

TOWNSHIP OF SCHUYLKILL

Schuylkill County, Pennsylvania

ORDINANCE NO. ____

3-2014

AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF SCHUYLKILL AUTHORIZING AND DIRECTING ISSUANCE OF A GENERAL OBLIGATION NOTE OF THIS TOWNSHIP, IN THE PRINCIPAL AMOUNT OF \$300,000, FOR THE PURPOSE OF REFUNDING THIS TOWNSHIP'S OUTSTANDING GENERAL OBLIGATION BOND, SERIES OF 2006; DETERMINING THAT SAID NOTE SHALL BE SOLD AT NEGOTIATED SALE; DETERMINING THAT SUCH DEBT SHALL BE NONELECTORAL DEBT OF THIS TOWNSHIP; ACCEPTING A PROPOSAL FOR PURCHASE OF SAID NOTE; PROVIDING THAT SUCH NOTE, WHEN ISSUED, SHALL BE A GENERAL OBLIGATION OF THIS TOWNSHIP; FIXING THE SUBSTANTIAL FORM AND TAX FREE PROVISIONS OF SAID NOTE; AUTHORIZING EXECUTION AND ATTESTATION OF SAID NOTE; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SAID NOTE AS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT AND THE PENNSYLVANIA CONSTITUTION AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SAID NOTE AS REQUIRED BY SUCH ACT; APPOINTING A SINKING FUND DEPOSITORY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT OF ALL OBLIGATIONS OF SAID NOTE WHEN DUE; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THIS TOWNSHIP TO DO AND PERFORM CERTAIN SPECIFIED, REQUIRED OR APPROPRIATE ACTS AND THINGS; DECLARING THAT THE DEBT TO BE INCURRED IS WITHIN THE LIMITATION IMPOSED BY SUCH ACT UPON THE INCURRING OF SUCH DEBT BY THIS TOWNSHIP; SETTING FORTH CERTAIN COVENANTS RELATING TO THE NON ARBITRAGE STATUS OF SAID

NOTE; DESIGNATING SAID NOTE AS A QUALIFIED TAX-EXEMPT OBLIGATION UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; SETTING FORTH CERTAIN COVENANTS RELATED TO PROVISIONS FOR THE PREPAYMENT OF THE OUTSTANDING BALANCE OF THE GENERAL OBLIGATION BOND, SERIES OF 2006 OF THIS TOWNSHIP; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith; AND PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE.

WHEREAS, The Township of Schuylkill, Schuylkill County, Pennsylvania (the "Township"), is a municipality (Township of the Second Class) existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is a Local Government Unit, as defined in the Local Government Unit Debt Act, as amended, 53 Pa. C.S. Chs. 80-82 (the "Act"), of the Commonwealth; and

WHEREAS, The Board of Supervisors of this Township heretofore issued its General Obligation Bond, Series of 2006, dated September 7, 2006, in the principal amount of \$400,000 (the "Series of 2006 Bond"), in accordance with provisions of the Act, the proceeds of which were applied for and toward payment of costs of financing, constructing, repairing and improving streets and roads of the Township (the "Project"); and

WHEREAS, This Board of Supervisors of this Township has determined to refund the outstanding principal balance of the Series of 2006 Bond in order to substitute a note for a bond (the "Refunding Project"); and

WHEREAS, The Board of Supervisors of this Township has determined to issue its general obligation note, to be sold at negotiated sale pursuant to the Act, to be designated as General Obligation Note, Series of 2014, to be dated as of the date of delivery, in the principal amount of \$300,000 (the "Note"), with proceeds from sale thereof, together with other legally available funds of this Township, to be applied for and towards paying costs and expenses of the Refunding Project and costs and expenses of issuance of the Note; and

WHEREAS, Mauch Chunk Trust Company (the "Bank") has submitted a bid for purchase of the Note; and such bid has been opened, read and considered as required by the Act; and

WHEREAS, The Board of Supervisors of this Township desires to accept the bid of the Bank, to award the Note to the Bank and to incur nonelectoral debt, in the principal amount of \$300,000, pursuant to provisions of the Act.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of Supervisors of the Township of Schuylkill, Schuylkill County, Pennsylvania, as follows:

Section 1. The Board of Supervisors of this Township hereby determines that the Note shall be sold at negotiated sale and hereby determines that negotiated sale of the Note is in the best financial interest of this Township.

Section 2. The Board of Supervisors of this Township does authorize and direct the issuance of a general obligation note of this Township, pursuant to this Ordinance, in the principal amount of \$300,000, to be dated as of the date of delivery thereof and to be designated generally as "General Obligation Note, Series of 2014", in accordance with the Act, to provide funds to be applied, together with other legally available funds of this Township, for and toward paying costs and expenses of the Refunding Project and paying costs and expenses of issuance of the Note. The purpose of the Refunding Project is to substitute a note for a bond. This Township agrees to contribute from legally available funds the amount required to complete the Refunding Project after application of available proceeds of the Note.

Section 3. The Board of Supervisors of this Township determines that the debt, of which the Note shall be evidence, to be incurred pursuant to this Ordinance, shall be nonelectoral debt of this Township.

Section 4. A realistic estimate of the estimated remaining useful life of the Project is specified to be not less than 11 years.

