

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 20, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P: “AA” (Stable Outlook) (BAM Insured)
S&P: “A-” (Negative Outlook) (Underlying)
(See “RATINGS” herein)

In the opinion of Bond Counsel, under existing statutes, regulations, and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. This opinion of Bond Counsel is subject to continuing compliance by the University Area Joint Authority (the “Authority”) with its covenants to comply with requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the interest on the Bonds is exempt from the Commonwealth’s Personal Income Tax and the Commonwealth’s Corporate Net Income Tax.

For further information concerning federal and state tax matters relating to the Bonds, see “Tax Matters” herein.

\$46,320,000*

University Area Joint Authority
(Centre County, Pennsylvania)
Sewer Revenue Bonds – Series of 2025

Dated: Date of Delivery

Interest Due: May 1 and November 1

Principal Due: November 1, as shown on inside cover

First Interest Payment: November 1, 2025

The Sewer Revenue Bonds, as captioned above, in the aggregate principal amount of \$46,320,000* (the “Bonds”) will be issued in registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

Interest on each of the Bonds is payable initially on November 1, 2025, and thereafter semiannually on May 1 and November 1 of each year until the maturity date of such Bond or until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. U.S. Bank Trust Company, National Association (the “Trustee”), Pittsburgh, Pennsylvania, is successor trustee under a Trust Indenture, dated as of November 1, 1993, between the Authority and the Trustee, as previously amended and supplemented, and as shall be further supplemented by a Twenty-Fifth Supplemental Indenture dated the date of delivery of the Bonds (collectively, the “Existing Indenture”), with such Trustee continuing as trustee under the Indenture as described herein. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of and interest on the Bonds, when due for payment, will be made directly to DTC by the Trustee, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of the Bonds will be payable, when due, upon surrender of such Bond to the Trustee at its corporate trust office located in Pittsburgh, Pennsylvania (or any successor Trustee at its designated office(s)) and interest on such Bond will be payable by check made out and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See “THE BONDS,” *infra*). **The Bonds are subject to optional redemption prior to maturity as described herein.**

The Bonds will be secured under the provisions of the Indenture, as more fully described herein. The principal of and the interest on the Bonds shall be payable from the Sewer Revenues, as such phrase is defined in the Indenture, and from other receipts, revenues and moneys of the Authority available for such purposes, to the extent and in the manner provided in the Indenture, as more fully described herein.

The Authority is amending and restating the Existing Indenture in its entirety by the terms and provisions of an Amended and Restated Trust Indenture (the “Indenture”), which shall become effective upon receipt of the consent of the holders of 66 2/3% in aggregate principal amount of outstanding bonds (including the consent of any municipal bond insurer, as applicable) under the Existing Indenture. The initial purchasers of the Bonds, by their purchase and acceptance of such Bonds, shall be deemed to have approved and consented to the execution and delivery of the Indenture which will be made effective on the date of delivery of the Bonds. Such consent shall be binding upon all present and future holders of the Bonds.

The Existing Indenture shall cease to have effect upon the Indenture being made effective on the date of delivery of the Bonds. All supplements to the Existing Indenture for bonds issued on, or prior to, the date of delivery of the Bonds, including the supplement in connection with the Bonds, will remain in full force and effect solely with respect to payment provisions. Such outstanding bonds, including the Bonds, will in all other respects be subject to provisions and security of the Indenture.

THE BONDS ARE NOT OBLIGATIONS OF THE MEMBER MUNICIPALITIES OF THE AUTHORITY, AS MORE FULLY DESCRIBED HEREIN, NOR OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER. SEE “SECURITY FOR THE BONDS” HEREIN.

The Bonds are being issued to: (1) fund capital improvement projects of the Authority; (2) fund capitalized interest; (3) fund a deposit to the Debt Service Reserve Fund, as more fully described herein, and (4) pay the costs and expenses related to the issuance of the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (“BAM”).



MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIP NUMBERS
(As Shown on Inside Cover)

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Mette, Evans & Woodside, Harrisburg, Pennsylvania, Bond Counsel to the Authority, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the Authority by Miller, Kistler & Campbell, State College, Pennsylvania, Authority Solicitor and for the Underwriter by McNeese Wallace & Nurick LLC, of Harrisburg, Pennsylvania, Limited Scope Underwriter’s Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, will act as Financial Advisor to the Authority in connection with the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about _____, 2025.

RAYMOND JAMES®

Dated: _____

*Estimated, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

\$46,320,000*
University Area Joint Authority
(Centre County, Pennsylvania)
Sewer Revenue Bonds - Series of 2025

Dated: Date of Delivery
Interest Due: May 1 and November 1

Principal Due: November 1, as shown below
First Interest Payment: November 1, 2025

<u>November 1</u>	<u>Principal</u>	<u>Rates</u>	<u>Yields</u>	<u>CUSIP Numbers⁽¹⁾</u>
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				

⁽¹⁾The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriter have agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Estimated, subject to change.

UNIVERSITY AREA JOINT AUTHORITY
(Centre County, Pennsylvania)

BOARD MEMBERS

Name	Office	Term Expiration
Mr. David Lapinski	Chairman	January 2027
Mr. R. David Derr	Vice Chairman	January 2027
Mr. Matt Auman	Secretary	January 2028
Mr. Wesley Glebe	Assistant Secretary	January 2026
Mr. Daniel Guss	Member	January 2026
Mr. Mark Kunkle	Assistant Treasurer	January 2026
Mr. Jeffrey Nucciarone	Treasurer	December 2027
Mr. Thomas E. Daubert	Member	January 2027
Mr. Larry Miles	Member	January 2029
Mr. Frank Mellot	Member	December 2028

EXECUTIVE DIRECTOR

MR. CORY MILLER

SOLICITOR

MILLER, KISTLER & CAMPBELL
State College, Pennsylvania

BOND COUNSEL

METTE, EVANS & WOODSIDE
Harrisburg, Pennsylvania

FINANCIAL ADVISOR

PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

TRUSTEE

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Pittsburgh, Pennsylvania

INDEPENDENT ACCOUNTANTS

MAHER DUESSEL
Pittsburgh, Pennsylvania

UNDERWRITER

RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

MCNEES WALLACE & NURICK LLC
Harrisburg, Pennsylvania

CONSULTING ENGINEER

HERBERT, ROWLAND & GRUBIC, INC.
Harrisburg, Pennsylvania

CONSTRUCTION ENGINEER

RETTEW
State College, Pennsylvania

AUTHORITY ADDRESS

1576 Spring Valley Road
State College, Pennsylvania 16801

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriter to give any information or to make any representation, other than that given or made in this Official Statement, and if given or made, any such other information or representation may not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the Authority and, while the information set forth in this Official Statement has been furnished by the Authority and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter or, as to information obtained from other sources, by the Authority. The information and expressions of opinion set forth in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that the affairs of the Authority have remained unchanged since the date of this Official Statement.

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page, inside cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS OR THE RESOLUTION IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF CERTAIN STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

[The Authority deems this Official Statement to be final for purpose of SEC Rule 15c2-12(b)(1).]

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “Bond Insurance” and “Appendix E – Specimen Municipal Bond Insurance Policy”.

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OFFICIAL STATEMENT
\$46,320,000*
University Area Joint Authority
(Centre County, Pennsylvania)
Sewer Revenue Bonds – Series of 2025

INTRODUCTION

This Official Statement, including the Cover Page, Inside Cover Page, Table of Contents and Appendices is furnished by University Area Joint Authority (the “Authority”) in connection with the offering of \$46,320,000* aggregate principal amount of its Sewer Revenue Bonds – Series of 2025 (the “Bonds” and sometimes under the Summary of Certain Provisions of the Trust Indenture referred to separately as the “Series of 2025 Bonds”) The Bonds are being issued in accordance with the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. Ch. 56, as amended (the “Act”), and pursuant to the below-referenced Indenture.

The Bonds are being issued under the provisions of the Trust Indenture, dated as of November 1, 1993, between the Authority and U.S. Bank Trust Company, National Association as the successor trustee (the “Trustee”), as previously amended or supplemented, and as shall be further supplemented by a Twenty-Fifth Supplemental Indenture, dated the date of delivery of the Bonds (collectively, the “Existing Indenture”). However, the Bonds shall be subject to the terms and conditions of the Indenture, as hereinafter described.

PURPOSE OF THE ISSUE

The Authority is issuing the Bonds to provide funds to be used toward: (1) funding capital improvement projects of the Authority; (2) funding capitalized interest; (3) funding a deposit to the Debt Service Reserve Fund, as more fully described herein; and (4) payment of the costs of issuing and insuring the Bonds.

SOURCES AND USES OF BOND PROCEEDS

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds and other funds to be available.

<u>Sources</u>	<u>Total</u>
Bonds	
Net Original Issue Premium/Discount.....	_____
<i>Total Sources</i>	=====
<u>Uses</u>	
Project Fund Deposit.....	
Capitalized Interest.....	
Deposit to Debt Service Reserve Fund.....	
Costs of Issuance ⁽¹⁾	_____
<i>Total Uses</i>	=====

⁽¹⁾Includes bond insurance premium, legal, financial advisor, printing, credit rating, Underwriter’s discount, CUSIP, Trustee and other miscellaneous costs.

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, will be in the aggregate principal amount of \$46,320,000*, will be dated as of the date of delivery and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable initially on November 1, 2025, and thereafter semiannually on May 1 and November 1 of each of the years, 2025 to 2049, inclusive, or until prior redemption.

When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers of the Bonds (the “Beneficial Owners”) will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See “BOOK – ENTRY ONLY SYSTEM” herein.

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the Authority with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid.

If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to the Trustee at its corporate trust office in Pittsburgh, Pennsylvania (or to any successor Trustee at its designated office(s)).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such succeeding interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding November 1, 2025, in which event such Bond shall bear interest from date of delivery, or (d) as shown by the records of the Trustee, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on November 1, 2025, thereafter semiannually on May 1 and November 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Trustee, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth day of April and October, respectively (the “Record Date”), on the registration books maintained by the Trustee, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the Authority shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owner of such Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal or interest on any Bonds of or interest on any Bonds on an interest payment date, at maturity, or at redemption shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

*Estimated, subject to change.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under “Book-Entry Only System,” Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Trustee, accompanied by a written instrument or instruments in form, with instructions, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Trustee shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The Authority and the Trustee may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

Amendment and Restatement of Existing Indenture

The Authority is amending and restating the Existing Indenture in its entirety by the terms and provisions of an Amended and Restated Trust Indenture (the “Indenture”), which shall become effective upon receipt of the consent of the holders of 66 2/3% in aggregate principal amount of outstanding bonds (including the consent of any municipal bond insurer, as applicable) under the Existing Indenture. The initial purchasers of the Bonds, by their purchase and acceptance of such Bonds, shall be deemed to have approved and consented to the execution and delivery of the Indenture which will be made effective on the date of delivery of the Bonds. Such consent shall be binding upon all present and future holders of the Bonds.

The Existing Indenture shall cease to have effect upon the Indenture being made effective on the date of delivery of the Bonds. All supplements to the Existing Indenture for bonds issued on, or prior to, the date of delivery of the Bonds, including the supplement in connection with the Bonds, will remain in full force and effect solely with respect to payment provisions. Such outstanding bonds, including the Bonds, will in all other respects be subject to provisions and security of the Indenture.

Security

The Bonds will be secured by provisions of the Indenture. The Indenture provides for the issuance of additional bonds in addition to the Bonds, under the limitations therein set forth, and defines the duties and responsibilities of the parties with respect to the expenditures of the proceeds of the Bonds, the maintenance and operation of the debt service reserve fund, the conservation and application of all funds, the security for moneys on deposit, the provisions relating to reserves, the provisions relating to the redemption of the Bonds, and the provisions for the payment of the principal of and the interest on the Bonds.

The principal of and the interest on the Bonds, together with any Outstanding Bonds and Additional Bonds issued under the Indenture, shall be payable equally and ratably from Sewer Revenues from the Sewer System and from other receipts, revenues and moneys of the Authority available for such purpose, to the extent and in the manner provided in the Indenture (see “SOURCE OF PAYMENT AND RATE COVENANT” herein).

DEFAULTS AND REMEDIES

Upon happening and during continuance of any Event of Default, as defined in the Indenture, then and in every case the Trustee may declare, and upon written request of Holders of not less than twenty-five percent in aggregate principal amount of Bonds then outstanding the Trustee shall declare, by notice in writing delivered to the Authority, the principal of all Bonds then outstanding if not then due and payable and the interest accrued thereon to be due and payable immediately; and upon such declaration the same shall become and shall be due and payable immediately at the place of payment provided therein.

The foregoing provision, however, is subject to the condition that if, at any time, after the principal of Bonds so shall have been declared to be due and payable, and before entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, and before completion of enforcement of any other remedy hereunder, all arrears of interest upon all Bonds then Outstanding, with interest on overdue installments of interest at the Federal Funds rate in effect at the time, and the principal and premium, if any, of all matured Bonds then Outstanding (except principal of Bonds not then due by their express terms and interest accrued on such Bonds since the last interest payment date) and all charges, compensation, disbursements, counsel fees, advances and liabilities of the Trustee and reasonable counsel fees of Holders of Bonds and all other amounts then payable by the Authority hereunder (except as aforesaid) shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same, and every other Event of Default known to the Trustee shall have been remedied or provision therefor satisfactory to the Trustee shall have been made, then and in every such case, Holders of a majority in aggregate principal amount of Bonds not then due by their express terms and then Outstanding, by written notice delivered to the Authority and the Trustee, may waive every Event of Default and may rescind and annul such declaration and its consequences, but no such waiver, rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$498.6 million, \$253.4 million and \$245.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

BAM GreenStar Bonds

The Bonds have been designated *BAM GreenStar Bonds* because BAM has determined that the use of bond proceeds by the Issuer as described in this Official Statement and in any additional information obtained by BAM aligns with one of the Green Bond Principles (“GBPs”) developed by the International Capital Markets Association (“ICMA”). The GBPs were developed by the ICMA with the goal of establishing universally accepted guidelines for the issuance of green bonds, and one of the key

requirements addresses the use of proceeds. BAM has been identified by the ICMA as an observer organization that is active in the field of green and/or social or sustainability finance and as a Climate Bond Initiative approved verifier. The GreenStar Credit Profile prepared by BAM for the Bonds will identify which of the following GBP categories applies to the Bonds:

- renewable energy
- energy efficiency
- pollution prevention and control
- environmentally sustainable management of living natural resources and land use
- terrestrial and aquatic biodiversity
- clean transportation
- climate change adaptation
- sustainable water and wastewater management
- green buildings

Each of the GBPs correlates to one of the following UN Sustainable Development Goals which will also be included in the GreenStar Credit Profile for the Bonds:

- clean water and sanitation
- affordable and clean energy
- sustainable cities and communities
- industry innovation and infrastructure
- responsible consumption and production
- climate action
- life below water
- life on land

The Issuer makes no representation regarding the applicability of or suitability of the GreenStar designation. The term “GreenStar” is neither defined in, nor related to, the security documents relating to the Bonds. The GreenStar designation is solely for identification purposes and is not intended to provide or imply that the owners of the Bonds are entitled to any security other than that described in this official statement. The Issuer is under no contractual or other legal obligation to ensure compliance with any legal or other principles relating to “GreenStar” designation. The Issuer has made no commitment to provide ongoing reporting or information regarding the designation or compliance with the GBPs.

The BAM GreenStar designation is based upon an assessment by BAM at the time of the issuance of the Bonds and such designation by BAM reflects only the views of BAM. BAM does not charge a fee in connection with the designation, does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. The designation is provided on an “AS IS” basis and is based on BAM’s own investigation, studies, assumptions, and criteria using its reasonable best efforts. In issuing its GreenStar designation, BAM has assumed and relied upon the accuracy and completeness of the information made publicly available by the Issuer or that was otherwise made available to BAM. BAM makes no representation or warranty, express or implied, including, but not limited to, the accuracy, results, timeliness, completeness, merchantability or fitness for any particular purpose with respect to the designation. A complete description of BAM GreenStar, and its limitations and terms of use, are available on BAM’s website <https://bambonds.com/wp-content/uploads/2020/10/2024-BAM-GreenStar-Winter-Not-for-Print.pdf> and <https://bambonds.com/terms-of-use> and incorporated herein by reference. The BAM GreenStar designation is determined solely by BAM; it has not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for such designation.

BAM’s GreenStar designation does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Bonds and is not a recommendation to any person to purchase, hold, or sell the Bonds. Such labeling does not address the market price, marketability or suitability of these Bonds for a particular investor. There is no assurance that the designation will be retained for any given period of time or that the designation will not be revised, suspended, or withdrawn by BAM if, in its judgment, circumstances so warrant.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the

obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE RISK FACTORS

In the event of a default in the payment of principal or interest with respect to the Bonds when any such payment becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the Policy) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or resulting from any default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, any payments to be made pursuant to the Policy will be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. In addition, the Policy does not insure the payment of any redemption premium. To the extent that any payment of principal and interest by the Authority in connection with a mandatory or optional prepayment of the Bonds is recovered by the Authority from any owner of the Bonds as a voidable preference under applicable bankruptcy law, such payments are covered by the Policy. However, such payments will be made by the Bond Insurer at such times and in such amounts as such payments would have been due had there been no such prepayment by the Authority, unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, any default in the payment of principal and interest does not accelerate the obligations of the Bond Insurer without its consent. The Bond Insurer may direct, and must consent to, any remedies that the Trustee exercises following such a default and the Bond Insurer's consent may be required in connection with amendments to the applicable Agreements or Indenture in those circumstances.

In the event that the Bond Insurer is unable to make any payments of principal and interest as such payments become due under the Policy, the Bonds will be payable solely from the moneys received by the Trustee pursuant to the applicable Agreements. In the event that the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The insured long-term rating on the Bonds is dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors that could change over time. No assurance is given that the insured long-term rating of the Bond Insurer and, therefore, the insured rating on the Bonds will not be subject to downgrade, and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "RATINGS" herein.

The obligations of the Bond insurer under the Policy are general obligations of the Bond Insurer and, upon an event of default by the Bond Insurer, the remedies available to the Trustee may be limited by applicable bankruptcy law or other similar laws related to the insolvency of entities like the Bond Insurer.

Neither the Authority nor the Underwriter have made an independent investigation into the claims-paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of their investment. See "BOND INSURANCE" herein for further information provided by the Bond Insurer with respect to itself and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

BOOK-ENTRY ONLY SYSTEM

Book-Entry Only System

DTC will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS, BONDOWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DTC, the world's largest depository, is a limited-purpose trust company organized under the laws of the State of New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. So long as the Bonds are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Bonds:

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. *Beneficial Owners will not receive certificates representing their ownership interest in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued under the circumstances described below under "Discontinuation of Book-Entry Only System."*

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Principal or redemption price payments and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

So long as a nominee of DTC is the registered owner of the Bonds, references herein to the Bondholders or the holders or owners of the Bonds shall mean DTC and shall not mean the Beneficial Owners of the Bonds. The Authority and the Trustee will recognize DTC or its nominee as the holder of all of the Bonds for all purposes, including the payment of the principal or redemption price of and interest on the Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bondholders under the Resolution. Neither the Authority nor the Trustee will have any responsibility or obligation to Participants or Beneficial Owners with respect to payments or notices to Participants or Beneficial Owners.

