

AN ORDINANCE OF THE CITY OF HERMITAGE
(MERCER COUNTY, PENNSYLVANIA)
ENACTED DECEMBER 16, 2020 AND NUMBERED _____

AUTHORIZING THE INCURRING OF LEASE RENTAL INDEBTEDNESS BY THE EXECUTION AND DELIVERY OF AN AGREEMENT OF LEASE AND GUARANTY BETWEEN THE CITY OF HERMITAGE AND HERMITAGE MUNICIPAL AUTHORITY IN SUPPORT OF THE DEBT SERVICE ON BONDS OF HERMITAGE MUNICIPAL AUTHORITY AND THE MAINTENANCE OF A DEBT SERVICE RESERVE FUND PLEDGED AS SECURITY FOR THE BONDS IN AMOUNTS NOT TO EXCEED TWELVE MILLION NINE HUNDRED TWENTY THOUSAND AND 00/100 DOLLARS (\$12,920,000) AND ONE MILLION TWO HUNDRED NINETY-TWO THOUSAND AND 00/100 DOLLARS (\$1,292,000), RESPECTIVELY; COVENANTING TO PAY, AND PLEDGING UNLIMITED TAXING POWER FOR THE PAYMENT OF, THE BONDS UNDER THE LEASE AND GUARANTY; AUTHORIZING FILINGS OF REQUIRED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; DIRECTING ACTIONS OF OFFICERS AND OTHER ACTIONS; AND MAKING OTHER COVENANTS IN RESPECT OF THE LEASE AND GUARANTY.

Bond Counsel:

Clark Hill PLC
One Oxford Centre
301 Grant Street, 14th Floor
Pittsburgh, PA 15219

Solicitor:

Brett W. Stedman, Esquire
68 Buhl Boulevard
Sharon, PA 16146

WHEREAS, the Governing Body of the Local Government Unit, after due consideration of the public welfare and with full legal competence pursuant to its enabling legislation, has determined to undertake the Project hereinafter described; and

WHEREAS, the Governing Body of the Local Government Unit desires to incur indebtedness, within constitutional and statutory limitations, in order to undertake said Project; and

WHEREAS, the incurrence of such indebtedness is governed by the provisions of the Local Government Unit Debt Act, Act of December 19, 1996 (P.L. 1158, No. 177), as amended (the "Debt Act");

NOW, THEREFORE, BE, AND IT HEREBY IS, ENACTED by the affirmative vote of a majority of all members of the Governing Body of the Local Government Unit as follows:

ARTICLE I -- DEFINITIONS

Unless the context clearly indicates otherwise, the following terms shall, for all purposes of this Debt Ordinance, have the meanings hereby ascribed to them. Moreover, such terms, together with all other provisions of this Debt Ordinance, shall be read and understood in a manner consistent with the provisions of the Debt Act, as generally interpreted by the Department of Community and Economic Development or by courts maintaining competent jurisdiction, and consistent with the Guaranty hereinafter discussed and the related corporate resolutions, and financing documents and instruments of the Authority hereinafter identified. Words or phrases importing the masculine gender shall be read and understood to include the feminine and neuter genders and those importing number shall include singular or plural, both as appropriate to the context. The word "person," in addition to natural persons, shall mean and include corporations, associations and public bodies and their successors unless the context shall indicate otherwise.

"Authority" shall mean Hermitage Municipal Authority, a body corporate and politic of the Commonwealth of Pennsylvania, organized under and existing pursuant to the Municipality Authorities Act, as amended.

"Bonds" shall mean the Hermitage Municipal Authority (Mercer County, Pennsylvania) Guaranteed Sewer Revenue Bonds, Series of 2021 in a principal amount not to exceed \$12,920,000.

"Bond Counsel" shall mean Clark Hill PLC, Pittsburgh, Pennsylvania.

"Bond Documents" shall mean the Lease and Guaranty, the Bond Purchase Agreement, the Indenture and all those other additional and standard agreements and assignments executed and entered into by the Authority.

"Bond Insurer" shall mean the issuer of the Insurance Policy, as identified in the Purchase Proposal.

"Bond Resolution" shall mean the formal action of the Board of the Authority, adopted December 9, 2020, authorizing, among other items, the Bonds and setting forth the terms and conditions of their payment, and the execution and delivery of the Bond Documents, including the Lease and Guaranty.

"Debt Ordinance" shall mean this document, being the formal action taken by the Local Government Unit according to the requirements of Section 8003 of the Debt Act in order to authorize and incur the lease rental indebtedness represented by the Guaranty. Such term shall apply whether, under the law and existing practices of the Local Government Unit, it would normally take formal action by enactment of an ordinance, adoption of a resolution or some other similar means.

