

TOWNSHIP OF HARFORD
(Susquehanna County, Pennsylvania)

ORDINANCE NO. 45 OF 2012

DECLARING THAT THE EXECUTION BY THE TOWNSHIP OF NOTES BETWEEN THE TOWNSHIP AND PEOPLES NEIGHBORHOOD BANK (THE "BANK"), WHEREBY THE TOWNSHIP WILL EXECUTE AND DELIVER: (A) A NOTE IN AN AMOUNT NOT TO EXCEED \$150,000.00 TO THE BANK TO FINANCE REPAIRS TO THE SEWAGE COLLECTION AND TREATMENT SYSTEM (THE "2012 PROJECT"); AND (B) A NOTE IN THE AMOUNT OF \$647,072.00 TO FINANCE THE REFUNDING OF AN EXISTING LOAN TO THE BANK (THE "2012 REFUNDING"), EACH CONTAINING A COVENANT BY THE TOWNSHIP TO THE BANK TO PAY THE SAME FROM SEWER REVENUES OF THE TOWNSHIP TO THE EXTENT PERMITTED BY LAW, DECLARING THAT THIS IS A PROJECT FOR WHICH THE TOWNSHIP WILL INCUR NONELECTORAL DEBT UNDER THE PROVISIONS OF THE LOCAL GOVERNMENT UNIT DEBT ACT; - DETERMINING THAT THE TOWNSHIP WILL INCUR NONELECTORAL DEBT IN RESPECT OF THE 2012 PROJECT AND THE REFUNDING IN AN AMOUNT NOT TO EXCEED \$797,072.00, TO BE EVIDENCED BY THE SAID NOTES; AUTHORIZING AND DIRECTING CERTAIN TOWNSHIP OFFICERS TO PREPARE THE DEBT STATEMENT REQUIRED BY SECTION 8110 OF THE SAID DEBT ACT AND A BORROWING BASE CERTIFICATE; APPROVING THE FORM OF NOTES; STATING THE AMOUNTS PAYABLE UNDER THE NOTES AND THE SOURCES OF PAYMENT; COVENANTING TO COLLECT AND PAY THE AMOUNTS DUE UNDER THE NOTES; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL OTHER AGREEMENTS AND THE TAKING OF ALL OTHER ACTIONS REQUIRED; ESTABLISHING HOW THE NOTES WERE AWARDED; AND REPEALING INCONSISTENT ORDINANCES AND RESOLUTIONS.

Whereas, the Township has declared repairs to the Sewage Collection and Treatment System to be a project to be undertaken by the Township (the "**2012 PROJECT**"); and

Whereas, the Township has declared the refunding of the existing construction loan for the sewage collection and treatment system to be in the Township's best interest, in that total debt service for this obligation will be reduced over the term of the 2012 Refunding Note (the "**2012 Refunding**"); and

Whereas, the Township has received preliminary realistic cost estimates from professional consultants indicating the sum of \$150,000.00 will be needed to complete the 2012 Project; and

Whereas, the Township has determined to undertake the 2012 Project, and the 2012 Refunding and to pay the total costs of the 2012 Project and the 2012 Refunding as finally determined, by the execution and delivery to the Bank of the Township's notes in a total principal amount not to exceed \$797,000.00 (the "**Bank Notes**"), pursuant to the terms certain loan commitments issued by the Bank to the Township under date of May 11, 2012 and May 30, 2012 (the "**Loan Commitments**"), copies of which are attached hereto as Exhibits "A" and "B", for loans in amounts not to exceed \$150,000.00 and \$647,072.00, respectively (the "**Bank Loans**"), as will appear by the copies of the Loan Commitments which are filed with the records of the Township in its office; and

Whereas, under the provisions of the Loan Commitments, the Township will be required to execute and deliver the Bank Notes to the Bank, whereby the Township will guarantee to the Bank the payment of debt service on the Bank Notes and all other sums at any time due and owing to the Bank under the Bank Notes and the other documents executed by the Township to evidence and secure the Bank Loans out of Sewer Revenues and pledge the Sewer Revenues to the Bank (collectively, the "**Loan Documents**"); and

