

GILPIN TOWNSHIP MUNICIPAL AUTHORITY
SEWAGE RESOLUTION 2026- 04

RESOLUTION OF THE GILPIN TOWNSHIP MUNICIPAL AUTHORITY/SEWAGE DIVISION ACKNOWLEDGING (1) THE AUTHORITY'S WATER DIVISIONS MANDATED OBLIGATION FOR LEAD VERIFICATION OF ITS WATER MAINS, WATER SERVICE LATERALS AND/OR RELATED WATER SERVICE EQUIPMENT/FACILITIES, (2) THE SIGNIFICANT ESTIMATED COST OF THE WATER DIVISION ACCOMPLISHING THE SAME, (3) THE AUTHORITY'S UNSUCCESSFUL EFFORTS TO OBTAIN FINANCING/FUNDING FOR THE SAME, AND (4) PROVIDING FOR THE LENDING/BORROWING OF FUNDS BY THE WATER DIVISION OF THE AUTHORITY FROM THE RESERVE FUND OF THE SEWAGE DIVISION OF THE AUTHORITY TO PERMIT THE AUTHORITY'S WATER DIVISION TO MEET IS MANDATED OBLIGATION

WHEREAS, the Gilpin Township Municipal Authority, having its principal place of business at 874 State Route 66, Leechburg, Gilpin Township, Armstrong County, Pennsylvania 15656, is a municipal authority, body corporate and politic of the Commonwealth of Pennsylvania, formed by the Township of Gilpin, Armstrong County, Pennsylvania, pursuant to the Municipality Authorities Act, 53 Pa.C.S.A. §5601, as amended, (formerly 53 P.S. §301, et seq.), and as such is duly organized for the purpose of exercising public and essential governmental functions; and

WHEREAS, pursuant to its creation and applicable law, including, but not limited to, 53 Pa.C.S.A. §5607, as amended, (formerly 53 P.S. §306), the Authority's Water Division powers and authority include, but are not necessarily limited to, the acquisition, holding, construction, improvement, maintenance and/or operation of a water acquisition/distribution system, or parts thereof, and the Authority has previously determined that the acquisition, holding, construction, improvement, maintenance and/or operation of a water acquisition/distribution system, extensions thereto, or parts thereof, within the geographical area served by the Authority, is necessary and/or beneficial for the public welfare of the community, and the Authority has provided for the acquisition, holding, construction, improvement, maintenance and/or operation of such a water acquisition/ distribution system, or parts thereof; and

WHEREAS, pursuant to its creation and applicable law, including, but not limited to, 53 Pa.C.S.A. §5607, as amended, (formerly 53 P.S. §306), the Authority's Sewage Division powers and authority include, but are not necessarily limited to, the acquisition, holding, construction, improvement, maintenance and/or operation of a sewage collection/treatment/transportation/ disposition system, or parts thereof; and

WHEREAS, in conjunction with its construction and operation of its public water acquisition/distribution system, or parts thereof, the Authority's Water Division and/or its Customer base has and maintains water mains, water service laterals and/or related equipment/facilities for the transportation/distribution of said public water supply; and

WHEREAS, the Authority's Water Division is obligated to conduct Lead Verification of said water mains, said water service laterals and/or said related water service equipment/facilities by virtue of governmental mandates; and

WHEREAS, despite said mandates by said higher governmental authorities for the Authority to conduct said Lead Verification and despite the significant estimated cost for the Authority to do so in the manner as required, said Lead Verification mandate lacks any funding for the Authority to accomplish the same; and

WHEREAS, despite the Authority's efforts to finance said mandated Lead Verification obligation through the acquisition of grants and/or low interest loans, and despite the Authority's further effort to finance said mandated obligation through regular commercial tax-free financing, the Authority has been denied and has been unsuccessful in obtaining the same; and

WHEREAS, in recognition of its mandated obligation to complete said Lead Verification, the time constraints that the Authority is under to accomplish the same, the anticipated estimated cost that the Authority has been advised that it will take to accomplish the same, the fact that said cost far exceeds any funding that the Authority readily has available or that it may raise by virtue of any reasonable rate increase, and in recognition of the inability to date of the Authority to obtain any governmental grants, low interest loans and/or even any regular tax-free commercial loan financing, the Authority has, in good faith, undertaken the exploration of other potential financing sources and, as a last "reasonable" resort, has determined that the Sewage Division of the Authority has a "Reserve" Fund that is not anticipated to be used in the immediate future; and

