

**TOWNSHIP OF DISTRICT,
Berks County, Pennsylvania**

ORDINANCE NO. 2021-1

OF THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF DISTRICT AUTHORIZING AND SECURING THE ISSUANCE OF A GENERAL OBLIGATION NOTE, IN THE PRINCIPAL AMOUNT OF \$500,000, PURSUANT TO THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, TO DESIGN AND CONSTRUCT BRIDGE IMPROVEMENTS AND PAY RELATED EXPENSES; ACCEPTING A BANK LOAN PROPOSAL TO PURCHASE THE NOTE; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF THE NOTE; CREATING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY FOR THE NOTE; PLEDGING THE FULL FAITH, CREDIT, AND TAXING POWER OF THIS TOWNSHIP TO SECURE THE NOTE; AND CONTAINING RELATED PROVISIONS.

WHEREAS, the Board of Supervisors of the Township of District, in Berks County, Pennsylvania (the "Township"), has determined to incur nonelectoral debt to be evidenced by a general obligation note, in the principal amount of Five Hundred Thousand Dollars (\$500,000); and

WHEREAS, the Board of Supervisors of this Township has obtained cost estimates, as such costs are defined in the Act of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") known as the Local Government Unit Debt Act (the "Debt Act"), of the Project (hereinafter defined) to be financed, and has determined that such costs will be at least \$500,000; and

WHEREAS, a written proposal for the purchase of such general obligation note has been requested and received from Truist Bank (the "Bank"), having an office in Boyertown, Pennsylvania; and

WHEREAS, the Board of Supervisors of this Township has opened, read, and considered such proposal; and

WHEREAS, the Board of Supervisors of this Township desires to accept the proposal of the Bank, to award the Note (hereinafter defined) to the Bank, at private sale by

negotiation, and to incur nonelectoral debt in the amount of \$500,000, in connection with the Project (hereinafter defined), pursuant to provisions of the Debt Act.

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

SECTION 1. The Board of Supervisors of this Township hereby authorizes the issuance of a general obligation note of this Township (the "Note"), to the Bank, pursuant to and secured by this Ordinance. The Note shall be in the principal amount of Five Hundred Thousand Dollars (\$500,000), in accordance with the Debt Act. The proceeds of the Note shall be used to design and construct bridge improvements in the Township (the "Project"), and pay related costs and expenses.

SECTION 2. The Board of Supervisors of this Township expresses its finding that it is in the best financial interests of this Township to sell the Note at private sale by negotiation and 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 3. The reasonably estimated useful life of the facilities to be constructed as part of the Project is at least fifteen (15) years. The first payment of principal of the Note is not beyond one year after the estimated date of completion of construction of the Project.

SECTION 4. The Board of Supervisors of this Township accepts the proposal of the Bank to purchase the Note. The Note is awarded to the Bank in accordance with terms and conditions of its proposal, the original of which is on file with the Secretary of this Township, at private sale, at a total purchase price of \$500,000 (100% of principal amount), the Bank having submitted such proposal in accordance with provisions of the Debt Act.

SECTION 5. The Note, when issued, will be a general obligation note of this Township.

SECTION 6. The Note shall bear interest as described in the substantial form of the Note attached hereto as Exhibit "A," together with appropriate insertions, omissions, and variations.

A schedule illustrating the interest rate and the maximum amount of principal and interest payable on the Note, until the maturity date thereof, is attached hereto as Exhibit "B" and made a part hereof.

SECTION 7. The Note shall be subject to redemption prior to maturity, at the option of this Township, as a whole, on any date, by paying the outstanding principal balance thereof, together with accrued interest to the date fixed for such redemption. This Township, at its

option, from time to time, on any date, may redeem any part of the principal of the Note, by paying the amount selected for such redemption.

Any redemption, as hereinbefore authorized, in whole, shall be upon written notice addressed to the registered owner thereof at the time of such redemption, as such registered owner and address shall appear on the books of this Township to be kept by the Bank, as paying agent, for such purpose, by deposit of such written notice in the United States mail at least ten (10) days prior to the date designated for redemption unless waived by the Bank. On the date designated for redemption, notice having been given as aforesaid, and money for payment of the principal and accrued interest being held by the Bank, as paying agent, interest on the Note so called for redemption or on any part of the principal of the Note selected for redemption shall cease to accrue. If the principal of the Note has been called for redemption in full, the Note shall cease to be entitled to any benefit or security under this Ordinance, and the registered owner of the Note shall have no rights with respect to the Note, except to receive payment of the principal of and accrued interest on the Note to the redemption date.

SECTION 8. The principal of and interest on the Note shall be payable at the principal office or at any branch office of the Bank, as paying agent, in lawful money of the United States of America.