Discontinuation of Book-Entry Only System

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. In addition, the Authority may discontinue the book-entry only system for the Bonds at any time if it provides thirty (30) days' notice of such discontinuation to the Trustee and DTC that continuation of the book-entry only system is not in the best interests of the Authority. Upon the giving of such notice, the book-entry only system for the Bonds will be discontinued unless a successor securities depository is appointed by the Authority.

THE AUTHORITY AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS, (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN BONDS, OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds stated to mature on November 1, _____, are subject to redemption prior to maturity as required by the Indenture, in the amounts and on November 1 of the years shown below, from moneys in the Sinking Fund created as part of the Debt Service Fund under the Indenture upon payment of the principal amount thereof together with interest accrued to the date fixed for redemption.

Bonds stated to mature November 1, _____:

*Final Maturity

In lieu of such Mandatory Redemption, the Trustee, on behalf of the Authority, may purchase Bonds from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the Authority may tender to the Trustee, all or part of the Bonds subject to being drawn for redemption in any such year.

Optional Redemption

The Bonds stated to mature on and after November 1, 20__ , are subject to redemption prior to maturity, at the option of the Authority, as a whole or, from time to time, in part, on _____ or on any date thereafter, or from time to time in part, in each case upon payment of a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all Bonds of any maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Trustee.

Notice of Redemption

Notice of any redemption shall be mailed by the Trustee not less than thirty (30) days prior to the date fixed for redemption to each registered owner, subject to certain qualifications set forth in the Indenture.

On the date designated for redemption, and money for payment of the principal and accrued interest being held by the Trustee, interest on the Bonds and portions thereof so called for redemption shall cease to accrue and such Bonds and portions thereof shall cease to be entitled to any benefit or security under the Indenture, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of the principal, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

Manner of Redemption

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bonds being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made upon surrender of such Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

UNIVERSITY AREA JOINT AUTHORITY

The Authority (UAJA) provides municipal wastewater collection and treatment services for the Borough of State College and the Townships of College, Harris, Patton and Ferguson, which surround the Borough.

The Authority is a body corporate and politic, existing pursuant to the provisions of the Act and pursuant to a Certificate of Incorporation issued by the Secretary of the Commonwealth of Pennsylvania, on August 25, 1964, pursuant to ordinances duly enacted by the Townships of College, Ferguson, Harris and Patton, all located in the County of Centre, Pennsylvania (together with the below referred Borough, the "Incorporating Municipalities"). On January 11, 1967, the Secretary of the Commonwealth of Pennsylvania issued a Certificate of Joinder certifying that the Borough of State College (the "Borough"), located in Centre County, Pennsylvania, upon petition and approval thereof by both the Authority and the Incorporating Municipalities, the Authority as a member municipality. On November 19, 1997, the Authority unified the sewage collection and transportation systems and operations of the College-Harris Joint Authority and the Patton-Ferguson Joint Authority to more efficiently serve the region. The Incorporating Municipalities, together with the Borough, are sometimes referred to herein as the "Member Municipalities".

The Authority is governed by a board of ten members who are appointed for staggered five-year terms (the "Board"). Each of the five Member Municipalities appoints two board members. On July 23, 2003, the Secretary of the Commonwealth of Pennsylvania issued a Certificate of Amendment approving an amendment to the Authority's Articles of Incorporation to extend its term of existence to December 31, 2051.

Under the Authority’s Articles of Incorporation, as amended, the Board is responsible for managing the business of the Authority. The current members of the Board are:

Name	Office*	Term Expiration
Mr. David Lapinski	Chairman	January 2027
Mr. R. David Derr	Vice Chairman	January 2027
Mr. Matt Auman	Secretary	January 2028
Mr. Wesley Glebe	Assistant Secretary	January 2026
Mr. Daniel Guss	Member	January 2026
Mr. Mark Kunkle	Assistant Treasurer	January 2026
Mr. Jeffrey Nucciarone	Treasurer	December 2027
Mr. Thomas E. Daubert	Member	January 2027
Mr. Larry Miles	Member	January 2029
Mr. Frank Mellot	Member	December 2028

Source: Authority Officials.

The Authority was established in 1964 to serve the municipalities of Patton, Ferguson, Colledge and Harris Townships in Centre County. In 1969, the Authority began operation of the Spring Creek Pollution Control Facility (SCPCF), serving the collection systems of Patton-Ferguson Joint Authority and Colledge-Harris Joint Authority. Initially, the SCPCF was to treat 3.0 million gallons per day (MGD) of sewage with a discharge on Spring Creek. The facility was modified in 1975 to increase capacity to 3.84 MGD and again in 1991 to a capacity of 6.0 MGD.

In 1990, the Act 537 plan update projected future flows to the Authority treatment facility. This planning was done to account for future growth of the UAJA service area. These projections also allowed for diversion of flow generated by the State College Sewer Authority (SCSA) to the SCPCF. A significant portion of the SCSA wastewater had been treated by the Penn State University (PSU) treatment plant. The diversion of flow from the PSU treatment plant to the SCPCF is driven by Penn State’s desire to free up capacity in their facility for future growth of the University. Diversion of flow from Penn State to the SCPCF has been incrementally increased over the years. UAJA now treats approximately 1.9 million gallons per day from the SCSA.

At the time of the 1990 Plan update, the Authority treatment plant was permitted at 3.84 MGD. The Phase I expansion of the UAJA plant, which would increase the capacity to 6.0 MGD, was anticipated to be completed in April of 1992. However, the results of an analysis of projected needs indicated that by 1992, the UAJA plant would reach 80% of its 6.0 MGD rated capacity, prompting the need for additional planning for a long-term treatment alternative for the Centre Region. Long-term projections using the 3-month averages for the Authority treatment plant indicated that by 2003, flow to the plant would exceed the 6.0 MGD rated capacity and that by 2010, the plant would receive approximately 6.60 MGD.

Starting in the mid-1990’s, the Centre Region began to explore options for the successful treatment and disposal of wastewater predicted to occur from continued growth in and around State College for the time period ending in 2020. Initial inquiries to DEP concerning the Authority’s ability to obtain a permit to discharge more than 6.0 MGD to Spring Creek resulted in a determination that the maximum allowable discharge will be 6.0 MGD. Out of this planning and DEP’s determination, the Centre Region undertook an innovative and complex Watershed Management Program as a solution to classic wastewater treatment. This program, known as Beneficial Reuse, allows for the collection and treatment of wastewater with the ultimate goal of returning pure water to the source aquifer through the reduction or replacement of current withdrawals. The planning and testing for Beneficial Reuse has been intensive and detailed due to the complex issues associated with the unique environmental characteristics of the Centre Region, most notably the Spring Creek watershed. Both Spring Creek and its tributary, Slab Cabin Run, are designated cold water fisheries and are well-known trout streams.

The Beneficial Reuse alternative includes expansion and improvements to the secondary treatment capacity of the existing SCPCF from 6.0 MGD to 9.0 MGD; expansion of the sludge processing facilities to accommodate the expanded wastewater treatment capacity; and construction of advanced water treatment, transmission, distribution, and storage system components to allow for 3.0 MGD of pure water to be returned to the aquifer.

As detailed in the Act 537 Plan for the Centre Region which has been adopted and approved by each Member Municipality, the Beneficial Reuse Project consists of three phases. These phases and components are as follows:

Phase I

- Expansion and modification to the Authority's Spring Creek Water Pollution Control Facility for the projected 9.0 Million Gallons per Day (MGD) wastewater flow. Completed September 2005.
- Construction of 1 MGD of microfiltration and 1 MGD of reverse osmosis and 1 MGD of disinfection for production of reuse water. Completed September 2005.
- Construction of a reuse water transmission main to provide incidental use by adjoining properties. Completed October 2005.

Phase II-A

- Extend the transmission main to the vicinity of Centre Hills Country Club Golf Course. Completed August 2007.
- Construct Booster Pump Station for reuse water in the vicinity of Centre Hills Country Club. Completed August 2007.

Phase II-B

- Extend the transmission main to Kissinger Meadow Park in the vicinity of Branch Road and South Atherton Street. Completed March 2011.
- Constructed wetland and stream augmentation sites in Kissinger Meadow Park. Completed October 2014.

Phase III

- Construct an additional 2.0 MGD (3.0 MGD total) of microfiltration, reverse osmosis and advanced disinfection. The Authority has completed an additional 1.0 MGD (2.0 MGD total). Completion date dependent upon growth of UAJA service area.
- Extend the transmission main to additional areas where reuse water is needed. Completion date is dependent upon growth of UAJA service area.

When completed, the Beneficial Reuse Project will expand the SCPCF to 9.0 MGD with 3.0 of Beneficial Reuse capacity.

See Appendix A attached hereto for a complete description of the Authority and the Sewer System.

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SOURCE OF PAYMENT AND RATE COVENANT

The Authority has adopted resolutions fixing and charging sewer rates and other charges for use of the Sewer System and for services rendered by the Authority in connection therewith. In the Indenture, the Authority has covenanted to keep such resolutions or a subsequent resolution or resolutions in full force and effect continuously during the time any Bonds remain outstanding.

The Authority covenants that sewer rentals, rates, and other charges imposed pursuant to a resolution or resolutions of the Authority in effect at the time and from time to time, shall be at least such that the estimated amounts to be received therefrom, together with other estimated Sewer Revenues to be received by the Authority, and together with money otherwise estimated to be available under provisions hereof for the purposes, will be sufficient:

- A. To pay the reasonable Administrative Expenses of the Authority with regard to the Sewer System in connection with Outstanding Bonds in each Fiscal Year;
- B. To pay the reasonable Operating Expenses of the Authority in each Fiscal Year;
- C. To provide an amount, in each Fiscal Year, so long as Bonds issued under the Existing Indenture or the Indenture shall remain Outstanding, equal to at least 110% of the Debt Service Requirements, in such Fiscal Year, on Bonds constituting Sewer Revenue Bonds then Outstanding, plus mandatory payments, if any, required to be made in such Fiscal Year to any Sewer Fund created under the Indenture (including under any supplement hereto in accordance with provisions thereof), to the extent that such Debt Service Requirements or such mandatory payments otherwise shall not be provided for hereunder.

Provided, however, that in determining, for any Fiscal Year, whether or not the Authority is, or will be, as applicable, in compliance with the foregoing covenant, the requirement for such Fiscal Year may be decreased by an amount not to exceed fifty percent (50%) of the aggregate amount or amounts, if any, of Sewer Revenues received by the Authority in any prior Fiscal Year or Fiscal Years that was in excess of the aggregate amount or amounts required to be collected in such prior Fiscal Year or Fiscal Years pursuant to the foregoing covenant, but only to the extent that such fifty percent (50%) excess amount of Sewer Revenues shall at such time be available in the Operating Account for the purposes set forth above.

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The Authority is amending and restating the Existing Indenture in its entirety by the terms and provisions of an Amended and Restated Trust Indenture (the "Indenture"), which shall become effective upon receipt of the consent of the holders of 66 2/3% in aggregate principal amount of outstanding bonds (including the consent of any municipal bond insurer, as applicable) under the Existing Indenture. The initial purchasers of the Bonds, by their purchase and acceptance of such Bonds, shall be deemed to have approved and consented to the execution and delivery of the Indenture which will be made effective on the date of delivery of the Bonds. Such consent shall be binding upon all present and future holders of the Bonds.

The Existing Indenture shall cease to have effect upon the Indenture being made effective on the date of delivery of the Bonds. All supplements to the Existing Indenture for bonds issued on, or prior to, the date of delivery of the Bonds, including the supplement in connection with the Bonds, will remain in full force and effect solely with respect to payment provisions. Such outstanding bonds, including the Bonds, will in all other respects be subject to provisions and security of the Indenture.

The following is a summary of certain provisions of the Indenture. This Summary does not purport to be a full and complete statement of the provisions of the Indenture, and reference is made to the Indenture for a full and complete statement of all of the provisions thereof, to which this Summary is qualified in its entirety. As hereinafter used, the term "Bonds" shall mean all sewer revenue bonds authorized and outstanding under the Indenture.

Pledge

The Indenture creates and shall be and constitute a continuing, irrevocable and exclusive lien upon and pledge of the Sewer Revenues from the Sewer System to secure the principal of, premium, if any, and interest on the Bonds, as defined in the Indenture, which, from time to time, may be executed, authenticated, issued and delivered thereunder, to the extent provided therein.

Deposit of Proceeds

From Bond proceeds, the Authority shall provide for the payment of the costs and expenses of issuance of the Bonds, including, without limiting the generality of the foregoing, the initial Trustee's fees, legal and financial advisory fees and expenses, printing costs and miscellaneous costs, fees and expenses.

Issuance of Additional Bonds

The Authority may issue, from time to time, Additional Bonds for purposes of paying Costs, Costs of Acquisition or Costs of Construction of Capital Additions to the Sewer System, including, in each case, reimbursement of expenditures made by

it or paying any indebtedness incurred by it for such purposes; and the Trustee shall authenticate and deliver such Additional Bonds, but only upon receipt, as applicable under the circumstances of:

- A. An Order of the Authority directing authentication of Additional Bonds and directing delivery thereof to a specified Person or a specified officer of the Authority;
- B. A Certified Resolution or Certified Resolutions:
 - 1) Authorizing issuance, execution, authentication, and delivery of a specified amount of Additional Bonds, setting forth the purpose or purposes for which Additional Bonds are to be issued;
 - 2) Authorizing execution and delivery of a supplement to the Indenture as required under the Indenture;
 - 3) Confirming the assignment and transfer to and pledge with the Trustee under this Indenture of all right, title, and interest of the Authority in and to the Sewer Revenues, and of the money on deposit in the Sewer Funds established hereunder to the extent provided herein;
 - 4) As applicable, exercising the right of the Authority to redeem the Bonds to be refunded, setting forth the date or dates, as applicable, fixed for redemption and the terms and conditions upon which such Bonds are to be redeemed;
 - 5) Fixing and charging sewer rentals, rates, and other charges upon owners of improved property that shall be connected to the Sewer System for use thereof and for services rendered by the Authority in connection therewith, and providing for enforcement of such resolution as may be permitted by law; and
 - 6) Requesting authentication and delivery of such Additional Bonds;
- C. An Officer's Certificate stating:
 - 1) The amount of proceeds to be derived from sale of the Bonds, including any accrued interest, and the amount of any other money available or to be available to be applied to the purposes for which Bonds are issued;
 - 2) The Debt Service Requirements on the Bonds about to be issued, calculated at the time of issuance, over the life thereof, and the Debt Service Requirements on all series of Sewer Revenue Bonds to remain Outstanding, if any, calculated over the remaining life thereof, and the amount of mandatory payments, if any, to be made to any Sewer Fund created under this Indenture, including any supplements hereto and the amount of mandatory payments, if any, to be made to the Debt Service Reserve Fund;
 - 3) Except in the case when the Bonds are being issued for the purpose of the completion of Capital Additions, that no Event of Default has occurred hereunder that is continuing; and
 - 4) That all conditions precedent provided herein relating to authentication and delivery of the Bonds have been fulfilled;
- D. A Consulting Engineers' Certificate to the effect that:
 - 1) As applicable, issuance of the Bonds is for the purpose of acquisition or construction of Capital Additions, is desirable or is required for proper and efficient operation of the Sewer System or, in the case of extensions of service, is reasonable and practicable;
 - 2) The proceeds to be derived from the sale of Additional Bonds, together with other available moneys, are necessary and will be sufficient to pay the Costs, Costs of Acquisition or Costs of Construction of such construction or acquisition, and also to provide for payments, if any, to Funds, other than the Construction Fund, under the Indenture, and also that such Costs, Costs of Acquisition or Costs of Construction reasonably cannot be paid out of then-current Sewer Revenues from the Sewer System; and
 - 3) The amounts estimated to be received by the Authority from collection of sewer rentals, rates, and other charges as set forth in a Certified Resolution, together with other estimated Sewer Revenues, and together with money otherwise estimated to be available under provisions hereof for the purposes, will be sufficient in each Fiscal Year to meet requirements of the Authority's rate covenant, after giving effect to issuance of the Bonds and to purchase, payment or redemption of Sewer Revenue Bonds to be refunded;
- E. A supplement to the Indenture, duly executed by the Authority; and
- F. An Opinion of Counsel meeting the specific requirements of the Indenture.

Proceeds of such Additional Bonds, upon receipt thereof by the Authority, immediately shall be transferred to the Trustee, which shall deposit the same as directed in the supplemental indenture.

The Authority may issue Additional Bonds, from time to time, for the purpose of providing all or part of the funds necessary to refund through redemption, all of any one or more series of then outstanding Bonds which are so subject to being refunded, including in each case all or any part of costs and expenses incidental to such redemption and financing and including redemption premiums, if any; and the Trustee shall authenticate and deliver such Additional Bonds, but only upon receipt, as appropriate under the circumstances, of any and all such Orders, Certified Resolution(s), Certificates, Certified Supplemental Indentures, and Opinions of Counsel, as more fully set forth in the Indenture.

Other Financings

The Authority, from time to time, if other funds are not available, may also issue notes and certificates of indebtedness which shall not constitute a lien or charge against the Sewer Revenues from the Sewer System or against any of the Funds created under the Indenture which shall not rank on a parity with and which shall be subordinate to Bonds issued under the Indenture, for the purpose of raising temporary funds. Further, the Authority, from time to time, may issue bonds notes or other certificates of indebtedness, which shall not rank on a parity with and which shall be subordinate to Bonds, for the purpose of raising funds for working capital as may be necessary or incidental to the undertaking or placing in operation of any project undertaken by the Authority.

The Authority has no such subordinate notes or certificates currently outstanding.

Construction of Capital Projects

The Indenture provides for the creation of a "Construction Fund," which shall be held by the Trustee, in trust, and shall consist of funds deposited therein for purposes of paying Costs, Costs of Acquisition or Costs of Construction relating to the Sewer System, including Capital Additions and acquisition or construction of property in the nature of Capital Additions.

In addition to other deposits to be made in the Construction Fund, the Authority shall deliver to the Trustee for deposit therein any moneys received by it (after deduction of all costs, fees and expenses incurred in connection with recovery thereof) from any contractor or any surety under any bid, performance, completion or penalty bond and any amounts otherwise received by the Authority by virtue of a cause of action arising from any contract relating to acquisition or construction with regard to the Sewer System; provided, however, that if the Construction Fund shall not be open with respect to the appropriate construction at the time such moneys shall be received by the Trustee, such moneys shall be deposited by the Trustee in the Revenue Fund.

Sewer Rates

The Authority covenants to keep on file with the Trustee, at all times, a Certified Resolution or Certified Resolutions fixing and charging sewer rates and other charges for use of the Sewer System and for services rendered by the Authority in connection therewith, and establishing and adopting rules and regulations, including alterations, amendments and additions thereto and modifications and revisions thereof, as from time to time adopted by the Authority, relating to the use of the Sewer System. See "SOURCE OF PAYMENT AND RATE COVENANT" herein.