"Debt Service Reserve Fund" shall mean the fund established under Section 7.06 of the Indenture.

"Debt Service Reserve Fund Surety Bond Reimbursement Agreement" shall mean the agreement to be entered into by and between the Authority, Local Government Unit and the Bond Insurer providing for, among other things, the reimbursement of the Bond Insurer to the extent of any payments made by the Bond Insurer pursuant to the Surety Bond, to fund the Debt Service Reserve Fund for the Bonds.

"Designated Officer" or "Designated Officers" shall mean and include, individually or jointly, the President of the Board of Commissioners of the Local Government Unit, the Secretary and the Treasurer, being those duly elected or appointed and acting officials of the Local Government Unit, and

their successors, hereby authorized to undertake and perform the actions herein specified necessary and proper to the issuance of the Lease and Guaranty and compliance with the Debt Act.

"Governing Body" shall mean the Board of Commissioners of the Local Government Unit, being that entity authorized by law to fix the rate of, and to levy taxes within the Local Government Unit.

"Indenture" shall mean, collectively, the Trust Indenture dated as of June 15, 1999, as supplemented by a First Supplemental Indenture, dated as of May 1, 2003, a Second Supplemental Indenture, dated as of October 1, 2004, a Third Supplemental Indenture, dated as of September 15, 2006, a Fourth Supplemental Indenture, dated as of June 15, 2010, a Fifth Supplemental Indenture, dated February 28, 2012, a Sixth Supplemental Indenture, dated May 5, 2019, a Seventh Supplemental Indenture, dated January 6, 2016, an Eighth Supplemental Indenture, dated February 26, 2020, a Ninth Supplemental Indenture, dated July 8, 2020, and a Tenth Supplemental Indenture to be dated the issuance date of the Bonds, from the Authority to U.S. Bank National Association, as successor to the corporate trust business of National City Bank of Pennsylvania, as Trustee, pursuant to which the Bonds shall be issued.

"Insurance Policy" shall mean that standard policy of insurance to be issued in order to insure timely payment of the principal of and interest on the Bonds to the owners thereof, upon satisfaction of all preconditions set forth in the Insurance Policy, as specifically noted by a legend or other text hereby authorized to be printed on the Bonds themselves.

"Lease and Guaranty" shall mean the Agreement of Lease and Guaranty dated as of June 15, 1999, as amended by the First Amendment to the Agreement of Lease and Guaranty, dated as of May 1, 2003, the Second Amendment to the Agreement of Lease and Guaranty, dated as of October 1, 2004, the Third Amendment to the Agreement of Lease and Guaranty, dated as of September 15, 2006, the Fourth Amendment to the Agreement of Lease and Guaranty, dated as of June 15, 2010, the Fifth Amendment to the Agreement of Lease and Guaranty, dated November 9, 2010, the Sixth Amendment to the Agreement of Lease and Guaranty dated February 28, 2012; the Seventh Amendment to the Lease and Guaranty dated May 5, 2019, an Eighth Amendment to the Agreement of Lease and Guaranty, dated January 6, 2016, a Ninth Amendment to the Agreement of Lease and Guaranty, dated February 26, 2020, and a Tenth Amendment to the Agreement of Lease and Guaranty, dated July 8, 2020, and an Eleventh Amendment to the Agreement of Lease and Guaranty, to be dated the date of the Bonds, between the Local Government Unit and the Authority pursuant to which (i) the Authority leases the Sewer System to the Local Government Unit for semi-annual Rental Payments equal to the current expenses of the Authority plus an amount at least equal to the current debt service requirements on all bonds outstanding under the Indenture; and (2) the Local Government Unit guarantees the payment obligations of the Authority on its Bonds. A copy of the proposed form of the Tenth Amendment to the Agreement of Lease and Guaranty is attached to this Debt Ordinance, as Exhibit A, and is incorporated by reference herein.

"Local Government Unit" shall mean the City of Hermitage, situated in the County of Mercer, a City of the Third Class, and a Home Rule Municipality of the Commonwealth of Pennsylvania duly organized and validly existing under the Constitution and laws of the Commonwealth.

"Project" shall mean the incurrence of lease rental indebtedness by the guarantee of the Bonds issued by the Authority to: (1) refund the Guaranteed Sewer Revenue Bonds, Series of 2016; (2) fund a debt service reserve fund with either cash or a surety bond; (3) pay for certain capital improvements to the Authority's System; and (4) pay the costs of issuing and insuring the Bonds. Reasonable estimates of the remaining average life of the capital projects financed with the proceeds of the bonds being refinanced (or previous bonds issued for the purpose of such capital improvements), together with the average useful life of the new improvements, have been estimated to be excess of fifteen

(15) years, have been obtained with the assistance of engineers, financial advisors and other persons qualified by experience. Nothing contained herein shall prohibit the Governing Body, under proper enactment of an ordinance and compliance with all provisions of law, from amending, adding to, subtracting from, substituting for or otherwise altering the Project undertaken hereby.