WHEREAS, each respective division of the Authority recognizes that the Sewage Division of the Authority currently has said "Reserve" Fund invested in Certificates of Deposit earning interest at an approximate 3.23% annual yield, and each respective division of the Authority further acknowledges and recognizes that the lending of a certain portion of said Reserve Fund by the Sewage Division of the Authority to the Water Division of said Authority, as well the borrowing of said certain portion of said Reserve Fund will, in good faith, allow the Water Division of the Authority to meet its mandated Lead Verification obligations on behalf of the Authority at a reasonable cost to the Authority's water customers over time, while still allowing the Sewage Division of the Authority and its customer base to continue to earn interest on said Reserve Funds at the same rate that the Sewage Division of the Authority would have been able to earn were the Sewage Division of the Authority to have said Reserve Funds invested in Certificates of Deposit; and

WHEREAS, the Water Division of the Authority has determined that the borrowing of said funds necessary to fulfill its mandated Lead Verification obligation from the Reserve Fund of the Sewage Division of the Authority at an interest equal to that that the Sewage Division of the Authority could obtain were the same to be invested in Certificates of Deposit is reasonable and appropriate, and the Sewage Division of the Authority has determined that the lending of said funds necessary to fulfill the Water Division of the Authority's mandated Lead Verification obligation from the Reserve Fund of the Sewage Division of the Authority at an interest equal to that that the Sewage Division of the Authority could obtain were the same to be invested in Certificates of Deposit is also reasonable and appropriate, and that the same is in the reasonable interest of both Divisions of the Authority; and

WHEREAS, all parties/each Division of the Authority desires to provide for their respective rights and/or responsibilities;

NOW THEREFORE, BE IT RESOLVED BY THE GILPIN TOWNSHIP MUNICIPAL AUTHORITY/SEWAGE DIVISION, AND IT IS HEREBY RESOLVED AS FOLLOWS:

1. That the Gilpin Township Municipal Authority, whose principal place of business is 874 State Route 66, Leechburg, Gilpin Township, Armstrong County, Pennsylvania 15656, is a municipal authority, body corporate and politic of the Commonwealth of Pennsylvania, formed by the Township of Gilpin, Armstrong County, Pennsylvania, pursuant to the Municipality Authorities Act 53 Pa.C.S.A. §5601, et seq., as amended, (formerly 53 P.S. §301), and as such is duly organized for the purpose of exercising public and essential governmental functions.

2. That pursuant to its creation and applicable law, including, but not limited to, 53 Pa.C.S.A. §5607, as amended, (formerly 53 P.S. §306), the Authority's Water Division powers and authority include, but are not necessarily limited to, the acquisition, holding, construction, improvement, maintenance and/or operation of a water acquisition/distribution system, or parts thereof, and the Authority has previously determined that the acquisition, holding, construction, improvement, maintenance and/or operation of a water acquisition/distribution system, extensions thereto, or parts thereof, within the geographical area served by the Authority, is necessary and/or beneficial for the public welfare of the community, and the Authority has provided for the acquisition, holding, construction, improvement, maintenance and/or operation of a water acquisition/distribution system, or parts thereof.

3. That pursuant to its creation and applicable law, including, but not limited to, 53 Pa.C.S.A. §5607, as amended, (formerly 53 P.S. §306), the Authority's Sewage Division powers and authority include, but are not necessarily limited to, the acquisition, holding, construction, improvement, maintenance and/or operation of a sewage collection/treatment/transportation/disposition system, or parts thereof.

4. That the Authority's Water Division is obligated to conduct Lead Verification of said water mains, said water service laterals and/or said related water service equipment/facilities by virtue of governmental mandates.

5. That despite said Lead Verification being mandated and despite the estimated cost to accomplish the same in the manner as required being significant, said Lead Verification mandate lacks any funding for the Authority to accomplish the same.

6. That despite the Authority's efforts to finance said mandated Lead Verification obligation through the acquisition of grants and/or low interest loans, and despite the Authority's further effort to finance said mandated obligation through regular commercial tax-free financing, the Authority has been denied and has been unsuccessful in obtaining the same.

