

RUSH TOWNSHIP, SCHUYLKILL COUNTY
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. 186

AN ORDINANCE OF RUSH TOWNSHIP, SCHUYLKILL COUNTY, COMMONWEALTH OF PENNSYLVANIA, INCREASING THE INDEBTEDNESS OF RUSH TOWNSHIP BY THE ISSUE OF A GENERAL OBLIGATION NOTE IN THE AMOUNT OF \$670,000.00 (THE "NOTE") PLUS INTEREST; DIRECTING THE PROCEEDS OF THE NOTE BE USED TO REFUND AN OUTSTANDING OBLIGATION OF RUSH TOWNSHIP TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, WHICH OBLIGATION CONTAINS DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT APPROVAL NUMBER GON-11826, AND PAY COSTS AND FEES RELATED TO ISSUANCE OF THE NOTE; FIXING INTEREST, A PAYMENT SCHEDULE AND A MATURITY DATE; MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE NOTE; PROVIDING FOR FILING AND ADVERTISING OF THE REQUIRED DOCUMENTS; PROVIDING FOR THE APPOINTMENT OF A SINKING FUND DEPOSITORY FOR THE NOTE; AND AUTHORIZING EXECUTION, SALE AND DELIVERY THEREOF.

WHEREAS, Rush Township, Schuylkill County, Commonwealth of Pennsylvania (hereinafter the "Township"), is a 2nd Class Township existing under the laws of the Commonwealth of Pennsylvania, and is a local government as defined in the Local Government Unit Debt Act, 53 Pa.C.S.A. §8001 et.seq., (hereinafter the "Act"); and

WHEREAS, the Township desires to acquire funds through issuance of a General Obligation Note (hereinafter the "Note") to be used to refund an existing debt owed to the United States Department of Agriculture, which debt is recorded with the Department of Community and Economic Development under Approval number GON-11826, and to pay costs and fees related to the issuance of the Note; and

WHEREAS, the Township has determined that a private sale by negotiation is in the best financial interest of the Township; and

WHEREAS, Riverview Bank, located at 200 Front Street, Marysville, PA 17053, has submitted a Commitment Letter dated April 22, 2014 for the purchase of said Note, and such proposal has been opened, read and considered as required by the Act;

WHEREAS, the Board of Supervisors of the Township desires to accept the proposal of Riverview Bank as embodied in the Commitment Letter;

NOW, THEREFORE, be it ORDAINED and ENACTED by Rush Township as follows:

Section 1. The Township does hereby authorize and direct the issuance of a General Obligation Note (hereinafter the "Note") of this Township in the principal amount of \$670,000.00, same to be incurred as Non-Electoral debt pursuant to the Act.

Section 2. The debt incurred pursuant to the Note shall be used to refund an outstanding debt of the Township to the United States Department of Agriculture, and to pay costs and fees relating to issuance of the Note. The original debt incurred by the Township to be refunded with the proceeds of the Note was used for the construction/acquisition of a municipal building. The useful life of the municipal building is estimated to be for a period in excess of 15 years. In accordance with Section 8241(b)(1) of the Act, the purpose of this refunding is to reduce the total debt service over the life of the Note.

Section 3. The Township determines that the Note shall be sold to Riverview Bank (hereinafter the "Lender"), at private sale, and accepts the proposal embodied in the April 22, 2014 Commitment Letter, a copy of which is attached as Exhibit A to this Ordinance. The Township hereby determines, pursuant to Section 8161 of the Act, that the sale of the Note at private sale is in the best interest of the Township.

Section 4. The interest rate on the Note shall be set at 2.40% fixed for the first 60 months, with the interest rate thereafter, unless renegotiated, floating at 68% of the then-current Wall Street Journal Prime Rate, with a ceiling or maximum rate of 6.00%. This is in accord with Option 1 as stated in the April 22, 2014 Commitment Letter.

Section 5. The term of the Note shall be 180 months. The Township shall reserve its right to anticipate any or all installments of principal or any payment of interest at any time prior to the respective payment dates thereof, without notice or penalty. The principal and interest on the Note shall be payable to the Lender, or registered assigns, in lawful money of the United States of America at the place or places set forth in the Note according to the terms of the Note, as incorporated herein by reference. If the date for payment of the principal or interest on the Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the principal office of the Lender is located are authorized by law or executive order to close, then the date for such payment 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 payment.