"Purchase Proposal" shall mean the written agreement for the purchase and sale of the Bonds, to be presented by the Purchaser to the Authority, and accepted by the Authority by the execution and delivery of the same.

"Purchaser" shall mean PNC Capital Markets LLC, Pittsburgh, Pennsylvania.

"Redemption Price" shall mean 100% of the principal amount of (or portion of) the Bonds, together with accrued interest to the date fixed for redemption.

"Surety Bond" shall mean the Municipal Bond Debt Service Reserve Insurance Policy to be issued by the Bond Insurer.

--END OF ARTICLE 1--

ARTICLE II -- AUTHORIZATION OF INDEBTEDNESS

Section 2.01 Incurrence. The Local Government Unit does hereby authorize and direct the incurrence of lease rental indebtedness in an amount not to exceed \$12,920,000, being an amount equal to the maximum aggregate principal amount of the Bonds plus the amount of \$1,292,000 being the maximum amount of the Debt Service Reserve Requirement for the Bonds which is to be funded by the Surety Bond provided by the Bond Insurer and that is required to be separately guaranteed by the Local Government Unit; such debt shall be evidenced by the Lease and Guaranty and the Debt Service Reserve Fund Surety Bond Reimbursement Agreement to be executed and delivered according to the provisions of this Debt Ordinance and the Debt Act, as general obligations of the Local Government Unit and will be in the amounts and at the rates not to exceed those shown on Exhibit B.

Section 2.02 Approval of Lease and Guaranty and Debt Service Reserve Fund Surety Bond Reimbursement Agreement. The Local Government Unit does hereby approve the Eleventh Amendment to the Agreement of Lease and Guaranty substantially in the form set forth in Exhibit A attached to this Debt Ordinance and incorporated by reference herein; the Designated Officers are hereby directed to negotiate the terms of a Debt Service Reserve Fund Surety Bond Reimbursement Agreement with the Bond Insurer, and are further authorized and directed to execute and deliver the Lease and Guaranty and Debt Service Reserve Fund Surety Bond Reimbursement Agreement, with such final terms as they shall, in their uncontroverted discretion, deem appropriate and in the best interests of the Local Government Unit and the Authority.

Section 2.03 Preparation of Debt Statement; Proceedings Before the Secretary. The Designated Officers are hereby authorized and directed to prepare and verify under oath or affirmation, according to the requirements of Sections 8002 and 8110 of the Debt Act, the Debt Statement of the Local Government Unit, including therewith a certification of the Borrowing Base, and, if desired, any statements required by Chapter 81, Subchapter B of the Debt Act necessary to qualify all or any portion of the indebtedness for exclusion from the appropriate debt limit as self-liquidating or subsidized debt.

The Designated Officers are hereby further authorized and directed to prepare and file all proceedings of the Local Government Unit relative to this incurrence of indebtedness with the Department of Community and Economic Development and to respond to all inquiries or requests and to perform all other actions necessary to obtain the approval of the Secretary to execute and deliver the Lease and Guaranty.

Section 2.04 General Obligation Covenant. The Local Government Unit hereby covenants with the owners from time to time of the Bonds to: (a) include, within the limits of this Debt Ordinance, the Lease and Guaranty, and the Debt Service Reserve Fund Surety Bond Reimbursement Agreement, the amounts necessary to service the debt on the Bonds, or replenish the Debt Service Reserve Fund (as defined in the Indenture) to the Debt Service Reserve Requirement (as defined in the Indenture), for each fiscal year in which such sums are payable, in its budget for that year, (b) appropriate such amounts from its general revenues to the payment of the debt service or the replenishment of the Debt Service Reserve Fund, and (c) duly and punctually pay, or cause to be paid, from its System Fund (as defined in the Indenture) or from any other of its revenues or funds, the principal of and the interest, within the limits of this Debt Ordinance, the Lease and Guaranty, and the Debt Service Reserve Fund Surety Bond Reimbursement Agreement on the Bonds and any amounts necessary to replenish the Debt Service Reserve Requirement at the dates and places and in the manner stated therein according to the true intent and meaning thereof.

For such budgeting, appropriation and payment of the Bonds, the Local Government Unit hereby irrevocably pledges its full faith, credit and taxing power. The maximum amount of debt service hereby covenanted to be paid is the maximum aggregate principal amount of the Bonds, together with the

Debt Service Reserve Requirement, in both cases together with interest accrued, and is set forth in the schedule contained in the Lease and Guaranty.

As provided in the Debt Act, the foregoing covenant is specifically enforceable.