Whereas, the Township, by the execution and delivery of the Bank Notes will incur nonelectoral debt, as that term is defined in the Act of 1996, Dec. 19, P.L. 1158 [53 Pa.C.S.A. §8001 et seq.], known as the Local Government Unit Debt Act (the "**Debt Act**"); and

Whereas, the Township desires to authorize the execution and delivery of the Bank Notes substantially in the form hereinafter stated, and authorize all actions necessary to comply with the provisions of the Debt Act,

Now, therefore, the Board of Supervisors of the Township hereby ordains and enacts as follows:

Section 1. **Incorporation of Recitals.** The foregoing recitals, the Loan Commitments therein identified and the Bank Notes in the form approved by Section 5 of this Ordinance, are incorporated by reference in and made a part of this Ordinance.

Section 2. **Authorizing Nonelectoral Debt.** The Township hereby declares the execution and delivery by the Township of the Bank Notes to be a project of the Township for which nonelectoral debt is to be incurred, and the Township hereby authorizes the incurring of such nonelectoral debt in an amount not to exceed \$150,000 and \$647,000, respectively. The Debt evidenced by the Notes is classified as Self-Liquidating Debt.

Section 3. Description of 2012 Project and Useful Life. The 2012 Project involves repairs to the Township's sewage collection and treatment system. The realistic estimated useful life of the Project is hereby declared to be at least ten years.

Section 4. Approval of Terms of the Bank Financing. All the terms and conditions of the issuance of the Bank Notes by the Township to the Bank set forth in the Loan Commitments are hereby approved. The Bank Notes will be dated the date of issue, will be in a principal amount not to exceed \$150,000.00 and \$647,072.00, respectively, and are estimated to mature on or before June 30, 2027. The estimated annual payments on account of debt service on the Bank Notes to be made under the Bank Notes are set forth in **Section 11** of this Ordinance.

Section 5. Approval of Bank Notes. The Bank Notes, substantially in the form heretofore submitted to the Township and filed with the records of the Township at the Township's office, and the Amortization Schedules attached thereto are hereby approved.

Section 6. Authorization of Execution and Delivery. The Chairman of the Board of Supervisors and the Township Secretary are hereby authorized and directed to execute and deliver the Bank Notes, substantially in the form approved by **Section 5** of this Ordinance, with such changes that the Authority Solicitor may advise and the Township officers executing the same may approve, the approval of the said officers to be evidenced by their execution of the same, provided that the Bank Notes shall not be executed and delivered until the Department of Community and Economic Development shall have approved the execution of the same by the Township under the provisions of the Debt Act.

Section 7. Sinking Fund. The Chairman of the Board of Supervisors and the Township Secretary are hereby authorized and directed to establish sinking funds at the Bank for the designated purpose of depositing funds to cover the debt service owed to the Bank in connection with the 2012 Project and the 2012 Refunding, and to contract with the Bank for services by the Bank as the sinking fund depository.

Section 8. Sinking Fund Depository Authorization. The Township further establishes that any and all action with regard to the sinking funds, including but not limited to issuing of drafts, and execution of account cards, shall be done by the signature of any two of the three supervisors. The Bank is authorized to automatically deduct payments from such sinking fund in payment of

the foregoing debts in accordance with the amortization schedules agreed to in connection with such financing.