Section 6. The Note is hereby declared to be a general obligation of the Township. The Township covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts to the payment of the debt service; and shall duly pay or cause to be paid the principal of the Note and the interest due thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof; and for such proper budgeting, appropriation and payment, the full faith, credit and taxing power of the Township is hereby pledged. As provided in the Act, the foregoing covenant of the Township shall be enforceable specifically, and this Ordinance shall constitute, for the purposes of this covenant, both an agreement with the Lender, or its registered assigns, and a security agreement between the Township and the Lender, or its registered assigns, creating a security interest in favor of the Lender, or its registered assigns, in the Township's taxes and revenues as pledged hereunder, as is in accordance with the Pennsylvania Uniform Commercial Code. The Note shall be issued as registered in form.

Section 7. The repayment schedule on the Note shall be as reflected on the attached Exhibit B, with the understanding that after the first 60 months the interest rate may be variable as stated in Section 4 of this Ordinance, and the further understanding that the loan cannot be obtained, and the first scheduled re-payment thereon cannot occur, until after the borrowing has been approved by the Department of Community & Economic Development pursuant to the Act.

Section 8. The form of the Note shall be substantially as set forth in attached Exhibit C, with appropriate insertions, omissions and variations.

Section 9. The Note and all documents required by the Lender or the Act to be executed shall be executed in the name and under the corporate seal of the Township by the Board of Supervisors, or a majority thereof, and attested to by the Secretary. The Secretary is hereby authorized to deliver the Note to the Lender, and receive payment therefor on behalf of the Township.

Section 10. The Lender is hereby designated as the Sinking Fund Depository for the obligation herein authorized, and there is hereby directed to be created and established a Sinking Fund for the payment of the principal and interest on the Note. Deposits made into the Sinking Fund shall be made no later than the date upon which the same becomes due and payable. The Secretary or Treasurer of the Township is hereby authorized to contract with the Lender for its services as the Sinking Fund Depository for the Note.

Section 11. The Note shall be transferable or exchangeable by the registered owner thereof upon surrender of the Note to the Lender, accompanied by a written instrument or instruments in form with instructions, and with guaranty of signature satisfactory to the Township and the Lender, duly executed by the registered owner of the Note or his/her/its attorney-in-fact or legal representative. Upon surrender, the Lender shall enter any transfer of ownership of the Note in the registration books and shall reissue the Note to the transferee with notation of such registration written thereon. The Township and any paying agent designated by the Township may deem and treat the registered owner of the Note as the absolute owner thereof (whether or not the Note shall be overdue) for the purpose of receiving payment of or on account of principal or interest due on the Note and for all other purposes, and the Township and any such paying agent shall not be affected by any notice to the contrary.

Section 12. The Township covenants to and with the Lender, or its registered assigns, of the Note that it will make no use of the proceeds of the Note which, if such use reasonably had been expected on the date of issue of the Note, would have caused the Note to be an arbitrage bond. The Township hereby designates the Note as a "qualified tax exempt obligation" as defined in and for purposes of Section 265(b) of the Internal Revenue Code, and covenants it will not engage in any action or inaction which will or may cause the Note to fail to so constitute a "qualified tax exempt obligation".

Section 13. The Township Secretary is hereby authorized and directed to prepare, certify and file the Debt Statement as required by Section 8110 of the Act.

Section 14. The Township Solicitor is hereby directed to comply with all advertising requirements, and all other requirements imposed by the Act, including but not limited to forwarding all required

documentation to the Department of Community and Economic Development to obtain proper approval for the assumption of the debt evidenced by the Note.

Section 15. All Ordinances or parts thereof inconsistent with the provisions of this Ordinance are hereby repealed in order to give effect to this Ordinance. Rush Township Ordinance No. 185 is hereby repealed.


Section 16. In the event any provision, section, sentence, clause or part of this Ordinance shall be held by a court of competent jurisdiction to be invalid, such invalidity shall not impair any remaining provisions, sections, sentences, clauses or parts of this Ordinance, it being the intent of the Township that such remainder shall be and shall remain in full force and effect.

Section 17. This Ordinance shall be effective on the fifth day after the advertisement of the notice of enactment, as provided by Section 8003 of the Act.

ORDAINED and ENACTED this 28th day of April, 2014.

RUSH TOWNSHIP
BOARD OF SUPERVISORS

ATTEST:


Secretary