The Authority covenants to enforce, at all times, the then effective Certified Resolutions fixing and charging sewer rates and other charges, to duly and promptly collect such then effective sewer rates and other charges, and, in the event such then effective sewer rates and other charges are not paid, to take all reasonable and proper steps to enforce such payments, including the filing of proper municipal claims or liens in accordance with law, to the extent authorized by law.

Deposit of Sewer Revenues

The Authority agrees to open and maintain a Sewer Fund with the Trustee or other separate account in one or more banks or trust companies, designated as the "Operating Account-Sewer System" (the "Operating Account").

The Authority shall deposit all Sewer Revenues paid to the Authority in the Operating Account. The money from time to time on deposit in the Operating Account shall be used exclusively for the payment of Operating Expenses, proper capital and repair costs as set forth in the Annual Budget, and Debt Service Requirements on Sewer Revenue Bonds, as provided herein, and for other purposes permitted hereby. Each payment made from the Operating Account shall be made by check signed by an authorized officer of the Authority drawn to the order of the Person to receive such payment or as shall otherwise be authorized by an Officers' Certificate.

If the Operating Account is not held with the Trustee, the Authority shall be required to make quarterly deposits (1/2 of the upcoming interest payments and 1/4 of upcoming principal payments) or monthly deposits (1/6 of upcoming interest payments and 1/12 of upcoming principal payments) from the Operating Account to the applicable Debt Service Funds held by the Trustee.

In addition to the foregoing, the Authority shall make additional transfers to the Trustee in such amounts and at such times as shall be specified in a supplemental indenture hereto with respect to Bonds that may be issued from time to time; and may,

from time to time, transfer amounts necessary to meet obligations issued under provisions of the Indenture, subject to any applicable restrictions. Any money held by the Authority in the Operating Account at the end of any Fiscal Year not required to pay accrued expenses for such Fiscal Year and not required to be retained as a reserve in such amount as the Authority may deem prudent shall be transferred to the Trustee and deposited by the Trustee in the Bond Redemption and Improvement Fund and held therein until disbursed in accordance with the Indenture.

All money held by the Authority in the Operating Account shall be deemed to be trust funds subject to the pledge and lien hereunder, for benefit of Holders of Sewer Revenue Bonds and for their further security, until expended by the Authority in accordance with the terms of the Indenture and may be invested subject to the provisions of the Indenture.

Funds: Flow of Funds

Upon receipt of the Sewer Revenues from the Sewer System, the Authority shall deposit the same in the “Operating Account,” created under the Indenture.

The Indenture provides for the creation of a “Debt Service Fund,” which shall be held by the Trustee, in trust, until applied as hereinafter provided.

In addition to the provisions for payment of principal and interest on the Series of 2025 Bonds, Series of 2024 Bonds, the Series of 2022 Bonds, the Series A of 2021 Bonds, the Series of 2021 Bonds, the Series A of 2020 Bonds, the Series of 2020 Bond, the Series of 2018 Bonds, the Series B of 2017 Bonds, and the Series A of 2017 Bonds, (see page 17 – “DEBT SERVICE REQUIREMENTS and SCHEDULE OF DEBT SERVICE REQUIREMENTS”), the Trustee or the Authority, as applicable, shall deposit in the Debt Service Fund, the following sums at the following times:

- A. On or before October 17, 2025, and on or before October 17 of each Fiscal Year thereafter, so long as any Series of 2025 Bonds shall remain Outstanding, an amount sufficient to pay the semiannual installment of interest falling due thereon the next succeeding November 1.
- B. On or before April 16, 2026, and on or before April 16 of each Fiscal Year thereafter, so long as any Series of 2025 Bonds shall remain Outstanding, an amount sufficient to pay the semiannual installment of interest falling due thereon on the next succeeding May 1.
- C. On or before April 16, 2035 and October 17, 2035, respectively, and on or before April 16 and on or before October 17, of each Fiscal Year thereafter, one-half of the aggregate principal amount of Series of 2025 Bonds at the time Outstanding which mature by their express terms on the next succeeding November 1.

Operating Expenses Reserve Fund

The Operating Expenses Reserve Fund shall consist of an amount equal to the Operating Expenses Reserve Requirement, as such phrase is defined in the Indenture. Initially, the Operating Expenses Reserve Requirement is \$998,688, which amount, less the amount currently deposited in such fund, shall continue to be funded by the Authority by making equal monthly deposits of not less than \$58,224 through March 31, 2025.

If for any reason the amount on deposit in the Operating Expenses Reserve Fund shall be less than the Operating Reserve Requirement, then and in that event, on or before September 20 of each Fiscal Year, after all transfers then required to be made from the Operating Account shall have been made, the Trustee, without further direction from the Authority, or the Authority in the event that the Operating Account is not held with the Trustee, shall withdraw from the Operating Account and deposit in the Operating Expenses Reserve Fund the balance then remaining in the Operating Account or so much thereof as shall be necessary to increase the Operating Expenses Reserve Fund to the Operating Expenses Reserve Requirement. The Authority shall endeavor to make equal monthly payments toward any replenishment of the Operating Expenses Reserve Fund.

Capitalized Interest Fund

The Indenture provides for the creation of a “Capitalized Interest Fund.” Proceeds of Bonds issued under the Indenture may be used to pay interest on any series of Outstanding Bonds during any period in which the Sewer System is under construction or being renovated, but only for a period commencing on the issue date of Bonds the proceeds of which will be funding capitalized interest and ending on the date that is the later of three years from the issue date of the applicable Bonds or one year after the date on which such project is Placed in Service, as such phrase is defined in the Indenture.

Debt Service Reserve Fund

The Indenture provides for the creation of a “Debt Service Reserve Fund,” which shall be held by the Trustee, in trust, until applied as provided in the Indenture.

The Trustee shall be authorized, without any direction from the Authority, to transfer money from the Debt Service Reserve Fund to the appropriate account in the Debt Service Fund to pay principal of or interest on the appropriate series of Bonds secured thereby to the extent that the money in the Debt Service Fund or any account thereof and available for such payment, may at any time be insufficient to pay the principal of the applicable Bonds or the interest due thereon, as the same shall become due and payable.

The Debt Service Reserve Fund shall be recalculated upon issuance of the Bonds and thereafter on each Valuation Date (as such phrase is defined in the Indenture), beginning on November 1, 2025. Securities then constituting part of each account in the Debt Service Reserve Fund shall be valued at the then market value thereof or the cost thereof, whichever shall be the lesser. If on any Valuation Date the amount in the applicable account in the Debt Service Reserve Fund, as so valued, is less than the Required Debt Service Reserve Amount, the Trustee shall give notice of such deficiency to the Authority; provided, however, that failure to give such notice or any defect therein shall not affect the obligation of the Authority to make good the deficiency in the Debt Service Reserve Fund as herein provided.

Pursuant to the Indenture, the Authority establishes its desire to utilize and replenish the Debt Service Reserve Fund as part of a comprehensive financial management strategy, and that draws thereof shall not be deemed to be unscheduled draws reflecting financial difficulties for purposes of Securities Exchange Commission Rule 15c2-12(b)(5), per se. The Authority shall have until the Valuation Date of the next succeeding Fiscal Year following any draw on the Debt Service Reserve Fund to ensure that the value of the Debt Service Reserve Fund is not less than the Required Reserve Amount. The Authority shall endeavor to make equal monthly payments toward any replenishment of the Debt Service Revenue Fund.

Bond Redemption and Improvement Fund

There is created a “Bond Redemption and Improvement Fund,” which shall be held by the Trustee, in trust, for benefit of holders of Bonds and for their further security until disbursed as provided in the Indenture.

On December 31, 2025, and on December 31, 2025 of each Fiscal Year thereafter, the Trustee shall, without further direction from the Authority, transfer to the Bond Redemption and Improvement Fund any funds remaining in the Debt Service Fund not required to pay or provide for the payment of the principal of or interest on the Sewer Revenue Bonds for the current Fiscal Year.

There also shall be deposited in the Bond Redemption and Improvement Fund any other amounts so authorized herein and any other money that may be available to the Authority for any purposes provided in this Section that the Authority may transfer to the Trustee for deposit to the Bond Redemption and Improvement Fund.

If a deficiency shall exist in the Debt Service Fund, including any sinking fund, or in the Debt Service Reserve Fund, the Trustee, without further direction from the Authority, forthwith shall transfer a sufficient amount or amounts, as money shall be available, from the Bond Redemption and Improvement Fund to eliminate such deficiency or deficiencies.

Money in the Bond Redemption and Improvement Fund shall be used or applied by the Authority, from time to time, provided there is no deficiency in the Debt Service Fund or in the Debt Service Reserve Fund and, provided that no Event of Default has occurred that is continuing (as evidenced by an Officers’ Certificate), upon delivery to the Trustee of documents herein provided, for any of the following purposes:

- A. For or toward costs of Extraordinary Repairs; or
- B. For or toward Costs, Costs of Acquisition, or Costs of Construction of Capital Additions
- C. For transfer to the Operating Account to satisfy the rate covenant of the Indenture; or
- D. For redemption of Sewer Revenue Bonds of such series and in such aggregate principal amounts as the Board, from time to time, shall determine; or for supplementing money in other appropriate Sewer Funds hereunder in order to retire all Sewer Revenue Bonds then Outstanding; or for purchasing Outstanding Sewer Revenue Bonds of any series at not more than the then current redemption price applicable to such Sewer Revenue Bonds or at not more than the first available redemption price applicable to such Sewer Revenue Bonds if the same at the time shall not be subject to redemption; or
- E. To pay, as and when the same shall become due and payable, any expenses, debts, liabilities, and obligations of the Authority, required or authorized to be paid under terms hereof and for payment of which provision otherwise shall not have been made, including payment of costs and expenses or such parts thereof, if any, as the Board shall determine not to fund, that may be incurred in connection with issuance of Additional Bonds, and including, in the case of Additional Bonds issued for refunding purposes, redemption premiums, accrued interest and expenses of payment or redemption; or to fund any account or escrow account required in connection with the construction, operation or maintenance of the Sewer System or any part thereof, to the extent required by, or as a condition to the issuance or renewal of, any required permit or approval of a governmental authority; or

- F. To pay, as and when the same shall become due and payable, any other debts, liabilities and obligations of the Authority with respect to the Sewer System, the Bonds, or the Indenture for which provision for payment has not otherwise been made.

Investment of Funds

All money held, set aside, or deposited under provisions hereof by or with the Trustee shall be trust funds under terms hereof and shall not be subject to lien (other than that of this Indenture) or attachment by any creditor of the Authority. All such money that shall not be invested by the Trustee as provided in the Indenture, to the extent not insured by the Federal Deposit Insurance Authority or other United States agency, shall be secured continuously for the benefit of the Authority and appropriate Bondholders, as required, from time to time, by laws of the Commonwealth and under the laws applicable to national banks. Obligations pledged as such security shall be deposited with a Federal Reserve Bank, or with the trust department of the Trustee as shall be authorized by law with respect to trust funds in the Commonwealth, or with such other bank, trust company, or depository satisfactory to the Trustee or as otherwise provided by law.

Upon Request of the Authority authorized by a Certified Resolution, money in any Sewer Funds shall be wholly or partially invested and reinvested in Permitted Investments, as herein provided; provided, however, that money in the Bond Redemption and Improvement Fund shall be invested only upon receipt of a Certified Resolution, approved by the Consulting Engineers, directing the investment of specified amounts of money on deposit in said Sewer Fund, from time to time, and stating that it is not anticipated that such money will be required, within a period of time to be specified in said Certified Resolution, for any of the purposes specified in the Indenture or for transfer to other Sewer Funds.

Notwithstanding any other provisions of the Indenture (i) the Trustee shall not invest or reinvest, nor shall the Authority direct the Trustee to invest or reinvest, any moneys held in any Fund created pursuant to the Indenture, the effect of which investment would cause any Bonds issued under the Indenture to become bonds the interest on which does not remain excludable from gross income under Section 103 of the Internal Revenue Code of 1986, and (ii) the Trustee shall expend and the Authority shall direct the Trustee to expend any moneys held in any Fund established under the Indenture in the manner and at the times required under Section 103 and Sections 141-150, inclusive, of the Internal Revenue Code of 1986, which failure to so expend would be to cause any Bonds issued under the Indenture to be "arbitrage bonds," within the meaning of Section 148 of the Internal Revenue Code of 1986, or to become bonds the interest on which does not remain excludable from gross income under Section 103 of the Internal Revenue Code of 1986.

The Trustee

The Issuer has appointed U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assigned to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of the proceeds of such Bonds by the Authority. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the project described herein or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Amendments

The Authority and the Trustee, from time to time, may enter into such indentures supplemental to the then existing Indenture (which thereafter shall form part thereof) as shall not affect adversely the rights of holders of any Bonds outstanding under the Indenture, for any of the following purposes:

- A. To cure any ambiguity, formal defect or omission in the Indenture or in any supplemental indenture; or
- B. To grant to or confer upon the Trustee, for the benefit of holders of all the Bonds, additional rights, remedies, powers, authority or security that lawfully so may be granted or conferred; or
- C. To add to covenants and agreements of the Authority other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Authority.

The Indenture may also be amended on consent of holders of not less than 66 2/3% in principal amount of all Bonds then outstanding; provided, however, that no such amendment shall: (i) extend the fixed maturity date of any Bond or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon redemption thereof; or (ii) permit creation by the Authority of any lien or encumbrance prior to or on a parity with the lien of the Indenture upon the Sewer Revenues from the Sewer System; or (iii) affect the rights of holders of less than all the Bonds; or (iv)

reduce the aforesaid percentage of holders in principal amount of the Bonds then outstanding which shall be required to consent to any such supplemental indenture, without the consent of holders of all the Bonds then outstanding. It shall not be necessary for the consent of holders of the Bonds to approve the particular form of any supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

CERTAIN ADDITIONAL COVENANTS

Pursuant to the Indenture, the Authority covenants that at all times it will: (a) maintain the Sewer System in good repair and operating condition; (b) continuously operate the same; and (c) make all necessary and proper repairs, renewals, replacements and improvements thereto in order to maintain adequate service.

The Authority also covenants to employ continuously Consulting Engineers and a Certified Public Accountant. Consulting Engineers or Certified Public Accountants so employed may be removed at any time upon employment of a successor.

The Authority covenants that at all times it will maintain an accurate system of accounts and will keep proper books of record relating to its affairs and to the Sewer System.

The Certified Public Accountant shall make an annual examination and audit of accounts, books and records of the Authority and the Trustee relating to affairs of the Authority with respect to the Sewer System, which shall include an examination of application of all Funds created pursuant to the terms and provisions of the Indenture. The Certified Public Accountant shall furnish to the Authority, the Trustee and the Consulting Engineers a report and financial statement, in reasonable detail, for the period covered by such annual examination and audit, within one hundred fifty (150) days of the close of such period. Each such report shall state whether, in the opinion of the Certified Public Accountant the provisions of the Indenture are being fulfilled.

Upon written request, the Authority shall furnish copies of the aforementioned report and financial statement to any Bondholder.

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DEBT SERVICE REQUIREMENTS

The Trustee shall not be under any duty with respect to any report and/or financial statement filed with it, except to retain the same in its files and to exhibit the same to any Bondholder providing a written request for the inspection thereof.

**UNIVERSITY AREA JOINT AUTHORITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS***

Year	Series A of 2017 ⁽¹⁾	Series B of 2017 ⁽²⁾	Series of 2018 ⁽³⁾	Series of 2020 ⁽⁴⁾	Series A of 2020 ⁽⁵⁾	Series of 2021 ⁽⁶⁾	Series A of 2021 ⁽⁷⁾	Series of 2022 ⁽⁸⁾	Series of 2024 ⁽⁹⁾	Series of 2025 ⁽¹⁰⁾	Subtotal Other Debt Requirements
2025	\$687,070	\$3,448,300	\$416,419	\$890,650	\$190,900	\$265,500	\$562,100	\$312,275	\$0		\$6,773,214
2026	714,970	3,448,050	416,419	893,900	190,900	265,500	534,200	305,175	1,840,369		8,609,483
2027	0	335,050	416,419	3,318,900	190,900	265,500	1,935,200	308,175	1,840,369		8,610,513
2028	0	330,750	416,419	3,320,100	190,900	265,500	1,938,000	306,075	1,840,369		8,608,113
2029	0	0	416,419	0	190,900	265,500	0	5,928,450	1,840,369		8,641,638
2030	0	0	3,531,419	0	190,900	265,500	0	2,815,200	1,840,369		8,643,388
2031	0	0	6,372,969	0	190,900	265,500	0	0	1,840,369		8,669,738
2032	0	0	4,418,906	0	2,145,900	265,500	0	0	1,840,369		8,670,675
2033	0	0	0	0	6,566,800	265,500	0	0	1,840,369		8,672,669
2034	0	0	0	0	1,198,500	5,630,500	0	0	1,840,369		8,669,369
2035	0	0	0	0	0	3,589,550	0	0	3,740,369		7,329,919
2036	0	0	0	0	0	0	0	0	3,905,369		3,905,369
2037	0	0	0	0	0	0	0	0	3,902,369		3,902,369
2038	0	0	0	0	0	0	0	0	3,904,119		3,904,119
2039	0	0	0	0	0	0	0	0	3,910,119		3,910,119
2040	0	0	0	0	0	0	0	0	3,904,869		3,904,869
2041	0	0	0	0	0	0	0	0	3,909,869		3,909,869
2042	0	0	0	0	0	0	0	0	3,905,469		3,905,469
2043	0	0	0	0	0	0	0	0	3,906,869		3,906,869
2044	0	0	0	0	0	0	0	0	3,903,669		3,903,669
2045	0	0	0	0	0	0	0	0	3,905,869		3,905,869
2046	0	0	0	0	0	0	0	0	3,908,069		3,908,069
2047	0	0	0	0	0	0	0	0	3,905,913		3,905,913
2048	0	0	0	0	0	0	0	0	3,903,188		3,903,188
2049	0	0	0	0	0	0	0	0	3,904,688		3,904,688
Totals	\$1,402,040	\$7,562,150	\$16,405,389	\$8,423,550	\$11,247,500	\$11,609,550	\$4,969,500	\$9,975,350	\$74,984,138		\$146,579,167

*Totals may not add due to rounding.

- (1) Sewer Revenue Bonds – Series A of 2017, dated August 23, 2017.
- (2) Sewer Revenue Bonds – Series B of 2017, dated November 1, 2017.
- (3) Sewer Revenue Bonds – Series of 2018, dated April 19, 2018.
- (4) Sewer Revenue Bonds – Series of 2020, dated February 24, 2020.
- (5) Sewer Revenue Bonds – Series A of 2020, dated December 23, 2020.
- (6) Sewer Revenue Bonds – Series of 2021, dated February 17, 2021.
- (7) Sewer Revenue Bonds – Series A of 2021, dated March 18, 2021.
- (8) Sewer Revenue Bonds – Series of 2022, dated March 14, 2022.
- (9) Sewer Revenue Bonds – Series of 2024, dated February 7, 2024.
- (10) Sewer Revenue Bonds – Series of 2025, dated _____, 2025.