--END OF ARTICLE 2--

ARTICLE III -- SETTLEMENT

Section 3.01 Concurrence of Award to Purchaser. After due consideration of various factors, including professional assistance and current market conditions, the Governing Body hereby approves the anticipated award of the Bonds by the Authority to the Purchaser and concurs in finding that a private sale by negotiation is in the best financial interest of the Authority and the Local Government Unit.

Section 3.02 Settlement. The Designated Officers are authorized and directed to undertake and perform, or cause to be undertaken or performed, all such ordinary duties of the Local Government Unit (which are hereby specifically approved) that may be required under, or reasonably contemplated by, the execution and delivery of the Lease and Guaranty and Debt Service Reserve Fund Surety Bond Reimbursement Agreement in connection with the issuance of the Bonds, including execution and delivery of such certificates, orders and agreements as may be necessary, in the opinion of Bond Counsel or Solicitor, to proper settlement of the Bonds.

Section 3.03 Ratification. The action of the proper officers or agents in advertising a Summary Notice of this Debt Ordinance, as required by law, is ratified and confirmed. The advertisement of the Enactment Notice of this Debt Ordinance is hereby directed.

Section 3.04 Debt Ordinance A Contract. This Debt Ordinance shall be a contract with the Purchaser, and any subsequent owners, from time to time, of the Bonds.

Section 3.05 Inconsistencies. All prior ordinances, resolutions, or other official acts or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistencies.

Section 3.06 Statutory References. All references to specific provisions of statutory law herein contained may be read and interpreted by reference to amended, successor or replacement laws, but only to the extent consistent with the intent and clear meaning of this Debt Ordinance. All inconsistencies shall be resolved with recognition of and in favor of, the rights of the owners of the Bonds, whose rights shall not be impaired.

--END OF ARTICLE 3--

Duly enacted by the Governing Body of the Local Government Unit, in lawful session assembled,
on December 16, 2020.

[SEAL]

CITY OF HERMITAGE

By: _____
President, Board of Commissioners

Attest:

City Secretary

EXHIBIT A

ELEVENTH AMENDMENT TO AGREEMENT OF LEASE AND GUARANTY

HERMITAGE MUNICIPAL AUTHORITY,
Lessor

To

CITY OF HERMITAGE,
Lessee and Guarantor

ELEVENTH AMENDMENT TO AGREEMENT OF LEASE AND GUARANTY

Dated _____, 2021

THIS ELEVENTH AMENDMENT TO AGREEMENT OF LEASE AND GUARANTY is made and entered into on _____, 2021 (the “Tenth Amendment”), by and between **HERMITAGE MUNICIPAL AUTHORITY**, a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, having its principal office in the City of Hermitage, Mercer County, Pennsylvania (the “Authority”), as Lessor, and **CITY OF HERMITAGE**, a City of the Third Class, and a Home Rule Municipality organized and existing under and by virtue of the laws of the Commonwealth of Pennsylvania having its principal office at 800 North Hermitage Road, Hermitage, Mercer County, Pennsylvania (the “City” and also known as the “Incorporating Municipality”), as Lessee and Guarantor.

WHEREAS, the Authority is authorized by law, among other things, to acquire, hold, construct, improve, maintain, operate, own and lease, either in the capacity of lessor or lessee, sewers, sewer systems and sewage treatment works, or parts thereof; and

WHEREAS, the Authority had previously acquired and has been leasing to the City certain sanitary sewer collection and treatment facilities (the “System”) located in the City, and, the Authority has undertaken a refinancing of its outstanding Guaranteed Sewer Revenue Bonds, Series of 2016, together with constructing and acquiring certain capital improvements to the System (the “Project”); and

WHEREAS, in order to assure the Authority the lowest rates practical on its 2021 Bonds (herein defined) and any and all future bond issues, the City desires to enter into this Eleventh Amendment, amending the Agreement of Lease and Guaranty dated as of June 15, 1999, (the “Original Lease and Guaranty”), as previously amended by the First Amendment to the Agreement of Lease and Guaranty dated as of May 1, 2003 (the “First Amendment”), the Second Amendment to the Agreement of Lease and Guaranty dated as of October 1, 2004 (the “Second Amendment”), the Third Amendment to the Agreement of Lease and Guaranty dated as of September 15, 2006 (the “Third Amendment”), the Fourth Amendment to the Agreement of Lease and Guaranty dated as of June 15, 2010 (the “Fourth Amendment”), the Fifth Amendment to the Agreement of Lease and Guaranty dated November 9, 2010 (the “Fifth Amendment”), the Sixth Amendment to the Agreement of Lease and Guaranty dated February 28, 2012 (the “Sixth Amendment”), the Seventh Amendment to the Agreement of Lease and Guaranty dated May 5, 2015 (the “Seventh Amendment”) and the Eighth Amendment to the Assignment of Lease and Guaranty dated January 6, 2016 (the “Eighth Amendment”), the Ninth Amendment to the Agreement of Lease and Guaranty, dated February 26, 2020 (the “Ninth Amendment”), and the Tenth Amendment to the Agreement of Lease and Guaranty, dated July 8, 2020 (the “Tenth Amendment” and together, the “Lease and Guaranty”) with the Authority, and the Authority is willing to enter into the same with the City, upon the terms, covenants and conditions as hereinafter provided; and