Section 5. The Board of Supervisors of this Township accepts the bid of the Bank to purchase the Note and the Note is awarded to the Bank, in accordance with terms and conditions of its bid, at a dollar price of \$300,000 (100% of the principal amount of the Note), the Bank having submitted such bid in accordance with provisions of the Act.

Section 6. The Note, when issued, will be a general obligation note of this Township.

Section 7. The Note shall be fully registrable as to principal and interest, shall be in the principal amount of \$300,000, shall be dated as of the date of delivery thereof, shall mature finally on October 15, 2024, and shall bear interest on the principal amount thereof from time to time outstanding, at the tax free bank qualified rate of 3.35% per annum, payable initially on November 15, 2014, and thereafter monthly on the fifteenth day of each month, beginning December 15, 2014, until final maturity on October 15, 2024, or until prepaid in full.

Section 8. Monthly payment of installments of principal payable on the Note shall be due on the fifteenth day of each month, beginning November 15, 2014, until final maturity or until prepaid in full, as set forth in Exhibit A attached to the form of Note set forth in Section 10 hereof.

Installments of principal on the Note are subject to prepayment prior to the respective due dates thereof, at the option of this Township, as a whole or, from time to time, in part, on any date, in any amount, without payment of premium or penalty.

Section 9. The principal of and interest on the Note shall be payable at the principal office of the Bank in the Borough of Mauch Chunk, Pennsylvania, or at any other designated office of the Bank, in lawful moneys of the United States of America.

Section 10. The form of the Note shall be substantially as follows, with appropriate insertions and variations:

(FORM OF GENERAL OBLIGATION NOTE)

REGISTERED
\$300,000

REGISTERED
\$300,000

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF SCHUYLKILL
TOWNSHIP OF SCHUYLKILL
GENERAL OBLIGATION NOTE, SERIES OF 2014

The TOWNSHIP OF SCHUYLKILL, Schuylkill County, Pennsylvania (the "Township"), a municipality existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby acknowledges itself indebted and promises to pay to MAUCH CHUNK TRUST COMPANY (the "Bank") or its successors or assigns, the registered owner hereof, the principal sum of THREE HUNDRED THOUSAND DOLLARS (\$300,000), plus interest on the unpaid principal balance hereof at the tax free bank qualified rate of 3.35% per annum, calculated on a 30/360 day year basis, with installments of principal and applicable interest thereon to be payable in monthly installments as set forth in Exhibit A attached hereto and thereby made a part hereof, payable on the fifteenth day of each month, beginning November 15, 2014, to and including final maturity on October 15, 2024, or until prepaid in full, so as to amortize the principal sum hereof on a level basis as shown on Exhibit A hereto.

Payments of principal hereof, in whole or in part, and of interest hereon shall be made in any coin or currency of the United States of America which, at time of payment, shall be legal tender for payment of public and private debts, at the principal office of the Bank in the Borough of Mauch Chunk, Pennsylvania, or at any other designated office of the Bank. In the event the Township shall have deposited with the Bank moneys for payment of principal or interest with respect hereto for application for such purposes on the next succeeding principal and interest payment date, such moneys conclusively shall be deemed to have been applied for such purposes, as appropriate, as of such next succeeding principal or interest payment date, by the Bank.

This Note is issued in accordance with provisions of the Act of the General Assembly of the Commonwealth, known as the Local Government Unit Debt Act, as amended, 53 Pa. C.S. Chs. 80-82 (the "Act"), and by virtue of a duly enacted Ordinance (the "Ordinance") of the Board of Supervisors of the Township. The Act, as such shall have been in effect when this Note was authorized, and the Ordinance shall constitute a contract between the Township and the Bank, as registered owner, of this Note.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as

required by law; and (ii) the debt represented by this Note, together with any other indebtedness of the Township, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Township.

The Township has covenanted, in the Ordinance, with the Bank, as registered owner of this Note, that the Township shall include the amount of the debt service, for each fiscal year of the Township in which such sums are payable, in its budget for that year, shall appropriate such amounts to the payment of such debt service and duly and punctually shall pay or shall cause to be paid the principal hereof and the interest hereon at the dates and place and in the manner stated herein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the Township has pledged and does pledge, irrevocably, its full faith, credit and taxing power. The Act provides that the foregoing covenant of the Township shall be enforceable specifically.

The Township, in the Ordinance, has established a sinking fund with the Bank, as the sinking fund depository, into which funds for the payment of the principal of and the interest on this Note shall be deposited not later than the date fixed for the disbursement thereof. The Township has covenanted, in the Ordinance, to make payments out of such sinking fund or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of this Note.

Installments of principal hereof are subject to prepayment prior to the respective due dates thereof, at the option of the Township, as a whole or, from time to time, in part, on any date, in any amount, without payment of premium or penalty.

The Township has designated under and for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, to qualify this Note as a "qualified tax-exempt obligation", as such phrase is defined in Section 265(b)(3)(B) of such Code.

IN WITNESS WHEREOF, the Township of Schuylkill, Schuylkill County, Pennsylvania, as provided by the Act and in the Ordinance, has caused this Note to be executed in its name and in its behalf by the Chairman of its Board of Supervisors and the official seal of the Township to be affixed hereunto and attested by its Secretary, all as of the day of October, 2014.

TOWNSHIP OF SCHUYLKILL,
Schuylkill County, Pennsylvania

ATTEST:

By: 

Chairman of Board
of Supervisors


Secretary

(SEAL)