SECTION 9. The Note shall be executed in the name of and on behalf of this Township by the manual signature of the Chairman or Vice Chairman of the Board of Supervisors of this Township and the official seal of this Township shall be affixed thereto and the manual signature of the Secretary of this Township shall be affixed thereto in attestation thereof; and said officers are authorized to execute and to attest, as applicable, the Note.

SECTION 10. This Township covenants to and with registered owners, from time to time, of the Note outstanding, from time to time, pursuant to this Ordinance, that this Township: (i) shall include the amount of the debt service for the Note, for each fiscal year of this Township in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund created herein or any other of its revenues or funds the principal of the Note and the interest thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation, and payment, this Township shall and does pledge, irrevocably, its full faith, credit, and taxing power. As provided in the Debt Act, the foregoing covenant of this Township shall be enforceable specifically.

SECTION 11. There is created, pursuant to Section 8221 of the Debt Act, a sinking fund for the Note, to be known as "Sinking Fund - General Obligation Note, Series of 2021" (the "Sinking Fund"), which shall be administered in accordance with applicable provisions of the Debt Act.

This Township appoints the Bank as the sinking fund depository with respect to the Sinking Fund. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary, respectively, of this Township are authorized and directed to contract with the Bank for its services as sinking fund depository in connection with the Sinking Fund and in connection with the Note.

This Township covenants to make payments out of the Sinking Fund, or out of any other of its revenues or funds, at such times and in such monthly amounts, as shall be sufficient for prompt and full payment of all obligations of the Note when due.

SECTION 12. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary, respectively, of this Township, which shall include their duly qualified successors in office, if applicable, are authorized and directed: (a) to prepare, to certify, and to file with the Department of Community and Economic Development of the Commonwealth (the "Department") the debt statement required by the Debt Act; (b) to prepare and to file the application with the Department, together with a complete and accurate transcript of the proceedings relating to the incurring of debt, of which debt the Note, upon issue, will be evidence, as required by the Debt Act; (c) to prepare and to file, if applicable, any statements required by the Debt Act that are necessary to qualify all or any portion of nonelectoral and/or lease rental debt of this Township that is subject to exclusion as self-liquidating or subsidized debt for exclusion from the appropriate debt limit as self-liquidating or subsidized debt; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Debt Act in connection with the foregoing; and (e) to take other required, necessary, and/or appropriate action.

Said officers of this Township are authorized and directed to prepare an appropriate borrowing base certificate to be appended to the debt statement authorized herein.

SECTION 13. It is declared that the debt to be incurred hereby, together with any other indebtedness of this Township, is not in excess of any applicable limitation imposed by the Debt Act upon the incurring of debt by this Township, which is evidenced by the Note.

SECTION 14. The Secretary of this Township is authorized and directed to deliver the Note, after execution and attestation thereof as provided for herein, to the Bank, as provided in the proposal for purchase of the Note, but only upon receipt of proper payment of the balance due therefor, if any, and only after the Department has certified its approval pursuant to Section 8204 of the Debt Act.

SECTION 15. This Township covenants to and with purchasers of the issue that constitutes the Note that it will make no use of the proceeds of such issue that will cause the Note to be or become an "arbitrage bond" within the meaning of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations implementing said Sections that duly have been published in the Federal Register or with any other regulations implementing said Sections, and this Township further covenants to comply with all

other requirements of the Code if and to the extent applicable to maintain continuously the Federal income tax exemption of interest on the Note.

This Township determines that it does not reasonably expect to issue tax-exempt obligations, together with all tax-exempt obligations reasonably expected to be issued by “all subordinate entities” (within the meaning of Section 265(b)(3)(E) of the Code) of this Township, which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the 2021 calendar year, as applicable (excluding certain credits permitted by the Code) and, accordingly, this Township hereby designates the Note as a “qualified tax-exempt obligation,” as defined in Section 265(b)(3)(B) of the Code, for the purposes and effect contemplated by Section 265 of the Code.

SECTION 16. This Township shall deliver to the Bank its audited financial statements no later than 270 days following the end of each fiscal year so long as the Note remains outstanding.

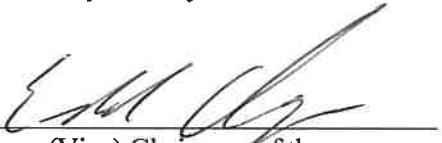
SECTION 17. In the event any provision, section, sentence, clause, or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this Township that such remainder shall be and shall remain in full force and effect.

SECTION 18. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

SECTION 19. This Ordinance shall be effective in accordance with Section 8003 of the Debt Act.

DULY ENACTED AND ORDAINED, by the Board of Supervisors of the Township of District, Berks County, Pennsylvania, in lawful session duly assembled, this 23 day of February, 2021.

TOWNSHIP OF DISTRICT,
Berks County, Pennsylvania

By: 
(Vice) Chairman of the
Board of Supervisors

ATTEST:


Secretary of the Township

(SEAL)