in a spirit of cooperation, transparency, and mutual benefit, recognizing that both the Authority and the

Borough serve the same community and share responsibility for the long-term stewardship of public water infrastructure.

SECTION 3. KEY OBJECTIVES AND NON-NEGOTIABLE PRINCIPLES

The Authority acknowledges that the Borough has identified certain core, non-negotiable objectives, which shall be incorporated as key guiding principles in the development of any proposed agreement, including:

1. **Preservation of Authority Independence:** The Authority shall remain a legally independent municipal authority responsible for system operations.
2. **Protection of Public Ownership and Local Control:** Water system assets shall remain under public ownership with explicit prohibitions on privatization or transfer.
3. **Binding Anti-Sale Covenant:** The agreement shall include enforceable provisions prohibiting the sale, lease, or transfer of system assets to any private or public third party.
4. **Operational Continuity and Service Quality:** The Authority shall retain operational control to ensure uninterrupted, high-quality service delivery.
5. **Financial Sustainability and Ratepayer Protection:** The structure shall be designed to reduce long-term financial pressures while maintaining fairness and stability for ratepayers and taxpayers.
6. **Workforce Stability and Respect for Employees:** Any transition plan shall recognize the value of Authority employees and provide a clear, orderly framework for employment continuity through the Borough of Mount Penn.
7. **Transparency and Public Accountability:** The process and resulting agreement shall be developed in a manner consistent with public transparency and sound governance practices.

SECTION 4. DUE DILIGENCE AND INFORMATION SHARING

The Authority directs its staff and professionals to:

1. Be fully cooperative and forthcoming with all reasonable document and information requests made by the Borough in connection with due diligence;
2. Provide access to operational, financial, and asset-related information necessary to evaluate the proposed structure;
3. Execute non-disclosure agreements (NDAs), as appropriate, to protect sensitive or security-related information, including but not limited to asset maps, system layouts, and critical infrastructure details, while still ensuring the Borough has sufficient information to complete its evaluation and development of the draft agreement(s).

SECTION 5. PROFESSIONAL ENGAGEMENT

The Authority's legal counsel, financial advisors, engineers, and other retained professionals are hereby directed to work collaboratively with the Borough's corresponding professionals to:

1. Develop draft conveyance and leaseback documents;
2. Evaluate legal authority, risks, and compliance requirements;
3. Analyze financial impacts and long-term obligations; and
4. Identify operational considerations and transition requirements.

SECTION 6. TARGET TIMELINE

The Authority establishes the following target milestones:

1. Completion of negotiations and draft agreement: On or before May 13, 2026;
2. Consideration and vote on final agreement: At the Authority’s public meeting scheduled for May 13, 2026.

SECTION 7. TRANSITION OF OPERATIONS AND EMPLOYMENT

Any transition of employment, operational responsibilities, or related structural changes contemplated under the final agreement shall be planned for implementation on January 1, 2027, consistent with an orderly and coordinated transition framework.

SECTION 8. NO BINDING COMMITMENT

Nothing in this Resolution shall be construed as obligating the Authority to approve or enter into any final agreement. Any such agreement shall be subject to formal Board approval following completion of negotiations and review.

SECTION 9. EFFECTIVE DATE

This Resolution shall take effect immediately upon adoption.

DULY ADOPTED, by the Mount Penn Borough Municipal Authority this 13th day of April, 2026.

Board of Directors
Mt. Penn Borough Municipal Auth.
Berks County, Pennsylvania

Secretary

Chairperson