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<u>Year</u>	<u>Subtotal Other Debt Requirements</u>	<u>Series of 2025</u>			<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2025	\$6,773,214				
2026	8,609,483				
2027	8,610,513				
2028	8,608,113				
2029	8,641,638				
2030	8,643,388				
2031	8,669,738				
2032	8,670,675				
2033	8,672,669				
2034	8,669,369				
2035	7,329,919				
2036	3,905,369				
2037	3,902,369				
2038	3,904,119				
2039	3,910,119				
2040	3,904,869				
2041	3,909,869				
2042	3,905,469				
2043	3,906,869				
2044	3,903,669				
2045	3,905,869				
2046	3,908,069				
2047	3,905,913				
2048	3,903,188				
2049	3,904,688				
Total	\$146,579,167				

*Totals may not add due to rounding.

Debt Service Coverage

Below is the historical debt service coverage of the Authority's Sewer System.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023
Total Revenues ^[1]	20,778,457	20,478,486	16,880,175	19,036,816	19,271,754
<i>Total Operating Expenses</i>	9,302,255	10,461,142	10,831,459	12,522,680	13,160,787
<i>Average Annual Debt Service</i> ^[2]	6,261,249	6,107,872	6,550,271	6,540,629	6,530,104
Total Gross Obligation	15,563,504	16,569,014	17,381,730	19,063,309	19,690,891
Less: Revenue Fund Account Total ^[3]	-	-	(2,252,570)	(1,687,324)	(2,563,468)
Total Net Obligation	15,563,504	16,569,014	15,129,159	17,375,985	17,127,424
Debt Service Coverage	1.34x	1.24x	1.12x	1.10x	1.13x

Notes:

[1] Includes Operating Revenues as well as Contribution Revenues

[2] Does not include debt service for any Notes or capital leases, which are not secured by the sewer revenues

[3] Revenue Fund Account Total under the Existing Indenture provided by Authority - US Bank market value statement for applicable fiscal year period. Per Section 5.01 of the 1st Supplemental Indenture: "Provided, however, that in determining for any Fiscal Year whether or not the Authority is in compliance with the covenants contained in the rate covenant, the requirements for any Fiscal Year shall be decreased by the aggregate amount or amounts, if any, of Sewer Revenues from the Sewer System received by the Authority in any prior Fiscal Year or Fiscal Years which was in excess of the aggregate amount or amounts required to be collected in such prior Fiscal Year or Fiscal Years pursuant to the above covenants, but only to the extent that such excess Sewer Revenues from the Sewer System shall at such time be available in the Revenue Fund for the purposes set forth above.

Source: Authority

Future Financing

The Authority does not expect to issue any additional long-term debt in the next 1-2 years.

INSURANCE COVERAGE FOR THE AUTHORITY

The Authority covenants that it shall maintain adequate insurance against fire and such other risks as usually and generally are included in extended coverage endorsements and also against such other risks as shall be deemed proper by the Authority, upon physical structures constituting parts of the Sewer System, upon which such insurance, as a trade practice in operations of Sewer System, normally is carried, in such amounts and with such responsible insurance company or companies, duly qualified to do business in the Commonwealth of Pennsylvania, as may be satisfactory to the Trustee.

Property insurance currently carried on behalf of the Authority includes blanket coverage on the Authority's buildings at 1576 Spring Valley Road, State College, Pennsylvania and various remote locations in the amount of \$199,031,562 for the buildings and their contents. Computer and media equipment is insured for \$100,000; inland marine equipment is insured for \$1,743,403; collision and comprehensive insurance is carried on twenty-two vehicles in varying amounts, depending on age and type of vehicle. Liability insurance maintained by the Authority is in the amount of \$11,000,000. Workmen's compensation is maintained in accordance with statutory requirements.

LITIGATION

At the time of settlement, the Authority and the Solicitor will deliver a Certificate stating that there are no pending or threatened legal proceedings challenging the authorization, issuance or sale of the Bonds, nor are there any other pending or threatened legal proceedings, other than litigation routinely incidental to the conduct of their affairs, to which the Authority is or may become a party challenging the same. On October 26, 2022, the Authority filed a complaint against the Borough of State College in the Court of Common Pleas of Centre County, Pennsylvania seeking to compel the Borough to make payments in full for sanitary sewer conveyance and treatment services provided by the Authority to the Borough. These legal proceedings remain pending, and any continued shortfall in payments being made by the Borough to the Authority would negatively affect the ability of the Authority to meet its obligations with respect to the Bonds. As required by the Indenture, the Authority will at all times ensure that sewer rates and other charges imposed on customers will be sufficient to meet its payment obligations with respect to the Bonds and all other Bonds outstanding under the Indenture.

TAX EXEMPTION

Federal

Exclusion of Interest from Gross Income. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includable in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Authority with the requirements of the Code. Interest on the Bonds will not be a specific preference item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

In rendering its opinion, Bond Counsel has assumed continuing compliance by the Authority with its covenants contained in the Indenture and its representations in a tax certificate to be executed by the Authority on the date of issuance of the Bonds relating to actions to be taken by the Authority after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes. These covenants and representations relate to the use and investment of proceeds of the Bonds and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

Other Federal Tax Matters. Ownership or disposition of the Bonds may result in other federal tax consequences of certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, individuals who otherwise qualify for the earned income credit and taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions, subject to Code Section 265, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described under the caption “Tax Matters” above and expressly stated in the form of Bond Counsel opinion included as APPENDIX C. Purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.

Pennsylvania

In the opinion of Bond Counsel, under the laws of the Commonwealth, as enacted and construed on the date thereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

Other

The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.

CERTAIN BONDHOLDERS’ RISKS AND CONSIDERATIONS

Investment in the Bonds may involve certain risks and each investor should carefully consider the risks involved to determine whether to purchase any of the Bonds. Prospective investors should carefully examine this Official Statement and their individual financial condition (including the diversification of investment portfolio) in order to make a judgment as to whether the Bonds are an appropriate investment.

The Authority has identified and summarized below certain “bondholders’ risks” that could adversely affect the finances of the Authority, the operation of the wastewater collection system and/or the funds available for payment of the Bonds, which should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors, which should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

Geographic Concentration

The number of customers using the wastewater collection system may be adversely affected by regional and local economic conditions, competitive conditions, changes in population and general market conditions. There can be no assurance that the wastewater collection system will be able to maintain the current number of existing users, if there are changes in the resident and/or commercial population of the service area.

Governmental Regulation

The federal and local government significantly regulates providers of water and sewer systems. Future regulations and conditions affecting the acquisition, development ownership and operation of the wastewater collection system could increase the operating expenses of the wastewater collection system or could otherwise have a material adverse effect on the financial condition of the Authority.

Bond Insurance Ratings Risk

Rating agencies review the credit quality of municipal bond insurers on a periodic basis and have downgraded the credit ratings of various monoline bond insurance companies in the past. Based upon these prior rating actions, other downgrades may occur in the future and there is no assurance that insured bond rating of the Bonds will not be downgraded in the future. See “BOND INSURANCE.”

Limitation of Security

The Bonds are not general obligations of the Authority but are payable from the net Sewer Revenues derived by the Authority from charges for use of the wastewater collection system. Although the Authority has agreed to charge such rates as shall at all times produce net Sewer Revenues necessary to meet the requirements of the funds and accounts created by the Indenture, no representation or assurance can be made or given that net Sewer Revenues, as presently collected, projected, or otherwise, will be realized by the Authority in amounts sufficient to pay maturing principal and interest on the Bonds. See “SECURITY AND SOURCE OF PAYMENT” herein.

Geographic Concentration and Economic Factors Affecting the Financial Condition of the Authority

Future economic and other factors may adversely affect the Authority's revenues and expenses and, consequently, the Authority's ability to meet its operating expenses and pay debt service on the Bonds and other indebtedness. Among the factors that could have such adverse effects are: decreases in population and number of system users; increases in unemployment in the Authority's service area; the Authority's future contract negotiations with unionized workers and the consequent impact on wage scales and operating costs of the Authority; the Authority's ability to access capital markets; changes in demographic trends; and closure or disinvestment of key industries located in the Authority's service area. The number of customers using the system may be adversely affected by regional and local economic conditions, competitive conditions, changes in population and general economic conditions. There can be no assurance that the system will be able to maintain the current number of existing users, if there are changes in the resident and/or commercial population of the service area. The Authority cannot assess or predict the ultimate effect of these factors on its operations or financial results of its operations or on its ability to make debt service payments on the Bonds.

Liquidity

The Bonds are subject to liquidity risks such as acceleration (in the event of default), surety bond provider downgrades, etc. These risks may result in a reduced, higher cost or lack of access to capital.

No Assurance of Secondary Market for the Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price.

Cybersecurity

The Authority, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the Authority will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. In addition to the various processes in place to safeguard against cybersecurity attacks, the Authority also maintains a cybersecurity insurance policy to cover all of its various systems and to further mitigate risk.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Authority cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The Authority has not experienced increases in extreme weather events, but has established reserves to address severe weather disasters and maintains a comprehensive insurance policy.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the Authority will execute and deliver a written continuing disclosure obligation with respect to the Bonds (the "Disclosure Certificate"). Under the terms of the Disclosure Certificate, the Authority will undertake to file with the Municipal Securities Rulemaking Board ("MSRB") financial and other information concerning the Authority, all as set forth in Appendix F. The Authority's obligations with respect to continuing disclosure, as it relates to the Bonds, shall terminate upon the prior redemption or payment in full of all of the Bonds.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other "obligated persons" with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at <http://www.emma.msrb.org>.

The Authority may modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary as a result of a change in legal requirements or change in the nature of the Authority; provided that any such modification will be done in a manner consistent with the Rule and will not, in the opinion of the Authority (which may rely on an opinion of counsel) substantially impair the interest of the holders of the Bonds. The Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit for the holders of the Bonds.

The Authority reserves the right to terminate its obligation to provide annual financial information and notices of certain enumerated events, as set forth above, if and when such Authority no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule. The Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the holders of such Bonds; provided that the Bondholders’ right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Authority’s obligations hereunder and any failure by the Authority to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

The Authority has previously entered into Continuing Disclosure Certificates with respect to each one of its previously issued bond issues that are currently outstanding. The Authority’s filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

Fiscal Year	Filing Due Date	Filing Date:		
		Audit	Operating Data	Budget
12/31/2023	10/1/2024	5/20/2024	5/23/2024	5/20/2024
12/31/2022	10/2/2023	6/27/2023	6/29/2023	6/28/2023
12/31/2021	10/2/2022	6/14/2022	6/22/2022 ⁽¹⁾	6/14/2022
12/31/2020	10/2/2021	6/01/2021	6/01/2021 ⁽¹⁾	6/01/2021
12/31/2019	6/28/2020	6/03/2020	6/04/2020	6/03/2020

⁽¹⁾The Authority failed to timely file a portion of its operating data; however, subsequently filed the missing information “- DEBT SERVICE REQUIREMENTS - Debt Service Coverage” to EMMA on 10/11/2023, along with a “Failure to Timely File Notice”.

The Authority has reasonable procedures in place designed to facilitate ongoing timely filings with respect to its continuing disclosure requirements.

RATINGS

S&P Global Ratings has assigned its underlying rating of “A-” (Negative Outlook) to this issue of Bonds. S&P Global Ratings is also expected to assign its municipal bond rating of “AA” (Stable Outlook) to this issue of Bonds, with the understanding that upon delivery of the Bonds, the municipal bond insurance policy will be issued by BAM. Any explanation of the significance of such rating may be obtained from the rating agency furnishing the rating. The rating reflects only the view of such rating agency and the Authority makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the “Underwriter”), subject to certain conditions, has purchased the Bonds from the Authority at a purchase price of \$_____ (representing the par amount of the Bonds of \$_____, plus an original issue premium of \$_____ less an underwriting discount of \$_____). The Underwriter’s obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Date of Delivery if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future.

LEGAL OPINION

At the time of issuance of the Bonds, Mette, Evans & Woodside, of Harrisburg, Pennsylvania, Bond Counsel to the Authority, will deliver its opinion substantially in the form attached as Appendix C hereto. Certain legal matters will be passed upon for the Authority by Miller, Kistler & Campbell, State College, Pennsylvania, Authority Solicitor and for the Underwriter by McNeese Wallace & Nurick LLC, of Harrisburg, Pennsylvania, Limited Scope Underwriter's Counsel.

TRUSTEE

The Authority has appointed U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of the proceeds of such Bonds by the Authority. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the project, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

FINANCIAL ADVISOR

The Authority has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the "Financial Advisor") in connection with the remarketing of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

The information set forth in this Official Statement has been obtained from the Authority and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Bond Resolution, the Indenture, the Bond Agreement, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the Authority or the Financial Advisor upon request. The information assembled in this Official Statement is not to be construed as a contract with holders of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority. Concurrently with the delivery of the Bonds, the Authority will furnish a certificate to the effect that nothing has come to the Authority's attention that would lead the Authority to believe that the Official Statement, in final form, contains any untrue statements of a material fact or omits to state any information required to be stated herein or necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

All information, estimates and assumptions herein have been obtained from officials of the Authority, other governmental bodies, trade and statistical services, and other sources which are believed to be reliable; but no representations whatsoever are made that such estimate or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not representations of fact.

Use of the words "shall," "will," "must," or other words of similar import or meaning in summaries of documents or laws in this Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or such obligations will be fulfilled, but only that the document or law required or contemplates such even to occur or such obligation to be fulfilled.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. The information contained in this Official Statement that has been obtained from sources other than the Authority is not guaranteed as to accuracy or completeness.

The Authority has authorized the distribution of this Official Statement.

UNIVERSITY AREA JOINT AUTHORITY
Centre County, Pennsylvania

By: _____
Chairman, Authority Board

APPENDIX A
The Authority's Service Area, Systems and Financial Operations

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AUTHORITY ADMINISTRATION

The Authority (UAJA) provides wastewater collection and treatment services for the developed areas of College, Harris, Patton and Ferguson Townships. Flow from these four municipalities is conveyed through two trunk interceptors to the Spring Creek Pollution Control Facility, where all flow is treated.

Additionally, the Authority provides treatment at the SCPCF for portions of State College Sewer Authority (SCSA), specifically, all wastewater collected in the South Service area of SCSA and a major portion of the North Service area is conveyed to meter pits located adjacent to the Authority's collection system. Flow then continues through the Authority's collection system for treatment at the SCPCF. In 1989, the SCSA constructed the Thompson's Run Interceptor Sewer to allow for the central transfer of any part of the SCSA flow into the Authority's sewer system through the Cluster's Meter Pit. A flow control valve can be used to direct flow to either the Authority's or Penn State University ("PSU")'s system. Currently, the entire flow from SCSA is directed to UAJA, approximately 2,100,000 gallons per day.

Also, PSU continues the development of the university grounds for the Penn State - Research Industrial Park and the Village at Penn State. These developments will create a significant amount of wastewater flow that is tributary to the Authority's Big Hollow Interceptor and therefore these developments will become customers of the Authority.

To service the 256 miles of sewer collection system, eighteen (18) pump stations and three (3) meter pits located throughout the 40 square miles of the Authority's service area, the Authority employs 3 field inspectors, 17 line maintenance personnel and 3 collection system supervisors. The operation of the SCPCF requires a staff of 10 operators, 6 solids handling operators, 9 maintenance personnel, and 3 laboratory technicians. Additionally the collection of 14,131 paying customers on a quarterly basis results in the Authority employing 60 staff members. The entire Authority is managed by Cory Miller, Executive Director. Working with Mr. Miller to manage the various parts of the Authority are: Jason Brown, Assistant Executive Director (Licensed Operator), Art Brandt, Plant Superintendent (Licensed Operator), and Mark Harter, Collections Superintendent.

DESCRIPTION OF THE SERVICE AREA

In 1998, the sewage collection and transportation systems of Patton-Ferguson Joint Authority and College-Harris Joint Authority were acquired by the Authority. The sewage collection and transportation system of Ferguson Township Sewer Authority was acquired in 1999. The collection systems of these authorities are now owned, operated, and maintained by the Authority. The sewer service area for the Authority includes most of the existing developed areas of Patton, Ferguson, College, and Harris Townships. The collection system also receives flow from State College Borough and PSU. The flow from PSU includes connections to the former Patton-Ferguson collection system and the PSU connections to the State College Borough cross-campus collection sewer. Only that portion of PSU flowing into the State College Borough sewer can be considered diverted from the PSU Plant.

The service area of the Authority is primarily considered suburban with pockets of commercial and industrial customers located in College, Ferguson and Patton Townships. The labor force is highly educated and compensated with a large and diverse economy centered on the State College Campus of Pennsylvania State University. The region is bisected by US322, which runs east/west, and State Route 26 that runs north/south. The University occupies the center of the Authority's service area and student housing and services predominate much of the surrounding area. Radiating from this core area are commercial businesses on South State Route 26 in the Science Park area, on North State Route 26 in the Dale Summit Industrial Park and on West US322 in the Penn State Research Park. The area is currently undergoing further growth associated with several intersections of I-99, which links the Altoona/Blair County region to State College and I-80. I-99 links with US 322 on the western approach to State College and then parallels State Route 26 north toward I-80. Four major interchanges of I-99 are within the UAJA service area including Research Park/Park Avenue, Dale Summit/Shiloh Road, Toftrees/Fox Hill and Scotia Road/Gray's Woods.

THE COLLECTION SYSTEM

The UAJA wastewater collection system includes approximately 256 miles of mainline sewers, ranging in size from 8" diameter to 48" diameter. There are approximately 5,458 manholes in the system which range in depth from 4' to 38'. Wherever possible, wastewater is carried by gravity flow, but dispersed throughout the region are 18 lift (pumping) stations, with pump motor horsepower ratings ranging from 2.0 hp to 200.0 hp currently in operation, which lift the flow from a deep sewer and send it to a shallower sewer so that the gravity flow may continue to its destination at the treatment facility. The system is comprised of approximately sixteen percent (16%) vitrified clay pipe, one percent (1%) asbestos cement pipe, thirteen percent (13%) ABS truss pipe and the remaining seventy percent (70%) PVC pipe. There are a few select locations where ductile iron pipe has been utilized to safeguard against either temperature or structural difficulties. All lift stations are reported to be in good condition. All stations are maintained regularly and are equipped with various monitors and remote alarm devices. UAJA anticipates no near-term overloading conditions and all have adequate capacity. The collection system maintains the flow of sanitary wastewater only, and is not intended for conveyance of storm water.

THE SEWER SYSTEM

Wastewater is delivered to the wastewater treatment facility by a large interceptor sewer system known as the Big Hollow Interceptor Sewer. It has an average carrying capacity of 6.70 MGD and is currently conveying approximately 2.0 million gallons of wastewater on a daily basis to the treatment facility. This interceptor sewer also provides conveyance for wastewater collected in the northern section of the Borough of State College (the "Borough") known as College Heights. In addition, selected buildings from PSU discharge wastewater to this interceptor sewer via the collection system owned by PSU on its University Park Campus. Various research facilities, storage facilities, and administrative buildings on the campus of the University are served by this interceptor sewer.