WHEREAS, the Authority, with the consent of the City, has determined to undertake the financing of the Project by the issuance of bonds to be designated the Guaranteed Sewer Revenue Bonds, Series of 2021, issued under the Authority’s Trust Indenture dated as of June 15, 1999, as supplemented by a First Supplemental Indenture dated as of May 1, 2003, a Second Supplemental Indenture dated as of October 1, 2004, a Third Supplemental Indenture dated as of September 15, 2006, a Fourth Supplemental Indenture dated as of June 15, 2010, a Fifth Supplemental Indenture dated February 28, 2012, a Sixth Supplemental Indenture dated May 5, 2015, a Seventh Supplemental Indenture dated January 6, 2016, an Eighth Supplemental Indenture dated February 26, 2020, a Ninth Supplemental Indenture, dated July 8, 2020 and a Tenth Supplemental Indenture to be dated the date of the Bonds (together, the “Indenture”) in the aggregate principal amount of \$_____ (the “2021 Bonds”); and

WHEREAS, in order to provide for and secure the payment of the principal of, the interest on and the premium (if any) payable upon the redemption of the 2021 Bonds, and to secure the performance by the Authority of its other obligations thereunder, the Authority will assign to U.S. Bank National Association (as successor to the corporate trust business of National City Bank of Pennsylvania), as Trustee, all of its right, title and interest in and to this Lease and Guaranty; and

WHEREAS, in the future, the Authority and the City may determine that it will be in the best interests of the Authority and the City to make or acquire from time to time additional improvements and extensions to the System;

NOW, THEREFORE, this Lease and Guaranty witnesseth that for and in consideration of One Dollar (\$1.00) lawful money of the United States of America paid by each of the parties hereto to the other parties hereto at or before the execution and delivery of this document, the receipt of which is hereby acknowledged, and for and in consideration of the respective obligations of the parties set forth in this Lease and Guaranty, the parties hereto, intending to be legally bound, do covenant and agree as follows:

ARTICLE 1

RENTAL PAYMENTS

The Rental Payments required by the City pursuant to Article 7 of the Original Lease and Guaranty, Article 2 of the First Amendment, Article 1 of the Second Amendment, Article 1 of the Third Amendment, Article 1 of the Fourth Amendment, Article 1 of the Fifth Amendment, Article 1 of the Sixth Amendment, Article 1 of the Seventh Amendment, and Article 1 of the Eighth Amendment, Article 1 of the Ninth Amendment, and Article 1 of the Tenth Amendment are hereby amended to include as additional rentals in addition to the rentals payable under the Lease and Guaranty, the sum of (i) any increase in the Administrative Expenses of the Authority which will result from the issuance of the 2021 Bonds, and (ii) an amount at least equal to 55% of the average annual debt service on the 2021 Bonds, on each semi-annual payment date.

Such additional rentals shall be paid on the ____ day of _____ and _____, beginning _____ and ending _____. The maximum debt service requirements on the 2021 Bonds are attached hereto as Exhibit 1.

Such additional rentals shall constitute net rentals and shall be received and enjoyed by the Authority, or by the Trustee as assignee and pledgee of the Authority, as net sums, and the City shall pay any and all charges against or which might diminish such sums in such manner that such additional rentals may be received and enjoyed by the Authority, or by the Trustee as assignee and pledgee of the Authority, and used for the purposes provided in the Indenture without diminution thereof for any reason whatsoever. Without limiting the generality of the foregoing, the City shall assume the payment of, and shall punctually and faithfully pay, as if the City were primarily liable for the same, all taxes and assessments, including income, profits, property or excise taxes, which may, during the term of this Eleventh Amendment, be levied or assessed by the Federal, State or any municipal government against the Authority upon, or by reason of the payment or receipt of, the additional rental payments herein agreed to be paid by the City to the Authority, or upon this Eleventh Amendment, or upon the System, or upon any franchises, businesses, transactions, income, earnings, receipts, gross or net, or otherwise of the Authority in connection with the System for the payment or collection of which taxes or assessments the Authority would otherwise be liable or accountable under any lawful authority whatsoever by reason of its ownership of, or its earnings, profits or receipts from, or the leasing of, the System.