Section 9. Manner in Which Notes Awarded. (a) After review of proposals from local banks with regard to borrowing of funds for the 2012 Project, the Township has accepted the proposal of the Bank as their interest rate of 3.00% for the first three years, with review on each 3 year anniversary to 68% of the National Prime Rate never to exceed 4.75%, is the lowest available rate and is in the best financial interest of the Township. A copy of the accepted proposal for the 2012 Project debt is attached to this Ordinance as **Exhibit A**; and (b) After review of proposals from local banks with regard to borrowing of funds for 2012 Refunding, the Township has accepted the proposal of the Bank, as their interest rate of 3.25% for the first year and interest at the rate of 75% of the National Prime Rate for each year thereafter, never to exceed 4.50%, is the lowest available rate and is in the best financial interest of the Township. A copy of the accepted proposal for the 2012 Refunding is attached to this Ordinance as **Exhibit B**.

Section 10. Authorization of Debt Act Requirements. The Chairman of the Board of Supervisors of the Township and the Township Secretary are authorized and directed to prepare and certify the Debt Statement required by Section 8110 of the Debt Act and a certificate stating the Township's borrowing base, as such term is defined in the Debt Act.

Section 11. Debt Service on the Bank Notes and Covenant. The estimated annual debt service on each of the Bank Notes that the Township will covenant to pay is set forth on Schedule A and B, respectively, attached to this Ordinance. The primary source of the annual payments on account of the debt service on the Bank Notes is the sewer revenues of the Township. The Bank Notes may be prepaid at any time, in whole or in part, without premium or penalty.

Said indebtedness shall be evidenced by two Guaranteed Revenue Notes, in fully registered form, in the sum of \$150,000.00 and \$647,000.00, respectively, dated and bearing interest from the earliest date of possible issue of said Notes under the statutory time requirements as set forth in the Act of the General Assembly of the Commonwealth of Pennsylvania approved the 28th day of April, 1978, being Act 52 of 1978 Session and known as the Local Government Unit Debt Act, at the rates of interest as set forth in Section 9 of this Ordinance, payable on the unpaid balance of said Notes during the term of said Notes, together with interest on overdue principal, and to the extent permitted by law, on overdue

interest, at the rate set forth in Exhibit A and B (computed on the basis of 365 days to the year) until paid.

Pursuant to the provisions of the Debt Act, the Township hereby covenants with the Bank, and its successors and assigns as holder of the Bank Notes, that the Township will: (a) pay to the Bank the debt service; (b) set sewer rates in amounts sufficient to satisfy the Township's obligations to the Bank; and (c) duly and punctually pay from such sewer revenues or other revenues and funds available to it, to the extent of its obligation under the Bank Notes, the amounts payable in respect thereof, at the dates and places and in the manner stated in the Bank Notes, according to the true intent and meaning thereof. For such budgeting, appropriation, and payment in respect of the Bank Notes, the Township, has pledged its full faith, credit, and taxing power. As provided in the Bank Notes, this covenant shall be specifically enforceable subject only, with respect to enforcement of remedies, to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting enforcement of creditors' rights generally. Also, nothing in this Section shall be construed to give the Township any taxing power not granted by another provision of law.

Section 12. Additional Action Authorized. The Chairman of the Board of Supervisors and the Township Secretary are hereby authorized and directed, on behalf of the Township, to execute and deliver any and all other documents and instruments and to do and cause to be done any and all acts and things necessary and proper for the purpose of carrying out the provisions of this Ordinance.

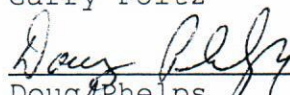
Section 13. Repeals. All prior ordinances and resolutions or portions thereof that are inconsistent with the provisions of this Ordinance are hereby repealed.

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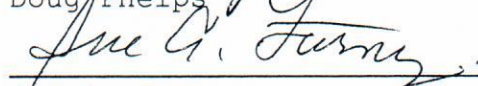
ENACTED THIS 28th DAY OF June, 2012



Garry Foltz

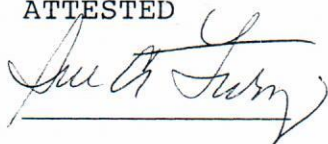


Doug Phelps



Sue A. Furney

ATTESTED



Secretary

Board of Supervisors of the
Township of Harford