Wastewater for the southern portion of the Borough is conveyed to the wastewater treatment facility by a large interceptor sewer known as the Spring Creek Interceptor. This interceptor sewer discharges to a large pumping facility (maximum flow 6,500 gallons per minute) which lifts all wastewater collected by the Spring Creek Interceptor to the wastewater treatment facility. As of the date of this Official Statement, this main pumping station is discharging approximately 3.5 million gallons per day to the Spring Creek Pollution Control Facility. Average daily flow at the Sewer System is approximately 5.0 million gallons.

The size of sanitary sewers in the collection systems tributary to the Spring Creek Pollution Control Facility varies from 8" to 48" in diameter. The two major interceptors, i.e., the Big Hollow Interceptor and the Spring Creek Interceptor, are both 36" in diameter. The sanitary sewers are inspected routinely by the Authority's staff through use of a closed circuit television system; maintenance is performed on a routine preventative maintenance basis. Emergency response to complaints is also provided by the Authority's staff and is performed on an as needed basis.

Equivalent Dwelling Units (EDU's)

Below is the detailed historical summary of the EDU's for the past five years:

Year	Residential	Commercial	Industrial	Public	Total
2020	24,731	4,167	1,146	491	30,535
2021	28,835	4,743	1,078	383	35,040
2022	27,077	4,480	1,063	403	33,023
2023	36,950	4,522	1,085	450	43,007
2024	37,800	4,650	1,140	475.75	44,065

Note: The Authority bills all its regular customers on a flat rate EDU basis. Variability of inflow and infiltration may cause the total residential EDU count to fluctuate slightly from year to year. The Borough of State College is currently billed on an EDU basis (effective January 1, 2022).

Source: Authority officials.

Equivalent Dwelling Units "New" Connections

Below is the detailed historical summary of new EDU connections for the past five years:

Year	Total
2020	495
2021	100
2022	276
2023	153
2024	190.5

Source: Authority officials.

Largest Customers by EDU

The Borough (the largest customer) provides approximately 25% of the Authority’s revenue (represents sewer revenue from the sewer billings only).

Name	EDU	Quarterly Billing	2024 Annual Billing
Borough of State College	17,090	\$1,113,420.00	\$4,453,680.00
Penn State*	350.8	37,896.00	75,986.00
Continental Real Estate	999.6	107,956.80	431,827.20
Berger Rental Communities	645.3	69,692.40	278,769.60
Circleville Road Partners	462.3	49,928.40	199,713.60
Copper Beach Townhomes	453	48,924.00	195,696.00
Mount Nittany Medical Center **	429	46,332.00	185,328.00
Vario Limited Partnership	389	42,012.00	168,048.00
Property Management Inc.	323.5	34,938.00	139,752.00
Nittany Property Management	323.5	34,938.00	139,752.00

*Penn State's billing is a combination of EDUs and the Bulk Rate.

**Mount Nittany Medical Center is a surcharge account. The EDUs are an average of the 2024 billings

Source: Authority officials.

Sewage Disposal Rental Rates

Below is the detailed historical summary of rates charged by the Authority for the past five years.

EDU RENTAL RATE (PER 1,000 GALLONS)

Year	EDU Gallons (Residential & Commercial)				EDU Rental Rate* (Residential & Commercial)	
	Per Day (Gallons)	Per Year/365 Days (Gallons)	Per Quarter (Gallons)	Per Quarter (1000 Gallons)	(Per Quarter) (\$)	(Rental Rate/Per 1000) (\$)
2020	175	63,875	15,969	15.969	104.00	6.51
2021	175	63,875	15,969	15.969	104.00	6.51
2022	175	63,875	15,969	15.969	104.00	6.51
2023	175	63,875	15,969	15.969	108.00	6.76
2024	175	63,875	15,969	15.969	113.00	7.08

Source: Authority officials.

**BULK TREATMENT RATES PER MILLION GALLONS TREATED
(For the Borough of State College and Pennsylvania State University)**

Period Ending	Rate
2019	5,287
2020	5,287
2021	5,287
2022	5,287
2023	5,375
2024	5,624

Source: Authority officials.

**TAPPING FEES
(For the Borough of State College and Pennsylvania State University)**

Period Ending	Rate
2019	5,370
2020	5,440
2021	5,543
2022	5,986
2023	6,327
2024	6,485

Source: Authority officials.

LABOR RELATIONS

Employees and Pension Plan

The Authority has a workforce of 52 full-time employees involved in administration, construction, maintenance and operation of the facilities.

The Authority has 36 employees represented by AFSCME (American Federation of State, County and Municipal Employees). The Authority and its employees are currently under a contract which expires on December 31, 2026.

The Authority has a contributory defined contribution pension plan (plan) administered by ICMA Retirement Corporation covering all full-time employees with six months of continuous employment and who have attained 18 years of age. Employees become 50% vested after being with the plan for one year. The vesting percentage increases 5% per year until the fifth year. Employees are 80% vested after six years and fully vested after seven years. The Authority contributes 10% of the employee's base salary for management and non-union employees and 5% for union employees. Union employees are required to contribute 5% of their base salary. Management and non-union employees have no contribution requirements. Employer contributions were \$185,575.48 and \$337,222.97 for the years ended December 31, 2023 and 2024, respectively.

FINANCIAL OPERATIONS

Budget and Accounting Procedures - Audit

The Authority budgets revenues and expenditures on a calendar year basis. Since 1983, accounts are kept on an accrual basis except the Authority does not include a provision for depreciation or the capitalization of interest on funds used during construction as would be required under generally accepted accounting principles. Financial statements of the Authority are prepared on a fiscal basis which coincides with the budget basis, running from January 1 to December 31 of each year. Financial statements were audited by Maher Duessel, independent accountants, of Pittsburgh, Pennsylvania.

**UNIVERSITY AREA JOINT AUTHORITY
CONDENSED COMPARATIVE BALANCE SHEET
(2019 through 2023)**

ASSETS	2019	2020	2021	2022	2023
CURRENT ASSETS					
Cash and cash equivalents	\$522,059	\$341,669	\$279,511	\$264,166	\$302,113
Restricted cash and cash equivalents	3,570	204	0	0	0
Certificates of deposit	0	0	0	0	0
Accounts receivable	3,018,880	2,914,078	2,834,861	2,939,140	3,068,978
Trustee funds available for current needs	0	0	0	0	0
Trustee funds - unrestricted	10,367,762	9,685,730	6,240,560	4,044,376	4,446,494
Grants receivable	0	0	0	0	0
Due from State College Borough	952,340	828,835	1,019,968	1,867,588	3,348,032
Prepaid Expenses	63,490	91,770	88,294	38,686	45,679
Grants receivable	0	0	0	0	0
Total current assets	<u>\$14,928,101</u>	<u>\$13,862,286</u>	<u>\$10,463,194</u>	<u>\$9,153,956</u>	<u>\$11,211,296</u>
Capital assets, not being depreciated:					
Land	\$3,711,928	\$0	\$0	\$0	\$0
Construction in progress	22,761,747	6,702,818	4,933,731	8,576,726	11,416,864
Total capital assets, not being depreciated	<u>\$26,473,675</u>	<u>\$6,702,818</u>	<u>\$4,933,731</u>	<u>\$8,576,726</u>	<u>\$11,416,864</u>
Capital assets, being depreciated, net of accumulated depreciation	66,348,592	87,461,767	87,834,502	83,689,620	80,114,289
Total capital assets	<u>\$92,822,267</u>	<u>\$94,164,585</u>	<u>\$92,768,233</u>	<u>\$92,266,346</u>	<u>\$91,531,153</u>
Other assets:					
Investment in basis swap					
Deferred outflow (inflow) - swaption					
Trustee funds - restricted	\$6,905,253	\$7,076,748	\$7,574,823	\$7,137,462	\$4,144,599
Trustee funds - construction	1,312,579	9,131,115	16,925,716	14,199,008	10,364,507
Bond issue costs	0	0	0	0	0
Total Other Assets	<u>\$8,217,832</u>	<u>\$16,207,863</u>	<u>\$24,500,539</u>	<u>\$21,336,470</u>	<u>\$14,509,106</u>
TOTAL ASSETS	<u>\$115,968,200</u>	<u>\$124,234,734</u>	<u>\$127,731,966</u>	<u>\$122,756,772</u>	<u>\$117,251,555</u>
Deferred Outflows of Resources:					
Accumulated decrease in fair value of hedging derivative					
Deferred charge on refunding	\$3,416,830	\$2,947,117	\$2,610,290	\$2,222,372	\$1,834,454
Total deferred outflows of resources	<u>\$3,416,830</u>	<u>\$2,947,117</u>	<u>\$2,610,290</u>	<u>\$2,222,372</u>	<u>\$1,834,454</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$57,032	\$767,591	\$110,890	\$400,715	\$647,750
Construction related accounts payable	0	0	0	0	0
Accrued interest - bonds payable	376,991	344,470	327,365	348,488	332,788
Current portion of notes payable	90,000	95,000	0	0	0
Current portion of bonds payable	4,003,000	3,760,000	4,451,000	4,576,000	4,864,500
Current portion of capital lease obligations	0	113,360	0	0	0
Advance escrow deposits	146,190	0	11,642	0	75,880
Security deposit	1,203	1,203	1,203	1,203	1,203
Current portion of capital lease obligations	0	0	0	0	0
Current portion-Pine Grove Mills (Pennvest)	756,473	528,713	508,609	657,514	688,268
Total Current Liabilities	<u>\$5,430,889</u>	<u>\$5,610,337</u>	<u>\$5,410,709</u>	<u>\$5,983,920</u>	<u>\$6,610,389</u>
LONG-TERM LIABILITIES					
Compensated absences	\$1,034,788	\$995,185	\$1,012,691	\$968,538	\$917,202
Deferred revenue - derivatives	0	0	0	0	0
Notes payable	95,000	0	0	0	0
Swaption liability (asset)	0	0	0	0	0
Bonds payable, net	63,245,278	69,019,455	74,124,652	69,473,062	64,100,160
Capital lease obligations	190,360	77,000	0	0	0
Total long-term liabilities	<u>\$64,565,426</u>	<u>\$70,091,640</u>	<u>\$75,137,343</u>	<u>\$70,441,600</u>	<u>\$65,017,362</u>
Total Liabilities	<u>\$69,996,315</u>	<u>\$75,701,977</u>	<u>\$80,548,052</u>	<u>\$76,425,520</u>	<u>\$71,627,751</u>
Deferred Inflows of Resources:					
Accumulated increase in fair value of hedging derivative	\$0	\$0	\$0	\$0	\$0
NET POSITION					
Invested in capital assets, net of related debt	\$26,976,208	\$30,695,885	\$23,869,085	\$26,919,604	\$27,857,278
Restricted	6,908,823	7,076,952	16,925,716	14,199,008	10,364,507
Unrestricted	15,503,684	13,707,037	8,999,403	7,435,012	9,236,473
Total Net Position	<u>\$49,388,715</u>	<u>\$51,479,874</u>	<u>\$49,794,204</u>	<u>\$48,553,624</u>	<u>\$47,458,258</u>

Source: Authority audited financial reports.

UNIVERSITY AREA JOINT AUTHORITY
OPERATING RESULTS
(2019 through 2023)

OPERATING REVENUES	2019	2020	2021	2022	2023
Revenue - sewer	\$14,928,949	\$14,056,447	\$14,593,755	\$15,632,808	\$16,512,460
Revenue - solids	100,542	112,963	137,741	108,788	73,010
Maintenance	103,875	83,151	113,425	140,267	124,550
Reimbursed Fees	21,898	83,587	36,092	34,427	71,830
Interest Earnings	0	0	0	0	0
Miscellaneous	116,440	110,214	29,935	99,460	69,150
Total Operating Revenues	<u>\$15,271,704</u>	<u>\$14,446,362</u>	<u>\$14,910,948</u>	<u>\$16,015,750</u>	<u>\$16,851,000</u>
OPERATING EXPENSES					
Waste Water Treatment Plant:					
Laboratory	\$332,417	\$329,639	\$340,889	\$297,531	\$417,715
Physical plant	1,014,560	1,223,683	1,202,422	1,319,204	1,447,346
Industrial pre-treatment program	104,969	116,042	106,358	101,495	127,946
Beneficial reuse	682,335	838,904	906,914	1,115,912	1,114,089
Dewatering	391,971	368,283	404,750	586,951	494,551
Compost	897,733	945,301	913,503	961,493	947,400
Treatment Operations	2,099,458	2,139,016	2,618,862	2,960,043	3,412,005
Total Waste Water Treatment Plant	<u>\$5,523,443</u>	<u>\$5,960,868</u>	<u>\$6,493,698</u>	<u>\$7,342,629</u>	<u>\$7,961,052</u>
Collection:					
Inspection	\$442,744	\$461,758	\$464,902	\$504,065	\$496,089
Pump station	114,077	112,348	103,430	109,260	115,785
Maintenance	1,204,321	1,830,636	1,837,111	2,038,206	1,934,288
Total Collection	<u>\$1,761,142</u>	<u>\$2,404,742</u>	<u>\$2,405,443</u>	<u>\$2,651,531</u>	<u>\$2,546,162</u>
Depreciation expense	\$5,209,970	\$5,216,687	\$5,202,998	\$5,280,203	\$5,253,474
General and administrative expense	2,017,670	2,095,532	1,932,318	2,528,520	2,653,573
Total Operating Expenses	<u>\$14,512,225</u>	<u>\$15,677,829</u>	<u>\$16,034,457</u>	<u>\$17,802,883</u>	<u>\$18,414,261</u>
NET OPERATING INCOME	<u>\$759,479</u>	<u>(\$1,231,467)</u>	<u>(\$1,123,509)</u>	<u>(\$1,787,133)</u>	<u>(\$1,563,261)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income:					
Trustee fund accounts	\$288,325	\$158,448	\$157,277	\$18,343	\$174,269
Operating accounts	2,360	1,042	448	1,238	1,782
Grant income	0	0	0	0	0
Gain/(loss) on sale of assets	(173,000)	(79,974)	120,763	850	(26,990)
Derivative income	0	0	0	0	0
Interest Expense:	0	0	0	0	0
Bonds payable	(2,701,487)	(2,263,261)	(2,299,683)	(2,222,324)	(1,954,741)
Note payable	(6,116)	(2,344)	(125)	0	0
Loan costs	0	0	0	0	0
Capital lease	(6,193)	0	0	0	0
Derivative borrowings	0	0	0	0	0
Bond Issue Costs	0	(351,113)	(339,570)	(238,749)	0
Trustee fees	(12,450)	(12,806)	(12,773)	(14,290)	(15,150)
Amortization expense	0	0	0	0	0
Total Nonoperating Revenues (expenses)	<u>(\$2,608,561)</u>	<u>(\$2,550,008)</u>	<u>(\$2,373,663)</u>	<u>(\$2,454,932)</u>	<u>(\$1,820,830)</u>
INCOME BEFORE CONTRIBUTION REVENUE	<u>(\$1,849,082)</u>	<u>(\$3,781,475)</u>	<u>(\$3,497,172)</u>	<u>(\$4,242,065)</u>	<u>(\$3,384,091)</u>
CONTRIBUTION REVENUE					
Contributions:					
Developer	\$1,223,183	\$2,970,000	\$457,099	\$120,514	\$211,120
Permit and tapping fees	3,992,885	2,902,634	1,354,403	2,880,971	2,077,605
Total Contribution Revenue	<u>\$5,216,068</u>	<u>\$5,872,634</u>	<u>\$1,811,502</u>	<u>\$3,001,485</u>	<u>\$2,288,725</u>
Net Income	\$3,366,986	\$2,091,159	(\$1,685,670)	(\$1,240,580)	(\$1,095,366)
NET ASSETS					
Beginning of year	\$46,021,729	\$49,388,715	\$51,479,874	\$49,794,204	\$48,553,624
Prior period adjustment	0	0	0	0	0
End of year	<u>\$49,388,715</u>	<u>\$51,479,874</u>	<u>\$49,794,204</u>	<u>\$48,553,624</u>	<u>\$47,458,258</u>

⁽¹⁾ Reflects the adoption of GASB Statement No.65, which reclassified certain items previously reported as asset and liabilities. In this case, reflects removal of bond costs that were previously considered assets.

Source: Authority audited financial reports.

OPERATING BUDGET OF THE AUTHORITY

The Authority shall cause an itemized operating budget to be prepared and filed with the Trustee at least fifteen (15) days before the first day of each Fiscal Year for such Fiscal Year.

Each such operating budget shall be prepared on the basis of quarterly requirements of the Authority so that it will be possible to determine from such operating budget the estimated expenses for each quarterly period covered by the operating budget.

The operating budget for the remainder of any then current Fiscal Year may be amended or supplemented at any time, but such amended or supplemented operating budget shall not supersede any prior operating budget until it shall have been filed with the Trustee.

2023 and 2024 OPERATING BUDGET SUMMARY (Year Ending 12/31)

REVENUES	2024 Budget (\$104/Qtr.)	2024 Budget/Estimates	2025 Budget
SEWER/TREATMENT	\$17,593,111	\$17,820,916	\$18,916,589
SOLIDS	38,000	43,587	20,000
MAINTENANCE	0	0	0
PERMITS/TAP FEES/FEES	1,097,425	1,028,909	1,394,600
GRANTS	0	0	0
INTEREST EARNINGS	96,120	1,286,096	754,350
MISCELLANEOUS REVENUES	231,469	211,951	261,089
TOTAL REVENUE	\$19,056,125	\$20,391,459	\$21,346,628
EXPENDITURES			
DEBT SERVICE INTEREST & FEES	\$6,781,973	\$7,980,975	\$10,212,619
GENERAL AND OPERATING EXPENSES			
GENERAL & ADMINISTRATIVE	\$2,060,448	\$1,967,338	\$2,107,481
G&A INFORMATION TECH.	211,600	168,399	232,340
G&A FLEET/FUEL	265,000	176,250	265,000
PLANT-LABORATORY	377,603	333,417	376,668
PLANT-MAINTENANCE	1,300,005	1,140,954	1,620,018
PLANT - MAIN STATION	140,000	50,519	140,000
PLANT-IPP	120,739	112,525	143,558
PLANT-BENEFICIAL REUSE	1,066,977	930,288	1,141,587
PLANT-DEWATERING	530,005	407,559	563,708
PLANT-COMPOST	582,487	401,502	284,087
PLANT-OPERATION	2,612,868	2,351,536	3,154,292
COLLECTION-MAINTENANCE	1,791,505	1,644,727	1,891,729
COLLECTION-EQUIP. MAINT.	88,000	46,076	88,000
COLLECTION-INSPECTION	532,580	455,973	632,038
COLLECTION-PUMP STATION	160,900	118,166	165,900
TOTAL GENERAL AND OPERATING EXPENSES	\$11,840,717	\$10,305,231	\$12,806,406
TOTAL EXPENDITURES	\$18,622,690	\$18,286,206	\$23,019,025
EXCESS OF REVENUES OVER EXPENSES	\$433,435	\$2,105,253	(\$1,672,397)

Source: Authority's Budget Report and Authority Officials.

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APPENDIX B
Demographic & Economic Information

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Population

The population of the area surrounding the Authority has grown at a fast rate, mainly due to the explosive growth of The Pennsylvania State University.