The City's obligations under the Original Lease and Guaranty, First Amendment, Second Amendment, Third Amendment, Fourth Amendment, Fifth Amendment, Sixth Amendment, Seventh Amendment, Eighth Amendment, Ninth Amendment and Tenth Amendment shall remain in full force and effect.

ARTICLE 2

GUARANTY OF THE CITY

The City hereby irrevocably and unconditionally guarantees unto the Trustee the full and prompt payment of the principal of, premium (if any) on, and interest on each and every 2021 Bond as and when the same shall become due and payable, whether on an Interest Payment Date, a Principal Payment Date or otherwise at maturity, upon mandatory redemption, by acceleration or other requirement of the provisions of the Indenture or otherwise, as and to the extent that the principal, premium (if any) and interest are not paid as and when due and payable by the Authority.

The City furthermore (and separately, in order to better assure the foregoing guarantee of payment of bonds on payment dates) guarantees full and prompt payment of all amounts owing by the Authority for payment or deposit into various funds created under the Indenture in respect of the 2021 Bonds issued thereunder, whether such payments precede and anticipate actual payment dates for the 2021 Bonds or represent reserves to be maintained for the further security thereof.

In furtherance thereof, the City covenants and agrees with the Trustee that if the Authority fails to pay the full amount of the principal of, premium (if any) on or interest on or in respect of the 2021 Bonds as and when due and payable, or payments in respect of the same are due under the Indenture, or payment is due for deposit into the Debt Service Reserve Fund or any other fund created under the Indenture (including any payments due to _____, the bond insurer of the 2021 Bonds (the "Bond Insurer") and due to _____ as the Debt Service Reserve Fund Surety Bond provider for the 2021 Bonds (the "Surety Provider")), the City shall duly and punctually advance the moneys required, on the dates and at the places and in the manner stated in the 2021 Bonds and in the Indenture according to the true intent and meaning thereof. The City further represents and covenants to the Authority, for the benefit of the Trustee, that it will (a) include the amounts set forth in Exhibit 1, payable in respect of this Guaranty, for each fiscal year in which such amounts shall be payable, in its budget for that year, (b) appropriate such amounts from its general revenues, and (c) promptly pay or cause to be paid the full amount of the principal of, premium (if any) on and the interest on the 2021 Bonds, as and when the same shall become due and payable, or payments in respect of the same are due under the Indenture, at the times and places, under the conditions and in the manner prescribed in the 2021 Bonds and in the Indenture, according to the true intent and meaning thereof. For such budgeting, appropriation and full and prompt payment, the City hereby pledges its full faith, credit and taxing power, including unlimited ad valorem taxes to be levied upon all property in the City taxable for municipal purposes, and other general revenues of the City available for such purposes. The City agrees that this covenant shall be specifically enforceable and intends that it be unlimited as to rate and amount. All payments by the City shall be paid in lawful money of the United States of America.

The obligations of the City under this Lease and Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest or redemption price on the 2021 Bonds and all amounts, if any, due to the Bond Insurer or the Surety Provider, shall have been paid or irrevocably provided for. No set-off, counterclaim, reduction or diminution of an obligation, or any defense of any kind or nature which the City has or may have against the Authority shall be available hereunder to the City against the Trustee under the Indenture.

The City agrees to pay all costs, expenses and fees, including reasonable attorneys' fees, which may be incurred by the Authority, or by the Trustee, as assignee, in enforcing or attempting to enforce this Lease and Guaranty following the default on the part of the City hereunder.

The Lease and Guaranty is entered into by the City for the benefit of the Authority, the Trustee, the Bond Insurer, the Surety Provider and the holders of the 2021 Bonds and any successor trustee under the Indenture, all of whom will be entitled to enforce performance of this Lease and Guaranty. To the

extent that this Lease and Guaranty confers upon or gives or grants to the Bond Insurer or the Surety Provider, if any, any right, remedy or claim under or by reason hereof, the Bond Insurer or the Surety Provider is explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder. The terms of this Lease and Guaranty may be enforced as to any one or more breaches either separately or cumulatively.

The Trustee shall exercise reasonable care and diligence in monitoring the affairs of the Authority and the performance of its obligations under the Indenture in order to advise the City, when possible, of any pending default by the Authority; provided, however, that no such action of the Trustee shall be a precondition to performance by the City of its duties hereunder and each and every notice and demand for payment by the Trustee hereunder shall have immediate effect, with no period of notice or anticipation.

ARTICLE 3

PROVISIONS REGARDING INSURANCE

For purposes of the Original Lease and Guaranty, and this Eleventh Amendment, the Bond Insurer means _____.

Article 17 of the Original Lease and Guaranty is hereby amended, with respect to the 2021 Bonds, to provide that all remedies available thereunder shall be controlled by the Bond Insurer.