7. That in recognition of said mandated obligation to complete said Lead Verification, the time constraints that the Water Division of the Authority is under to accomplish the same, the anticipated estimated cost that the Water Division of the Authority understands that it will take to accomplish the same, the fact that said cost far exceeds any funding that the Water Division of

the Authority readily has available or that it may alternatively currently raise by virtue of any reasonable rate increase, and in further recognition of the inability of the Authority to date to obtain any governmental grants, low interest loans and/or even to obtain regular tax-free commercial loan financing, the Water Division of the Authority has, in good faith, explored other potential financing sources and has, as a last "reasonable" resort, determined that the the lending of a certain portion of said Reserve Fund by the Sewage Division of the Authority to the Water Division of said Authority, and the borrowing of said certain portion of said Reserve Fund by the Water Division of the Authority from the Sewage Division of the Authority, will, in good faith, allow the Water Division of the Authority to meet its mandated Lead Verification obligations on behalf of the Authority at a reasonable cost to the Authority's water customers over time, while still allowing the Sewage Division of the Authority and its customer base to continue to earn interest on said Reserve Funds at the same rate that the Sewage Division of the Authority would have been able to earn were the Sewage Division of the Authority to have said Reserve Funds invested in Certificates of Deposit, is reasonable and appropriate, and in the reasonable interest of both Divisions of the Authority, and the Sewage Division of the Authority agrees.

8. That pursuant to the above, the Sewage Division of the Authority does hereby authorize and approve the lending of the sum of **FIFTY THOUSAND DOLLARS (\$50,000.00)** from its Reserve Funds to the Water Division of the Authority, and the Water Division of the Authority does hereby authorize and approve the borrowing of the sum of **FIFTY THOUSAND DOLLARS (\$50,000.00)** by the Water Division of the Authority from the Reserve Funds of the Sewage Division of the Authority. Said Loan/Borrowing shall be under and subject to the following:

- a) Said sum shall be used solely for the purpose of complying with and fulfilling the Water Division of the Authority's mandated Lead Verification obligations.
- b) Said sum shall earn interest and interest shall be paid at the same rate at which the Sewage Division of the Authority could otherwise earn were the same to be invested in Short Term Certificates of Deposit in an FDIC Insured Financial Institution. Said interest rate shall be set/adjusted based on the highest interest rate that would otherwise have been able to be obtained by the Sewage Division of the Authority from an FDIC Insured Financial Institution at those 3 to 6 month intervals at the expiration of that time period upon which the current rate was based (i.e. had the highest rate able to be obtained been based on a 3 month CD, then the rate would be re-established 3 months later upon what would have been the expiration date of said investment.)
- c. Said Loan/Financing shall be subordinate to any and all other Loan/Financing obligations that either the Water Division of the Authority and/or Sewage Division of the Authority may have.
- d. Said Loan/Financing shall be paid off over a period not to exceed 60 months () months and shall be paid in equal monthly installments of combined principal and interest over said time period.

e. Subject to any and all other outstanding obligations that the Water Division of the Authority may currently have or that may arise in the future to other Third Parties Obligor, the Water Division of the Authority shall pledge and commit its full faith and credit, its assets and its rate setting authority to insure that the Water Division of the Authority has the financial ability to annually meet its obligation to the Sewage Division of the Authority under the terms of this Financing Arrangement.

f. The parties shall execute a Standard Note containing those loan/security financing terms generally accepted with the lending/financing industry.

9. The Authority, its officers, its agents and/or all others acting on behalf of the Authority, shall be and is/are hereby authorized, empowered and directed to take any and all lawful actions that may be necessary and/or beneficial for the implementation and enforcement of this Resolution, including, but not necessarily limited to, should the same be necessary, the pursuit of legal actions to accomplish the purposes set forth herein. The same shall include, but shall not necessarily be limited to, the engagement of and/or the payment of reasonable compensation to any and all professionals, experts and/or others that may be necessary and/or beneficial in doing so.

10. SEVERABILITY- The Authority declares its intent that all provisions of this Resolution shall be construed so as to allow the same to be lawfully applied. Should any portion of this Resolution be determined to be unlawful, the remaining portions of said Resolution that is/are capable of being lawfully applied shall remain in full force and effect and the Authority shall promptly meet for the purpose of considering the amendment of any unlawful provisions so as to lawfully implement the intention of the Authority.

11. To the extent that the same are not inconsistent herewith, all prior actions of the Authority shall remain in full force and effect.

DULY ADOPTED THIS 10 DAY OF March, 2026.

GILPIN TOWNSHIP MUNICIPAL AUTHORITY

by Robert Swarmer
Robert Swarmer, Chairman

Attest:

Sonya Mazak
Sonya Mazak, Secretary