Table B-1 which follows shows recent population trends for Centre County and the Commonwealth of Pennsylvania. Table B-2 shows 2019 estimated age composition in Centre County and for the Commonwealth.

TABLE B-1
RECENT POPULATION TRENDS

<u>Area</u>	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
Centre County	153,990	158,172	0.27%
Pennsylvania	12,702,379	13,002,700	0.23%

Source: U.S. Census Bureau, Census 2010 & 2020

TABLE B-2
AGE COMPOSITION

	<u>0-17</u>	<u>18-64</u>	<u>65+</u>
	<u>Years</u>	<u>Years</u>	<u>Years</u>
Centre County	14.4%	70.7%	14.9%
Pennsylvania.....	20.6	60.7	18.7

Source: 2 American Community Survey – 1 year estimates.

Employment

With the presence of Pennsylvania State University, the main industry for the MSA is education, with most of the non-student residents of the Authority area employed in white collar, professional positions. The median and mean income for the State College MSA has consistently been much higher than that of the Commonwealth as a whole.

Most of the manufacturing and industrial activity exists within three industrial groups: Stone, Clay, Glass & Construction; Electrical Machinery, Equipment & Supplies; and Instruments & Related Products. Members of the University faculty have founded several companies engaged in research and development work.

The larger employers located within the MSA include:

Pennsylvania State University
PA State Government
Mt. Nittany Medical Center
State College Area School District
Glenn O. Hawbaker, Inc.
Wal-Mart Associates Inc.
County of Centre
Federal Government
Geisinger Clinic
Giant Food Stores LLC

Source: Authority officials.

Table B-3 shows the distribution of employment for the Metropolitan Statistical Area (“MSA”).

TABLE B-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
STATE COLLEGE METROPOLITAN STATISTICAL AREA
(Centre County)
October 2024
NONFARM JOBS – NOT SEASONALLY ADJUSTED

<i>ESTABLISHMENT DATA</i>	Industry Employment				Net Change From:	
	Oct 2024	Sep 2024	Aug 2024	Oct 2023	Sep 2024	Oct 2023
TOTAL NONFARM	83,700	82,300	78,900	82,500	1,400	1,200
TOTAL PRIVATE	49,100	49,000	49,000	48,200	100	900
Goods Producing	8,100	8,100	8,100	7,800	0	300
Manufacturing	4,600	4,600	4,600	4,500	0	100
SERVICE-PROVIDING	75,600	74,200	70,800	74,700	1,400	900
PRIVATE SERVICE-PROVIDING	41,000	40,900	40,900	40,400	100	600
Trade, Transportation, and Utilities	9,400	9,300	9,200	9,500	100	-100
Retail trade	7,200	7,200	7,200	7,400	0	-200
Professional and Business Services	6,600	6,600	6,600	6,700	0	-100
Education and Health Services	10,400	10,400	10,400	10,000	0	400
Leisure and Hospitality	7,900	7,900	8,100	7,800	0	100
Government	34,600	33,300	29,900	34,300	1,300	300
Federal Government	500	500	500	500	0	0
State Government	29,200	28,000	25,000	29,000	1,200	200
Local Government	4,900	4,400	4,400	4,800	100	100
Data benchmarked to March 2023						
Data changes of 100 may be due to rounding						

Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Table B-4 shows recent trends in employment and unemployment for Centre County and the Commonwealth. The unemployment rate for the County has been lower than that for the Commonwealth during the period shown.

**TABLE B-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**

NOT SEASONALLY ADJUSTED

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024(1)</u>	Compound Average Annual % Rate
<i>Centre County</i>							
Civilian Labor Force (000)	80.1	764.0	74.0	77.1	82.2	81.6	0.37%
Employment (000)	77.5	72.0	70.7	74.6	80.4	79.6	0.54%
Unemployment (000)	2.7	4.5	3.3	2.5	1.8	2.1	-4.90%
Unemployment Rate	3.3	5.8	4.4	3.2	2.2	2.5	
<i>Pennsylvania</i>							
Civilian Labor Force (000)	6,492.0	6,388.0	6,445.0	6,479.0	6,485.0	6,491.0	0.00%
Employment (000)	6,208.0	5,808.0	6,059.0	6,196.0	6,296.0	6,275.0	0.21%
Unemployment (000)	284.0	580.0	386.0	283.0	189.0	216.0	-5.33%
Unemployment Rate	4.4	9.1	6.0	4.4	2.9	3.3	

(1)As of October 2024.

Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Income

The data in Table B-5 shows recent trends in per capita income for Centre County and Pennsylvania over the 2010-2019 (estimates) period. Per capita income in the County is somewhat lower than per capita income in the Commonwealth.

**TABLE B-5
RECENT TRENDS IN PER CAPITA INCOME***

	<u>2010</u>	<u>2020</u>	Percentage Change 2010-2020
Centre County	\$23,744	\$32,238	3.46%
Pennsylvania.....	27,049	35,518	3.07%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. Income is the population-weighted average for political subdivisions.

Source: American Community Survey, 10 year estimates 2010 & 2020.

Commercial Activity

Table B-6 shows the most recent retail sales for the MSA and the Commonwealth.

TABLE B-6
TOTAL RETAIL SALES

	2019	2020	2021	2022	2023
MSA	\$2,496,000,000	\$2,556,282,000	\$2,451,939,000	\$2,638,803	\$2,850,744
Pennsylvania...	244,709,540,000	251,185,116,000	274,685,600,000	297,770,326	310,912,244

Source: The Nielsen Company.

Utilization of Land Area

The area is predominantly agricultural and woodland. The County has a rich agricultural heartland. The average production value per County farm is considerably higher than for the Commonwealth as a whole.

Education

The Pennsylvania State University (Penn State) is located within the Authority's service area. Founded in 1855, Penn State is Pennsylvania's only land-grant university and has a broad mission of teaching, research and public service. Penn State enrolls more than 80,000 students at 24 campus locations statewide and offers instruction in more than 160 baccalaureate and 150 graduate programs. The University Park campus, with an enrollment of some 40,000 students, is Penn State's administrative and research hub. The University Park campus is located in State College, Pennsylvania.

Transportation

Transportation in the area includes University Park Airport, 4 miles to the north. Rail freight service is provided by Conrail, and passenger service is provided by Amtrak at Lewistown to the south. Major highways include U.S. 322, U.S. 220, a main north-south route, State routes 26, 45, 53 and 64 and the Keystone Shortway (Interstate 80), a major east-west limited access highway. The Harrisburg-Lewistown Expressway provides a limited access four-lane connection to the State Capitol, the Pennsylvania Turnpike and other major routes. A new eight-mile four-lane, limited access highway, I-99 connects with U.S. Route 322 with the Bellefonte bypass which is south of Interstate 80.

Housing

Housing within the County is comprised of predominantly owner-occupied single family houses located in residential and rural settings, with an increasing number of apartments. Single-family housing is expected to continue to predominate, and future construction within the area is expected by County officials to be primarily of single-family housing.

Utilities

Utility services for the area covered by the Authority are provided by Allegheny Electric Company and Verizon.

APPENDIX C
Proposed Text of Bond Counsel Opinion

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[Date of Closing]

UNIVERSITY AREA JOINT AUTHORITY
(Centre County, Pennsylvania)
\$ _____ SEWER REVENUE BONDS – SERIES OF 2025

We have served as Bond Counsel to University Area Joint Authority (the “Authority”), a municipality authority existing under the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. Ch. 56, in connection with the issuance of its \$ _____ aggregate principal amount Sewer Revenue Bonds – Series of 2025 (the “Bonds”), authorized pursuant to a resolution of the Authority adopted on January 15, 2025 (the “Resolution”), and issued under a Trust Indenture, dated as of November 1, 1993, as amended and supplemented from time to time, including by a Twenty-Fifth Supplemental Indenture, dated as of the date of issuance of the Bonds (collectively, the “Original Indenture”), under which U. S. Bank Trust Company, National Association (the “Trustee”), serves as successor trustee. The Original Indenture is being amended and restated in its entirety effective the date hereof pursuant to an Amended and Restated Trust Indenture, under which the Trustee serves as trustee (the “Indenture”). The Bonds shall be subject to provisions and the security of the Indenture.

Under the Indenture, the Authority has assigned and transferred to and pledged with the Trustee as security all Sewer Revenues, as such phrase is defined in the Indenture. The Bonds are being issued to finance the design, acquisition, and construction of biosolid management and solar facilities, payment of capitalized interest, and payment of all costs and expenses of financing (collectively, the “Project”).

As Bond Counsel to the Authority, we have examined, *inter alia*: (i) the Resolution; (ii) executed counterparts of each of the documents constituting the Indenture; (iii) all documents required by the Original Indenture to be furnished to the Trustee as conditions precedent to authentication and delivery by the Trustee of the Bonds; and (iv) certain statements, certifications, and other documents including, but not limited to, a non-arbitrage and rebate compliance certificate of the Authority given pursuant to the Code (hereinafter defined).

In rendering the opinion set forth below, we have relied upon: (i) the genuineness and accuracy of all statements, certifications, and affidavits of or provided by the Authority without undertaking to verify the same by independent investigation, and other documents and matters of law which we have considered relevant; and (ii) the opinion of the Authority’s Solicitor as to all matters of fact and law set forth therein.

Based on the foregoing, we are of the opinion that:

1. The Authority is existing validly under laws of the Commonwealth of Pennsylvania (the “Commonwealth”) and has power to issue the Bonds, to undertake the Project, and to own, hold, and operate the Sewer System.

2. The Authority is permitted under provisions of the Original Indenture and the Indenture to issue the Bonds as a series of Additional Bonds (as such term is defined in the Original Indenture) for the purpose of providing funds for and toward payment of costs and expenses of the Project, upon compliance with applicable provisions of the Original Indenture.

3. The Authority has complied with all applicable provisions of the Original Indenture which constitute conditions precedent or concurrent to issuance, authentication, and delivery of the Bonds and each of the documents collectively constituting the Original Indenture has been duly authorized, executed, and delivered by the Authority and accepted and executed by the Trustee and is a valid and enforceable instrument.

4. The principal of and interest on the Bonds are payable only from certain receipts, revenues, and moneys of the Authority available for such purposes, as provided in the Indenture.

5. The Bonds do not pledge the credit or taxing power of the Commonwealth or any political subdivision thereof.

6. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however any profits, gains, or income derived from the sale, exchange, or other disposition of the Bonds are subject to Commonwealth taxes and local taxes within the Commonwealth.

7. Under existing statutes, regulations, rulings, and court decisions, interest on the Bonds: (i) is not includible in gross income of the holders thereof for federal income tax purposes, and (ii) does not constitute a specific preference item for purposes of computing the federal alternative minimum tax on individuals and as to applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)); however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for tax years beginning after December 31, 2022.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes.

Without limiting the generality of the foregoing, we express no opinion with respect to and assume no responsibility for, the accuracy, adequacy, or completeness of the preliminary official

statement or the official statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention.

Very truly yours,

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APPENDIX D
Audited Financial Statement

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University Area Joint Authority

Financial Statements and
Required Supplementary and
Supplementary Information

Years Ended December 31, 2023 and 2022
with Independent Auditor's Report

MaherDuessel

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UNIVERSITY AREA JOINT AUTHORITY

YEARS ENDED DECEMBER 31, 2023 AND 2022

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Independent Auditor's Report

Board Members
University Area Joint Authority
State College, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the University Area Joint Authority (Authority), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
May 15, 2024

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UNIVERSITY AREA JOINT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the financial report presents the Management's Discussion and Analysis (MD&A) of the University Area Joint Authority's (Authority) financial condition and performance for the fiscal year ending December 31, 2023 in compliance with Statement No. 34 of the Governmental Accounting Standards Board (GASB). This analysis is intended to be read and used in conjunction with the included financial statements.

FINANCIAL HIGHLIGHTS

The following are key financial highlights during the 2023 fiscal year:

- In 2023, the Bulk Treatment Rate increased 17.7% from \$5,375/million gallons to \$6,327/million gallons and the EDU rate remained at \$104/quarter.
- In 2023, the plant capacity tap fee remained at 5,986 per EDU. This fee has historically been increased annually by the same percentage as the Construction Cost Index published in the Engineering News Record.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority are compiled using the Enterprise Fund method of accounting because the operations are financed and operated in a manner similar to private sector businesses, where the costs of providing services to the general public on a continuing basis are intended to be financed or recovered through user charges or sewer service fees. The Authority uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when the liability is incurred. The financial statements offer short-term and long-term financial information about the Authority's activities.

The Statement of Net Position summarizes all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources or assets and the offsetting obligations or liabilities to Authority creditors. The overall financial condition of the Authority is reflected in this statement.

The Statement of Revenues and Expenses and Changes in Net Position summarizes the revenues and expenses for the current fiscal year and past fiscal year. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its sewage disposal rates and other fees. Changes in net position can also be a useful indicator of whether the financial condition of the Authority is improving or deteriorating.

The third required financial statement is the Statement of Cash Flows. This statement provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash flows from operating activities, cash flows from capital and related

financing activities, and cash flows from investing activities, as well as net changes in cash during the reporting period.

The notes to Financial Statements provide required disclosures and other information essential to a full understanding of material data provided in the statements. The notes present information on the Authority's accounting policies, the basis of accounting, investments, capital assets, outstanding debt, and other significant activities, such as material risks, obligations, commitments, contingencies, and future requirements, if any.

FINANCIAL ANALYSIS

The format of the 2023 financial statements is similar to 2022 and includes a direct line-by-line comparison to the 2022 financial statements.

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	December 31, 2023	December 31, 2022	Change
Current assets	\$ 11,211,296	\$ 9,153,956	\$ 2,057,340
Other assets	14,509,106	21,336,470	(6,827,364)
Capital assets	<u>91,531,153</u>	<u>92,266,346</u>	<u>(735,193)</u>
Total assets	<u>\$ 117,251,555</u>	<u>\$ 122,756,772</u>	<u>\$ (5,505,217)</u>
Total deferred outflows of resources	<u>\$ 1,834,454</u>	<u>\$ 2,222,372</u>	<u>\$ (387,918)</u>
Current liabilities	\$ 6,610,389	\$ 5,983,920	\$ 626,469
Non-current liabilities	<u>65,017,362</u>	<u>70,441,600</u>	<u>(5,424,238)</u>
Total liabilities	<u>\$ 71,627,751</u>	<u>\$ 76,425,520</u>	<u>\$ (4,797,769)</u>
Net Position:			
Net investment in capital assets	\$ 27,857,278	\$ 26,919,604	\$ 937,674
Restricted	10,364,507	14,199,008	(3,834,501)
Unrestricted	<u>9,236,473</u>	<u>7,435,012</u>	<u>1,801,461</u>
Total net position	<u>\$ 47,458,258</u>	<u>\$ 48,553,624</u>	<u>\$ (1,095,366)</u>

Table 1 presents a condensed summary of the Authority's Statements of Net Position at December 31, 2023 and 2022. There is a \$1,095,366 decrease in total net position.

The format of the 2022 financial statements is similar to 2021 and includes a direct line-by-line comparison to the 2021 financial statements.

TABLE 2
CONDENSED STATEMENTS OF NET POSITION

	December 31, 2022	December 31, 2021	Change
Current assets	\$ 9,153,956	\$ 10,463,194	\$ (1,309,238)
Other assets	21,336,470	24,500,539	(3,164,069)
Capital assets	92,266,346	92,768,233	(501,887)
Total assets	<u>\$ 122,756,772</u>	<u>\$ 127,731,966</u>	<u>\$ (4,975,194)</u>
Total deferred outflows of resources	<u>\$ 2,222,372</u>	<u>\$ 2,610,290</u>	<u>\$ (387,918)</u>
Current liabilities	\$ 5,983,920	\$ 5,410,709	\$ 573,211
Non-current liabilities	70,441,600	75,137,343	(4,695,743)
Total liabilities	<u>\$ 76,425,520</u>	<u>\$ 80,548,052</u>	<u>\$ (4,122,532)</u>
Net Position:			
Net investment in capital assets	\$ 26,919,604	\$ 23,869,085	\$ 3,050,519
Restricted	14,199,008	16,925,716	(2,726,708)
Unrestricted	7,435,012	8,999,403	(1,564,391)
Total net position	<u>\$ 48,553,624</u>	<u>\$ 49,794,204</u>	<u>\$ (1,240,580)</u>

Table 2 presents a condensed summary of the Authority's Statements of Net Position at December 31, 2022 and 2021. There is a \$1,240,580 decrease in total net position.

Table 3 presents a condensed summary of the Authority's Statements of Revenues and Expenses and Changes in Net Position for the years ended December 31, 2022 and 2021.

TABLE 3
CONDENSED STATEMENTS OF REVENUES AND EXPENSES
AND CHANGES IN NET POSITION

	2023	2022	Change
Operating Revenues:			
Sewer charges	\$ 16,512,460	\$ 15,632,808	\$ 879,652
Other fees and charges	338,540	382,942	(44,402)
Total Revenues	<u>16,851,000</u>	<u>16,015,750</u>	<u>835,250</u>
Operating Expenses:			
Treatment plant	7,961,052	7,342,629	618,423
Collection	2,546,162	2,651,531	(105,369)
General and administration	2,653,573	2,528,520	125,053
Depreciation	5,253,474	5,280,203	(26,729)
Total Expenses	<u>18,414,261</u>	<u>17,802,883</u>	<u>611,378</u>
Nonoperating Activity:			
Revenues	176,051	20,431	155,620
Expenses	(1,996,881)	(2,475,363)	478,482
Total Nonoperating Activity	<u>(1,820,830)</u>	<u>(2,454,932)</u>	<u>634,102</u>
Capital Contributions:			
Developer	211,120	120,514	90,606
Permit and tap fees	2,077,605	2,880,971	(803,366)
Total Capital Contributions	<u>2,288,725</u>	<u>3,001,485</u>	<u>(712,760)</u>
Change in Net Position	<u>(1,095,366)</u>	<u>(1,240,580)</u>	<u>145,214</u>
Net Position:			
Beginning of year	<u>48,553,624</u>	<u>49,794,204</u>	<u>(1,240,580)</u>
End of year	<u>\$ 47,458,258</u>	<u>\$ 48,553,624</u>	<u>\$ (1,095,366)</u>

The Authority's operating revenues increased by \$835,250 due to an increase in sewer rates in 2023. Nonoperating revenues and expenses for 2023 were fairly consistent with 2022. Capital contributions decreased by \$712,790 due to less developer contributions in 2023. As a result, change in net position decreased in 2023 from 2022 by \$145,214. Tapping fees decreased in 2023 compared to 2022.

Table 4 presents a condensed summary of the Authority's Statements of Revenues and Expenses and Changes in Net Position for the years ended December 31, 2022 and 2021.