The City shall pay or reimburse the Bond Insurer for any and all charges, fees, costs or expenses not otherwise paid or reimbursed by the Authority that the Bond Insurer may reasonably incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture or the Lease and Guaranty; (ii) the pursuit of any remedies under the Indenture, the Lease and Guaranty or any other related documents or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture, the Lease and Guaranty or any other related document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture, the Lease and Guaranty or any other related document or the transactions contemplated thereby, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or the Lease and Guaranty.

The City shall deliver to the Bond Insurer its annual audited financial statements within one hundred fifty (150) days after the end of its fiscal year, and the City's annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the Bond Insurer shall reasonable request from time to time.

The City will permit the Bond Insurer to discuss the affairs, finances and accounts of the City or any information the Bond Insurer may reasonably request regarding the security for the 2021 Bonds and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the City, on any business day, upon reasonable prior written notice.

The Original Lease and Guaranty, First Amendment, Second Amendment, Third Amendment, Fourth Amendment, Fifth Amendment, Sixth Amendment, Seventh Amendment, Eighth Amendment, Ninth Amendment and Tenth Amendment shall not be amended or modified without the Bond Insurer's prior written consent. Further, the City acknowledges and agrees that it shall have no right to file a claim under the Insurance Policy.

IN WITNESS WHEREOF, HERMITAGE MUNICIPAL AUTHORITY, on _____, 2021, has caused this Eleventh Amendment to the Agreement of Lease and Guaranty to be executed on its behalf by its Chairman and its Seal to be hereunto affixed and attested by its Secretary, and the **CITY OF HERMITAGE** has caused this Eleventh Amendment to the Agreement of Lease and Guaranty to be executed on its behalf by the President of the Board of Commissioners and its municipal seal to be hereunto affixed and attested by the City Secretary, all as of the day and year first above written, but actually on the date of the later acknowledgement at the end hereof.

**HERMITAGE MUNICIPAL
AUTHORITY**

(AUTHORITY SEAL)

Attest:

By: _____
Chairman

Secretary

CITY OF HERMITAGE

(CITY SEAL)

Attest:

By: _____
President, Board of Commissioners

Secretary

**HERMITAGE MUNICIPAL AUTHORITY
GUARANTEED SEWER REVENUE BONDS
Maximum Debt Service Requirements**

SERIES OF 2021

BOND DEBT SERVICE

**Hermitage Municipal Authority
Series of 2021**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2021	350,000	6.000%	53,833.34	403,833.34	
08/01/2021			377,100.00	377,100.00	
12/31/2021					780,933.34
02/01/2022	185,000	6.000%	377,100.00	562,100.00	
08/01/2022			371,550.00	371,550.00	
12/31/2022					933,650.00
02/01/2023	460,000	6.000%	371,550.00	831,550.00	
08/01/2023			357,750.00	357,750.00	
12/31/2023					1,189,300.00
02/01/2024	1,925,000	6.000%	357,750.00	2,282,750.00	
08/01/2024			300,000.00	300,000.00	
12/31/2024					2,582,750.00
02/01/2025	2,045,000	6.000%	300,000.00	2,345,000.00	
08/01/2025			238,650.00	238,650.00	
12/31/2025					2,583,650.00
02/01/2026	1,125,000	6.000%	238,650.00	1,363,650.00	
08/01/2026			204,900.00	204,900.00	
12/31/2026					1,568,550.00
02/01/2027	380,000	6.000%	204,900.00	584,900.00	
08/01/2027			193,500.00	193,500.00	
12/31/2027					778,400.00
02/01/2028	2,305,000	6.000%	193,500.00	2,498,500.00	
08/01/2028			124,350.00	124,350.00	
12/31/2028					2,622,850.00
02/01/2029	385,000	6.000%	124,350.00	509,350.00	
08/01/2029			112,800.00	112,800.00	
12/31/2029					622,150.00
02/01/2030	2,515,000	6.000%	112,800.00	2,627,800.00	
08/01/2030			37,350.00	37,350.00	
12/31/2030					2,665,150.00
02/01/2031	220,000	6.000%	37,350.00	257,350.00	
08/01/2031			30,750.00	30,750.00	
12/31/2031					288,100.00
02/01/2032	215,000	6.000%	30,750.00	245,750.00	
08/01/2032			24,300.00	24,300.00	
12/31/2032					270,050.00
02/01/2033	810,000	6.000%	24,300.00	834,300.00	
12/31/2033					834,300.00
	12,920,000		4,799,833.34	17,719,833.34	17,719,833.34