TABLE 4
CONDENSED STATEMENTS OF REVENUES AND EXPENSES
AND CHANGES IN NET POSITION

	2022	2021	Change
Operating Revenues:			
Sewer charges	\$ 15,632,808	\$ 14,593,755	\$ 1,039,053
Other fees and charges	382,942	317,193	65,749
Total Revenues	<u>16,015,750</u>	<u>14,910,948</u>	<u>1,104,802</u>
Operating Expenses:			
Treatment plant	7,342,629	6,493,698	848,931
Collection	2,651,531	2,405,443	246,088
General and administration	2,528,520	1,932,318	596,202
Depreciation	5,280,203	5,202,998	77,205
Total Expenses	<u>17,802,883</u>	<u>16,034,457</u>	<u>1,768,426</u>
Nonoperating Activity:			
Revenues	20,431	278,488	(258,057)
Expenses	(2,475,363)	(2,652,151)	176,788
Total Nonoperating Activity	<u>(2,454,932)</u>	<u>(2,373,663)</u>	<u>(81,269)</u>
Capital Contributions:			
Developer	120,514	457,099	(336,585)
Permit and tap fees	2,880,971	1,354,403	1,526,568
Total Capital Contributions	<u>3,001,485</u>	<u>1,811,502</u>	<u>1,189,983</u>
Change in Net Position	<u>(1,240,580)</u>	<u>(1,685,670)</u>	<u>445,090</u>
Net Position:			
Beginning of year	<u>49,794,204</u>	<u>51,479,874</u>	<u>(1,685,670)</u>
End of year	<u>\$ 48,553,624</u>	<u>\$ 49,794,204</u>	<u>\$ (1,240,580)</u>

CAPITAL IMPROVEMENTS

During 2023, the Authority continued to make capital purchases and improvements. Several sewer replacement projects were undertaken, and construction was completed. Numerous developer-funded extensions were installed.

DEBT

At the end of the fiscal year, the Authority had outstanding debt totaling \$66,489,000. The Authority has issued Revenue Bonds in the following years: Series of 2015, Series A of 2017, Series B of 2017, Series of 2018, Series of 2020, Series A of 2020, Series of 2021, Series A of 2021, and Series of 2022. The Series of 2022 Bond Issue was issued in March of 2022 and was used to refund the Series of 2017 bond. All of this debt is subordinate to the 1993 Bond Indenture. The Authority maintains a Debt Service Reserve Fund in accordance with the requirements of the 1993 Bond Trust Indenture. More detailed information about the Authority's long-term debt is presented in the notes to the financial statements.

CONDITIONS AFFECTING FUTURE FINANCIAL POSITION

At this time, there are no significant conditions that staff is aware of that may affect the future financial condition of the Authority.

CONTACTING THE AUTHORITY'S MANAGER

If you have any questions about this report or need additional financial information, contact the University Area Joint Authority's Manager at 1576 Spring Valley Road, State College, PA 16801.

UNIVERSITY AREA JOINT AUTHORITY

STATEMENTS OF NET POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets:		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 302,113	\$ 264,166
Accounts receivable - operations	3,068,978	2,939,140
Due from Borough of State College	3,348,032	1,867,588
Prepaid expenses	45,679	38,686
Trustee funds - unrestricted	4,446,494	4,044,376
Total current assets	11,211,296	9,153,956
Capital assets, not being depreciated	11,416,864	8,576,726
Capital assets, net of accumulated depreciation	80,114,289	83,689,620
Total capital assets	91,531,153	92,266,346
Other assets:		
Trustee funds - restricted for debt service and operating reserves	4,144,599	7,137,462
Trustee funds - restricted for capital projects	10,364,507	14,199,008
Total other assets	14,509,106	21,336,470
Total assets	\$ 117,251,555	\$ 122,756,772
Deferred Outflows of Resources:		
<hr/>		
Deferred charge on refunding	\$ 1,834,454	\$ 2,222,372
Liabilities:		
<hr/>		
Current liabilities:		
Current portion of bonds payable	\$ 4,864,500	\$ 4,576,000
Accounts payable	647,750	400,715
Retainage payable	688,268	657,514
Accrued interest - bonds payable	332,788	348,488
Advance escrow deposits	75,880	-
Security deposits	1,203	1,203
Total current liabilities	6,610,389	5,983,920
Long-term liabilities:		
Compensated absences	917,202	968,538
Bonds payable, net	64,100,160	69,473,062
Total long-term liabilities	65,017,362	70,441,600
Total liabilities	\$ 71,627,751	\$ 76,425,520
Net Position:		
<hr/>		
Net investment in capital assets	\$ 27,857,278	\$ 26,919,604
Restricted	10,364,507	14,199,008
Unrestricted	9,236,473	7,435,012
Total net position	\$ 47,458,258	\$ 48,553,624

See accompanying notes to financial statements.

UNIVERSITY AREA JOINT AUTHORITY

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Operating Revenues:		
Revenue - sewer	\$ 16,512,460	\$ 15,632,808
Revenue - solids	73,010	108,788
Maintenance	124,550	140,267
Reimbursed fees	71,830	34,427
Miscellaneous	69,150	99,460
Total operating revenues	16,851,000	16,015,750
Operating Expenses:		
Wastewater treatment plant:		
Laboratory	417,715	297,531
Physical plant	1,447,346	1,319,204
Industrial pre-treatment program	127,946	101,495
Beneficial reuse	1,114,089	1,115,912
Dewatering	494,551	586,951
Compost	947,400	961,493
Treatment operations	3,412,005	2,960,043
Total wastewater treatment plant	7,961,052	7,342,629
Collection:		
Inspection	496,089	504,065
Pump station	115,785	109,260
Maintenance	1,934,288	2,038,206
Total collection	2,546,162	2,651,531
Depreciation expense	5,253,474	5,280,203
General and administrative expenses	2,653,573	2,528,520
Total operating expenses	18,414,261	17,802,883
Net Operating Income (Loss)	(1,563,261)	(1,787,133)
Nonoperating Revenues (Expenses):		
Investment income (loss):		
Trustee fund accounts	174,269	18,343
Operating accounts	1,782	1,238
Gain (loss) on asset disposal	(26,990)	850
Interest expense:		
Bonds payable	(1,954,741)	(2,222,324)
Bond issue costs	-	(238,749)
Trustee fees	(15,150)	(14,290)
Total nonoperating revenues (expenses)	(1,820,830)	(2,454,932)
Income (Loss) Before Contribution Revenue	(3,384,091)	(4,242,065)
Contribution Revenue:		
Contributions:		
Developer	211,120	120,514
Permit and tapping fees	2,077,605	2,880,971
Total contribution revenue	2,288,725	3,001,485
Change in Net Position	(1,095,366)	(1,240,580)
Net Position:		
Beginning of year	48,553,624	49,794,204
End of year	\$ 47,458,258	\$ 48,553,624

See accompanying notes to financial statements.

UNIVERSITY AREA JOINT AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Receipts from customers and users	\$ 15,240,718	\$ 15,063,851
Payments to suppliers	(1,538,485)	(1,783,675)
Payments to employees	(6,580,326)	(6,417,417)
Payments for other operating expenses	(5,100,305)	(4,316,133)
Net cash provided by (used in) operating activities	2,021,602	2,546,626
Cash Flows From Capital and Related Financing Activities:		
Purchase/construction of capital assets	(4,067,034)	(4,218,222)
Disposal of capital assets	10,671	-
Contributions: permit and tapping fees	2,077,605	2,880,971
Increase (decrease) in escrow deposits	75,880	(11,642)
Proceeds from issuance of bonds	-	9,182,811
Bond issue costs	-	(238,749)
Principal paid on capital debt	(4,576,000)	(13,201,000)
Interest paid on capital debt	(2,090,924)	(2,321,684)
Net cash provided by (used in) capital and related financing activities	(8,569,802)	(7,927,515)
Cash Flows From Investing Activities:		
Interest received on trustee accounts	159,119	4,053
Interest on operating accounts	1,782	1,238
Net cash provided by (used in) investing activities	160,901	5,291
Net Increase (Decrease) in Cash and Cash Equivalents	(6,387,299)	(5,375,598)
Cash and Cash Equivalents:		
Beginning of year	25,645,012	31,020,610
End of year	\$ 19,257,713	\$ 25,645,012
Consists of:		
Cash and cash equivalents	\$ 302,113	\$ 264,166
Trustee funds - unrestricted	4,446,494	4,044,376
Trustee funds - restricted for debt service and operating reserves	4,144,599	7,137,462
Trustee funds - restricted for capital projects	10,364,507	14,199,008
	\$ 19,257,713	\$ 25,645,012
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Net operating income (loss)	\$ (1,563,261)	\$ (1,787,133)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	5,253,474	5,280,203
Change in:		
Accounts receivable	(129,838)	(104,279)
Due from State College Borough	(1,480,444)	(847,620)
Prepaid expenses	(6,993)	49,608
Compensated absences	(51,336)	(44,153)
Total adjustments	3,584,863	4,333,759
Net cash provided by (used in) operating activities	\$ 2,021,602	\$ 2,546,626
Non-Cash Investing, Capital, and Financing Activities:		
Contributions of developers' system	\$ 211,120	\$ 120,514

See accompanying notes to financial statements.

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies

The University Area Joint Authority (Authority) was formed in 1964 by the Townships of Patton, Ferguson, College, and Harris and was joined by the Borough of State College in 1967, all under the laws of the Commonwealth of Pennsylvania, pursuant to the Municipality Authorities Act of 1945 (Act), as amended. This Act was superseded in 2001 by the Pennsylvania Act 22 of 2001, under which the Authority now duly exists. The Authority was formed for the purpose of financing, constructing, and operating a regional wastewater treatment and disposal facility.

The Patton-Ferguson Joint Authority and College-Harris Joint Authority were formed in 1965 and 1967, respectively, to operate and maintain the sewage collection and transportation systems to the wastewater treatment and disposal facility operated by the Authority. In November 1997, the Authority unified the sewage collection and transportation systems and operations of the Patton-Ferguson Joint Authority and the College-Harris Joint Authority with the consent of the five municipalities.

The Authority is governed by a Board of ten members who are appointed for staggered five-year terms. Each of the five municipalities appoints two Board members. The Authority's activities are controlled by seventeen separate Trust Indentures dated between November 1, 1993 and November 1, 2017. The Authority was in compliance with all significant requirements of the Trust Indentures.

Measurement Focus and Basis of Accounting

The Authority accounts for its activities as an Enterprise Fund that is similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Reporting Entity

The Borough of State College, College Township, Ferguson Township, Harris Township, and Patton Township appoint individuals to the governing Board of the Authority; however, the Authority is not financially accountable or fiscally dependent on the above-named entities. The Authority is a separate entity and has total budgetary approval authority. The Authority is not a component unit of any of the above entities.

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Capital Assets

Capital assets are stated at historical cost, less accumulated depreciation. Developer contributions are recorded at acquisition value. Depreciation is computed on the straight-line method based on the estimated useful lives of the related assets. Routine repairs and maintenance are expensed as incurred.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with original maturities of three months or less to be cash equivalents. For the purpose of the statements of cash flows, cash and cash equivalents include restricted cash and cash equivalents.

Accounts Receivable

Accounts receivable primarily consist of the fourth quarter unbilled sewage charges. There is no allowance for uncollectible accounts at December 31, 2023 and 2022, as all accounts are considered collectible.

Accounts Payable

Accounts payable primarily consist of retainage payable and other payables related to capital expenditures.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statements of net position report a separate section for deferred outflows and inflows of resources. This represents a consumption of net position or acquisition of net position that applies to a future period(s) and so will *not* be recognized as an outflow or inflow of resources (expense or revenue) until then. The Authority has one item that qualifies for reporting in this category, the deferred charge on refunding of debt.

Revenue and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenue represents user fees generated on the operation and maintenance of the regional wastewater treatment and

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

disposal facility. Non-operating revenue and expenses consist of all other revenue and expenses received by the Authority.

Bond Premiums and Discounts

Bond premiums and discounts are amortized over the life of the respective bond issue utilizing the straight-line method. Any unamortized portion of the bond issue premium or discount is reflected as an addition or reduction of the related bond payable.

Refunding Transactions

The excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred charge on refunding on the statements of net position and amortized over the shorter of the term of the refunding issue or refunded bonds.

Risk Management

The Authority maintains insurance coverage for risks of loss from tort actions, workers' compensation, employee life, unemployment, disability, and other potential claims arising from legal actions. There have been no significant reductions in insurance coverage during the years under audit. The insurance coverage is evaluated by the Authority on an annual basis. There are no liabilities for unpaid claims included in these financial statements.

Investments

Investments are recorded at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority's trustee funds include investments in money markets and certificates of deposit.

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Net Position

Accounting standards require the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted - This component of net position consists of restricted assets reduced by liabilities. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The Authority has restricted net position at December 31, 2023 and 2022 of \$10,364,507 and \$14,199,008, respectively. These funds are restricted for unspent bond proceeds to be used for future capital projects.
- Unrestricted - This component of net position is the net amount of the assets, deferred outflows of resources and liabilities that are not included in the determination of net investment in capital assets or the restricted components of net position.

When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Authority's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, and disclosure on contingent asset and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences may be material.

Adopted Pronouncements

The following GASB Statements were adopted for the year ended December 31, 2023: Statement Nos. 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements) and 96 (Subscription-Based Information Technology Arrangements).

These statements had no significant impact on the Authority's financial statements.

Pending Pronouncements

GASB has issued statements that will become effective in future years including 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences), and 102 (Certain Risk Disclosures). Management has not yet determined the impact of these statements on the financial statements.

2. Transactions with the Borough of State College

The Authority provides sewage treatment of wastewater for the Borough of State College. The amounts due from the Borough of State College at December 31, 2023 and 2022 and the treatment billings for the years then ended are summarized below. These billings represent approximately 29 and 28 percent of total operating revenues for the years ended December 31, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Amount due from Borough of State College	<u>\$ 3,348,032</u>	<u>\$ 1,867,588</u>
Treatment billings	<u>\$ 4,845,596</u>	<u>\$ 4,507,341</u>

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

3. Cash, Cash Equivalents, and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. Statutes do not prescribe regulations related to demand deposits; however, they do allow pooling of governmental funds for investment purposes. The deposit and investment policy of the Authority adheres to state statutes and related trust indentures. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Authority.

The following is a description of the Authority's deposit and investment risks:

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk. As of December 31, 2023, \$175,153 of the Authority's bank balance of \$425,153 was exposed to custodial credit risk, and as of December 31, 2022, \$346,176 of the Authority's bank balance of \$596,176 was exposed to custodial credit risk. These funds are collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have carrying amounts of \$291,438 and \$254,005 as of December 31, 2023 and 2022, respectively.

In addition to the deposits noted above, included as cash and cash equivalents on the statements of net position are short-term investments of \$10,675 and \$10,161 at December 31, 2023 and 2022, respectively, invested in Pennsylvania Local Government Investment Trust (PLGIT).

The Authority's trustee accounts have a carrying amount and a fair value of \$18,955,600 at December 31, 2023, and a carrying amount and a fair value of \$25,380,846 at December 31, 2022. At December 31, 2023 and 2022, the entire balance of the trustee funds was invested in money market funds and certificates of deposit.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities of the money market and PLGIT investments are daily.

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Credit Risk - The Authority has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2023 and 2022, the Authority's investment in money markets and PLGIT were rated AAA by Standard & Poor's.

Concentration of Credit Risk – Management and the Board of Directors place no limit on the amount the Authority may invest in any one issuer.

4. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2023 is as follows:

	January 1, 2023	Additions/ Transfers	Deletions/ Transfers	December 31, 2023
Capital Assets:				
Not being depreciated:				
Land	\$ 3,711,928	\$ -	\$ -	\$ 3,711,928
Construction in progress	4,864,798	3,804,339	(964,201)	7,704,936
Total not being depreciated	8,576,726	3,804,339	(964,201)	11,416,864
Being depreciated:				
Administrative	652,610	-	-	652,610
Vehicles	4,003,884	76,905	-	4,080,789
Collection and treatment plant	192,559,230	1,628,228	(556,771)	193,630,687
Total being depreciated	197,215,724	1,705,133	(556,771)	198,364,086
Accumulated depreciation	(113,526,104)	(5,253,474)	529,781	(118,249,797)
Net being depreciated	83,689,620	(3,548,341)	(26,990)	80,114,289
Total capital assets, net of depreciation	\$ 92,266,346	\$ 255,998	\$ (991,191)	\$ 91,531,153

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

A summary of changes in capital assets for the year ended December 31, 2022 is as follows:

	January 1, 2022	Additions/ Transfers	Deletions/ Transfers	December 31, 2022
Capital Assets:				
Not being depreciated:				
Land	\$ 3,711,928	\$ -	\$ -	\$ 3,711,928
Construction in progress	1,221,803	3,924,181	(281,186)	4,864,798
Total not being depreciated	4,933,731	3,924,181	(281,186)	8,576,726
Being depreciated:				
Administrative	652,610	-	-	652,610
Vehicles	3,417,478	586,406	-	4,003,884
Collection and treatment plant	192,010,315	548,915	-	192,559,230
Total being depreciated	196,080,403	1,135,321	-	197,215,724
Accumulated depreciation	(108,245,901)	(5,280,203)	-	(113,526,104)
Net being depreciated	87,834,502	(4,144,882)	-	83,689,620
Total capital assets, net of depreciation	\$ 92,768,233	\$ (220,701)	\$ (281,186)	\$ 92,266,346

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

5. Long-Term Debt

Line of Credit – Direct Borrowing

The Authority has a \$391,132 line of credit available with First Citizens Community Bank. There was no outstanding balance at December 31, 2023 and 2022. During 2023 and 2022, no draws were made on the line of credit.

The Authority has a \$750,000 line of credit available with First National Bank. There was no outstanding balance at December 31, 2023 and 2022. During 2023 and 2022, no draws were made on the line of credit. As of December 2023, this line of credit was closed.

Revenue Bonds

In February 2016, the Authority issued \$6,580,000 in 2016 Series Sewer Revenue Bonds, with interest rates ranging from 2.000% to 2.37% to currently refund \$6,215,000 of 2010A Series Sewer Revenue Bonds. During 2021, these bonds were refunded by the issuance of the 2021A Series Sewer Revenue Bonds.

The deferred charge on refunding from this transaction was \$77,886 and was being amortized through 2028.

In February 2017, the Authority issued \$8,900,000 in 2017 Series Sewer Revenue Bonds, with interest rates ranging from 2.00% to 3.37% to fund various capital projects. During 2022, these bonds were refunded by the issuance of the 2022 Series Sewer Revenue Bonds.

In August 2017, the Authority issued \$5,293,000 in 2017A Series Sewer Revenue Bonds, with interest rates ranging from 1.98% to 2.23% to currently refund the 2011A Series Sewer Revenue Bonds.

In October 2017, the Authority issued \$20,680,000 in 2017B Series Sewer Revenue Bonds, with interest rates ranging from 3.00% to 5.00% to currently refund the 2014 Series Sewer Revenue Bonds.

The deferred charge on refunding from this transaction was \$4,113,728 and will be amortized through 2028. This deferred refunding charge is included as a deferred outflow of resources on the statements of net position.

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

In October 2017, the Authority issued \$3,865,000 in 2017C Series Sewer Revenue Federally Taxable Bonds, with interest rates ranging from 1.65% to 2.20% to terminate the fixed payor swap associated with the 2014 Series Sewer Revenue Bonds.

In April 2018, the Authority issued \$13,450,000 in 2018 Series Sewer Revenue Bonds, with interest rates ranging from 3.00% to 3.12% to fund various capital projects.

In February 2020, the Authority issued \$9,675,000 in 2020 Series Sewer Revenue Bonds, with interest rates ranging from 1.05% to 4.00% to currently refund the 2015 Series Sewer Revenue Bonds.

In December 2020, the Authority issued \$9,545,000 in 2020A Series Sewer Revenue Bonds, with an interest rate of 2.00% to fund various capital projects.

In February 2021, the Authority issued \$8,850,000 in 2021 Series Sewer Revenue Bonds, with an interest rate of 3.00% to fund various capital projects.

In March 2021, the Authority issued \$6,515,000 in 2021A Series Sewer Revenue Bonds, with interest rates ranging from 1.25% to 2.00% to currently refund the 2016 Series Sewer Revenue Bonds.

The deferred charge on refunding from this transaction was \$97,604 and will be amortized through 2028. This deferred refunding charge is included as a deferred outflow of resources on the statements of net position.

In March 2022, the Authority issued \$9,000,000 in 2022 Series Sewer Revenue Bonds, with interest rate of 2.04% to currently refund the 2017 Series Sewer Revenue Bonds.

The bonds contain a provision that in the event of default, the Trustee may declare, upon the written request of holders of 25% or more in aggregate principal amount of the outstanding bonds, that outstanding principal of all bonds, if not due and payable, and any accrued interest shall be due and payable immediately.

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

A summary of changes in long-term debt for the year ended December 31, 2023 is as follows:

Long-Term Debt	Original Issue	Date of Final Maturity	Interest Rate	Balance January 1, 2023	Issued	Retired	Balance December 31, 2023
Revenue bonds:							
2015	9,995,000	11/1/2028	Variable	\$ 315,000	\$ -	\$ -	\$ 315,000
2017A	5,293,000	11/1/2026	1.98 - 2.227%	2,505,000	-	596,000	1,909,000
2017B	20,680,000	11/1/2028	3.00 - 5.00 %	12,770,000	-	2,810,000	9,960,000
2018	13,450,000	11/1/2032	3.00 - 3.125%	13,450,000	-	-	13,450,000
2020	9,675,000	11/1/2028	1.05 - 4.00%	8,980,000	-	675,000	8,305,000
2020A	9,545,000	11/1/2034	2.00%	9,545,000	-	-	9,545,000
2021	8,850,000	11/1/2035	3.00%	8,850,000	-	-	8,850,000
2021A	6,515,000	11/1/2028	1.25 - 2.00%	5,650,000	-	495,000	5,155,000
2022	9,000,000	10/1/2029	2.04%	<u>9,000,000</u>	<u>-</u>	<u>-</u>	<u>9,000,000</u>
Total long-term debt				<u>\$ 71,065,000</u>	<u>\$ -</u>	<u>\$ 4,576,000</u>	66,489,000
Less: current portion							<u>(4,864,500)</u>
Long-term portion							<u>61,624,500</u>
Plus: Unamortized bond premium							2,620,250
Less: Unamortized bond discount							<u>(144,590)</u>
Long-term notes and bonds payable, net							<u>\$ 64,100,160</u>

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

A summary of changes in long-term debt for the year ended December 31, 2022 is as follows:

Long-Term Debt	Original Issue	Date of Final Maturity	Interest Rate	Balance January 1, 2022	Issued	Retired	Balance December 31, 2022
Revenue bonds:							
2015	9,995,000	11/1/2028	Variable	\$ 315,000	\$ -	\$ -	\$ 315,000
2017	8,900,000	11/1/2030	2.00% - 3.375%	8,800,000	-	8,800,000	-
2017A	5,293,000	11/1/2026	1.98 - 2.227%	3,066,000	-	561,000	2,505,000
2017B	20,680,000	11/1/2028	3.00 - 5.00 %	15,450,000	-	2,680,000	12,770,000
2018	13,450,000	11/1/2032	3.00 - 3.125%	13,450,000	-	-	13,450,000
2020	9,675,000	11/1/2028	1.05 - 4.00%	9,635,000	-	655,000	8,980,000
2020A	9,545,000	11/1/2034	2.00%	9,545,000	-	-	9,545,000
2021	8,850,000	11/1/2035	3.00%	8,850,000	-	-	8,850,000
2021A	6,515,000	11/1/2028	1.25 - 2.00%	6,155,000	-	505,000	5,650,000
2022	9,000,000	10/1/2029	2.04%	-	9,000,000	-	9,000,000
Total long-term debt				<u>\$ 75,266,000</u>	<u>\$ 9,000,000</u>	<u>\$ 13,201,000</u>	71,065,000
Less: current portion							<u>(4,576,000)</u>
Long-term portion							<u>66,489,000</u>
Plus: Unamortized bond premium							3,144,143
Less: Unamortized bond discount							<u>(160,081)</u>
Long-term notes and bonds payable, net							<u>\$ 69,473,062</u>

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

The annual debt service requirements to maturity on the long-term debt, including principal and interest at December 31, 2023 are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 4,864,500	\$ 1,996,724	\$ 6,861,224
2025	5,015,000	1,814,751	6,829,751
2026	5,234,500	1,609,166	6,843,666
2027	5,465,000	1,410,145	6,875,145
2028	5,575,000	1,297,745	6,872,745
2029-2033	30,310,000	12,276,264	42,586,264
2034-2035	10,025,000	393,550	10,418,550
Total	<u>\$ 66,489,000</u>	<u>\$ 20,798,345</u>	<u>\$ 87,287,345</u>

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

6. Compensated Absences

Full-time permanent employees are granted vacation and personal leave benefits in varying amounts to specified maximums in accordance with the Authority's policy. Employees are entitled to all accrued vacation and personal leave balances at termination. Full-time permanent employees can accrue sick leave to specified maximums. Employees who retire from the Authority are entitled to a percentage of their accrued sick leave balance as cash payments or can convert their entitlement into extended healthcare coverage on a full-month basis.

The estimated amounts of vested vacation, personal leave, and sick benefits incurred during the year are included in employee benefits expenses. The estimated liability is reported as compensated absences in the accompanying statements of net position.

Changes to the compensated absences liability were as follows during the year ended December 31, 2023:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>\$ 968,538</u>	<u>\$ 383,233</u>	<u>\$ 434,569</u>	<u>\$ 917,202</u>

Changes to the compensated absences liability were as follows during the year ended December 31, 2022:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>\$ 1,012,691</u>	<u>\$ 504,798</u>	<u>\$ 548,951</u>	<u>\$ 968,538</u>

7. Pension Plan

The Authority has a contributory defined contribution pension plan (plan) administered by ICMA Retirement Corporation covering all full-time employees with six months of continuous employment and who have attained 21 years of age. Employees become 50% vested after being with the plan for one year. The vesting percentage increases 5% per year until the fifth year. Employees are 80% vested after six years and fully vested after seven years. The Authority contributes 10% of the employee's base salary for management and

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

non-union employees and 5% for union employees. Union employees are required to contribute 5% of their base salary. Effective July 1, 2022, employees are able to contribute an additional 2.5%. Management and non-union employees have no contribution requirements. Terms of the plan were established and may be amended by the Authority's Board of Directors. Employer contributions were \$327,631 and \$281,620 for the years ended December 31, 2023 and 2022, respectively.

8. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan (plan) administered by the ICMA Retirement Corporation and created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

As a result of legislative changes, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property rights of the Authority, subject only to the claims of the Authority's general creditors. As a result, the deferred compensation investments are not reported in the Authority's financial statements. Employee contributions for the years ended December 31, 2023 and 2022 were \$50,215 and \$60,427, respectively

9. Agreement with Employees

The Authority is a party to a collective bargaining agreement with Council 83, American Federation of State, County, and Municipal Employees, AFL-CIO, under the provisions of Act 195 of the Pennsylvania Legislature. The agreement establishes rates of pay, hours of work, procedures for resolution of differences, and other conditions of employment. The agreement was renegotiated in 2022 and is effective from July 1, 2022 to June 30, 2026.

UNIVERSITY AREA JOINT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

10. Commitment

In February 2017, the Authority entered into a series of agreements with a third party to construct and operate a solar array and battery energy storage system. The third party constructed and owns the system. The Authority is responsible for operating, maintaining, and repairing the system. The agreements cover a 30-year term, with options for the Authority to purchase the system at the end of years 6 and 10 for the fair market value of the system as determined by an independent appraiser. The Authority has committed to purchase 100% of metered energy produced by the system at rates starting at 9 cents per kilowatt hour from 2018-2020, 15 cents per kilowatt hour in 2021; then increasing 1.0% annually from 2022-2027 and 1.2% annually from 2028-2047.

The Authority is committed to construction contracts for the plant upgrade and odor control capital projects. The commitments as of December 31, 2023 totaled approximately \$5.22 million.

11. Subsequent Events

In March 2024, the Authority issued \$42,765,000 in 2024 Series Sewer Revenue Bonds, with an interest rate of 4.2% to fund various capital projects. The bonds are set to mature in November 2049.

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SUPPLEMENTARY INFORMATION

UNIVERSITY AREA JOINT AUTHORITY

SUPPLEMENTARY SCHEDULE I GENERAL AND ADMINISTRATIVE EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Salaries and wages	\$ 683,221	\$ 708,780
Payroll taxes	72,074	69,308
Employee benefits	514,365	514,966
Supplies and postage	70,536	56,146
Contractual services	89,711	66,051
Repairs and maintenance	78,184	62,275
Utilities	197,019	272,868
Employee provisions	70,573	73,185
Legal and accounting	137,409	108,436
Insurance	406,658	365,641
Miscellaneous	333,823	230,864
	<u>\$ 2,653,573</u>	<u>\$ 2,528,520</u>

UNIVERSITY AREA JOINT AUTHORITY

SUPPLEMENTARY SCHEDULE II COMPARATIVE ANALYSIS OF WASTEWATER TREATMENT PLANT EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<u>Laboratory:</u>		
Salaries and wages	\$ 290,652	\$ 196,880
Payroll taxes	20,133	16,116
Employee benefits	63,246	50,775
Supplies	38,382	26,824
Repairs and maintenance	5,302	6,936
Subtotal	417,715	297,531
<u>Physical Plant:</u>		
Salaries and wages	536,241	514,599
Payroll taxes	42,575	41,212
Employee benefits	160,976	139,401
Supplies	91,764	76,034
Contractual services	32,727	18,624
Repairs and maintenance	583,063	529,334
Subtotal	1,447,346	1,319,204
<u>Industrial Pre-treatment Program:</u>		
Salaries and wages	92,698	72,895
Payroll taxes	7,149	5,575
Employee benefits	28,099	22,087
Contractual services	-	50
Repairs and maintenance	-	888
Subtotal	127,946	101,495
<u>Beneficial Reuse:</u>		
Salaries and wages	46,423	28,028
Payroll taxes	3,551	2,144
Employee benefits	13,189	9,934
Supplies	577,891	638,177
Utilities	171,839	135,271
Contractual services	79,767	72,555
Repairs and maintenance	221,429	229,803
Subtotal	1,114,089	1,115,912

(Continued)

UNIVERSITY AREA JOINT AUTHORITY

SUPPLEMENTARY SCHEDULE II COMPARATIVE ANALYSIS OF WASTEWATER TREATMENT PLANT EXPENSES

(Continued)

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<u>Dewatering:</u>		
Salaries and wages	178,593	148,090
Payroll taxes	14,154	12,728
Employee benefits	72,617	58,547
Supplies	78,105	98,571
Repairs and maintenance	72,974	207,528
Utilities	78,108	61,487
Subtotal	494,551	586,951
<u>Compost:</u>		
Salaries and wages	275,093	329,892
Payroll taxes	21,804	26,640
Employee benefits	87,466	64,766
Supplies	157,467	93,687
Contractual services	-	18,262
Repairs and maintenance	64,763	103,562
Utilities	308,695	319,762
Miscellaneous	32,112	4,922
Subtotal	947,400	961,493
<u>Treatment Operations:</u>		
Salaries and wages	839,889	785,071
Payroll taxes	65,543	60,880
Employee benefits	232,546	250,081
Supplies	502,942	771,497
Contractual services	716,969	340,013
Utilities	813,695	740,076
Miscellaneous	235,172	12,425
Subtotal	3,412,005	2,960,043
Total wastewater treatment plant expenses	\$ 7,961,052	\$ 7,342,629

(Concluded)

UNIVERSITY AREA JOINT AUTHORITY

SUPPLEMENTARY SCHEDULE III COMPARATIVE ANALYSIS OF COLLECTION EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Inspection:</u>		
Salaries and wages	\$ 358,539	\$ 386,268
Payroll taxes	28,962	27,536
Employee benefits	98,634	77,493
Supplies	2,090	4,074
Repairs and maintenance	7,864	8,694
Subtotal	<u>496,089</u>	<u>504,065</u>
<u>Pump Station:</u>		
Supplies	1,638	1,685
Repairs and maintenance	66,304	55,244
Utilities	47,843	52,331
Subtotal	<u>115,785</u>	<u>109,260</u>
<u>Maintenance:</u>		
Salaries and wages	1,207,497	1,254,896
Payroll taxes	95,160	94,203
Employee benefits	377,901	403,473
Supplies	17,670	16,980
Repairs and maintenance	236,060	268,654
Subtotal	<u>1,934,288</u>	<u>2,038,206</u>
Total collection expenses	<u>\$ 2,546,162</u>	<u>\$ 2,651,531</u>

UNIVERSITY AREA JOINT AUTHORITY

SUPPLEMENTARY SCHEDULE IV COMPARATIVE ANALYSIS OF TRUSTEE FUNDS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<u>Trustee Funds - unrestricted:</u>		
Revenue Fund	\$ 2,563,455	\$ 1,687,481
Bond Redemption and Improvement Fund	1,883,039	2,356,895
Total unrestricted funds	\$ 4,446,494	\$ 4,044,376
<u>Trustee Funds - restricted for debt service operating reserve:</u>		
Debt Service Reserve Fund	\$ 3,827,527	\$ 6,697,580
Debt Service Fund - 2015	240	239
Debt Service Fund - 2017A	312	309
Debt Service Fund - 2017B&C	821	805
Debt Service Fund - 2018	167	164
Debt Service Fund - 2020	6,538	6,534
2020A Capitalized Interest	-	67,900
Debt Service Fund - 2020	4	3
Debt Service Fund - 2021	5	3
2021 Capitalized Interest	-	54,601
Debt Service Fund - 2021	1,017	1,017
Operating Expense Reserve Fund	307,968	308,307
Total restricted for debt service	\$ 4,144,599	\$ 7,137,462
<u>Trustee Funds - restricted for capital projects:</u>		
Construction Fund - 2020A	\$ 1,544,676	\$ 5,379,618
Construction Fund - 2021	8,819,831	8,819,390
Total restricted for capital projects	\$ 10,364,507	\$ 14,199,008

APPENDIX E
Specimen Municipal Bond Insurance Policy

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BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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APPENDIX F
Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by University Area Joint Authority (the “Authority”), in connection with the issuance of its Sewer Revenue Bonds – Series of 2025, dated as of _____, 2025, in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds are being issued under and pursuant to a resolution duly adopted by the Board of the Authority on January 15, 2025 (the “Resolution”), and a Trust Indenture, dated as of November 1, 1993, as amended and supplemented from time to time, including by a Twenty-Fifth Supplemental Indenture, dated as of the date of issuance of the Bonds (collectively, the “Original Indenture”), under which U. S. Bank Trust Company, National Association (the “Trustee”), serves as successor trustee. The Original Indenture is being amended and restated in its entirety effective the date hereof pursuant to an Amended and Restated Trust Indenture, under which the Trustee serves as trustee (the “Indenture”). The Authority makes the following certifications and representations as an inducement to the Participating Underwriter and others to purchase the Bonds.

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders or beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution and the Indenture, which apply to any capitalized term or phrase used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to and described in Sections 3 and 4 of this Disclosure Certificate.

“Business Day” shall mean a day other than a Saturday, a Sunday, or a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized by law or executive order to be closed.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system or its successor.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any successor.

“Official Statement” shall mean the final official statement relating to the Bonds under consideration prepared by or on behalf of the Authority and distributed in connection with the offering and sale of the Bonds by the Participating Underwriter.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports. (a) The Authority shall, no later than 275 days following the end of each fiscal year of the Authority, beginning with the fiscal year ending December 31, 2024, provide to the MSRB through EMMA at <http://www.emma.msrb.org/> an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, may cross-reference other information as provided in Section 4 of this Disclosure Certificate and at one time or in part from time to time.

If the Authority is unable to provide to the MSRB an Annual Report by the date required in the preceding paragraph, the Authority shall send or cause to be sent to the MSRB in a timely manner on or before the 275-day deadline specified above, a notice stating in substance that the Authority has not provided an Annual Report as required by this Section 3 and the date that the Authority anticipates filing the Annual Report.

SECTION 4. Content of Annual Reports. The Authority’s Annual Report shall contain or incorporate by reference the following financial information and operating data with respect to the Authority:

- the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards or mandated Commonwealth statutory principles;
- a summary of the budget for the current fiscal year; and
- an update of the tabular information of the type contained in the Official Statement under the heading “**DEBT SERVICE REQUIREMENTS – Debt Service Coverage**” and in Appendix A under the headings “**THE SEWAGE DISPOSAL SYSTEM**” – “**Equivalent Dwelling Units (EDU’s)**”, - “**Equivalent Dwelling Units “New” Connections**”, - “**Largest Customers by EDU**”, - “**Sewage Disposal Rental Rates – EDU RENTAL RATE (PER 1,000 GALLONS)**”, - “**Sewage Disposal Rental Rates – BULK TREATMENT RATES PER MILLION GALLONS TREATED**”, and - “**Sewage Disposal Rental Rates – TAPPING FEES**” to the extent such information is not included in the annual financial information listed above.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each other document so incorporated by reference.

The Authority reserves the right to modify from time to time specific items of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be undertaken in a manner consistent with the Rule.

SECTION 5. Reporting of Significant Events. The Authority will, in a timely manner, not in excess of ten business days after the occurrence of an event file, unless otherwise required by the MSRB, with EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of Bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (m) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or other change of the name of a trustee, if material; and

- (o) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties.

The Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Authority, such other event is material with respect to the Bonds, but the Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

SECTION 6. Dissemination Agent. The Authority may, at any time and from time to time, appoint or engage another person (the “Dissemination Agent”) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor, and without notice to holders of the Bonds.

SECTION 7. Termination of Disclosure Obligation. The Authority’s obligations under this Disclosure Certificate shall terminate at such time as the Authority is no longer an “obligated person” with respect to the Bonds, as such phrase is defined in the Rule, upon a legal defeasance of the Bonds, their prior redemption or payment in full of such Bonds.

SECTION 8. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Participating Underwriters, Build America Mutual Assurance Company, bond insurer with respect to the Bonds, and holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

SECTION 10. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 11. Format; Identifying Information. All documents provided to the MSRB through EMMA pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Authority causes this Continuing Disclosure Certificate to be executed on its behalf by its Chairman or Vice Chairman, all as of the date set forth above.

UNIVERSITY AREA JOINT AUTHORITY

By: _____
Chairman