**HERMITAGE MUNICIPAL AUTHORITY
GUARANTEED SEWER REVENUE BONDS
Actual Debt Service Requirements**

SERIES OF 2021

**HERMITAGE MUNICIPAL AUTHORITY
GUARANTEED SEWER REVENUE BONDS
Maximum Overall City Debt Service**

**HERMITAGE MUNICIPAL AUTHORITY
Not-To-Exceed Wrap Schedule**

Existing Debt					Proposed	Total	City Debt			Total	Total			
FYE	2010 PennVest	2020A	2020B	2020C	2021	Sewer	2014 Note	2016	2017	City	City + Sewer	5% Test	10% Test	
12/31/2021	764,350	30,788	90,713	1,991,850	780,933	3,658,633	772,235	62,095	230,418	1,064,748	4,723,381			
12/31/2022	764,350	30,713	90,713	1,990,075	933,650	3,809,500	771,695	61,989	233,618	1,067,302	4,876,802	3.25%	5.187%	
12/31/2023	764,350	30,638	90,713	1,820,500	1,189,300	3,895,500	40,840	61,883	966,718	1,069,441	4,964,940	1.81%		
12/31/2024	764,350	30,563	90,713	433,100	2,582,750	3,901,475		61,776	1,005,118	1,066,895	4,968,369	0.07%		
12/31/2025	764,350	30,488	90,713	432,900	2,583,650	3,902,100		61,670	1,007,418	1,069,088	4,971,188	0.06%		
12/31/2026	764,350	30,413	90,713	1,368,600	1,568,550	3,822,625		61,539	1,003,187	1,064,726	4,887,350	-1.69%		
12/31/2027	764,350	30,325	90,713	2,168,100	778,400	3,831,887		61,408	1,002,487	1,063,895	4,895,782	0.17%		
12/31/2028	764,350	30,225	90,713	321,700	2,622,850	3,829,837		61,276	1,007,859	1,069,135	4,898,972	0.07%		
12/31/2029	764,350	30,125	90,713	2,237,400	622,150	3,744,737		581,145	487,445	1,068,590	4,813,327	-1.75%		
12/31/2030	764,350	30,025	90,713	243,100	2,665,150	3,793,337		1,066,183		1,066,183	4,859,520	0.96%		
12/31/2031	764,350	29,925	90,713	2,325,400	288,100	3,498,487		431,970		431,970	3,930,457	-19.12%		
12/31/2032	738,142	29,825	90,713	2,357,800	270,050	3,486,530					3,486,530	-11.29%		
12/31/2033		767,275	90,713	1,601,400	834,300	3,293,688					3,293,688	-5.53%		
12/31/2034		464,888	1,693,500			2,158,388					2,158,388	-34.47%		
12/31/2035			2,162,531			2,162,531					2,162,531	0.19%		
12/31/2036			394,388			394,388					394,388	-81.76%		
12/31/2037														
9,145,988					1,596,213	5,429,681	19,291,925	17,719,833	53,183,640	1,584,770	2,572,933	6,944,269	11,101,972	64,285,612

**HERMITAGE MUNICIPAL AUTHORITY
GUARANTEED SEWER REVENUE BONDS
Actual Overall City Debt Service**

ASSIGNMENT

On this ____ day of _____, 2021, for value received, Hermitage Municipal Authority does hereby sell, assign, transfer and set over unto U.S. Bank National Association (as successor to the corporate trust business of National City Bank of Pennsylvania) the Trustee under the Indenture, dated as of June 15, 1999, as supplemented by the First Supplemental Indenture, dated as of May 1, 2003, the Second Supplemental Indenture dated as of October 1, 2004, the Third Supplemental Indenture, dated as of September 15, 2006, the Fourth Supplemental Indenture dated as of June 15, 2010, the Fifth Supplemental Indenture dated February 28, 2012, the Sixth Supplemental Indenture dated May 5, 2015, the Seventh Supplemental Indenture dated January 6, 2016, the Eighth Supplemental Indenture dated February 26, 2020, the Ninth Supplemental Indenture dated July 8, 2020, and the Tenth Supplemental Indenture, dated _____, 2021 all its right, title and interest in and to the Eleventh Amendment to the Agreement of Lease and Guaranty, and directs that the City of Hermitage pay to the aforesaid Trustee the portion of all rentals and guarantees and any other moneys due and payable thereunder which are applicable to the payment of debt service on the bonds issued under the Indenture, said portion of the rentals and other moneys to be held and applied pursuant to the provisions of the aforesaid Indenture; provided, however, that by reason of this assignment Hermitage Municipal Authority shall not be relieved of and the aforesaid Trustee does not assume any of the Authority's obligations to the City of Hermitage under the Lease and Guaranty.

HERMITAGE MUNICIPAL AUTHORITY

(AUTHORITY SEAL)

Attest:

By: _____
Chairman

Secretary