

**TOWNSHIP OF PORTAGE,
Cambria County, Pennsylvania**

ORDINANCE NO. 2016-3

OF THE TOWNSHIP OF PORTAGE, CAMBRIA COUNTY, PENNSYLVANIA, AUTHORIZING AND SECURING THE ISSUANCE OF A GENERAL OBLIGATION NOTE, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$1,400,000, PURSUANT TO THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, TO FINANCE A PORTION OF THE COSTS TO CONSTRUCT A NEW TOWNSHIP MUNICIPAL BUILDING, 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 (the "Board") of the Township of Portage, Cambria County, Pennsylvania (the "Township"), has determined to issue a General Obligation Note, Series of 2016, in the maximum principal amount of One Million Four Hundred Thousand Dollars (\$1,400,000) (the "Note"), to finance a portion of the costs to construct a new Township Municipal Building, and pay related costs and expenses (the "Project"); and

WHEREAS, the Board has obtained professional cost estimates for the Project, as required by the Local Government Unit Debt Act (the "Debt Act"), of the Commonwealth of Pennsylvania (the "Commonwealth"), which total at least \$1,400,000; and

WHEREAS, a loan proposal (the "Proposal") has been received by this Township from Somerset Trust Company (the "Bank"), having an office in Somerset, Pennsylvania; and

WHEREAS, the Board desires to accept the Proposal of the Bank, to award the Note to the Bank, as a private sale by negotiation, and to incur nonelectoral debt in the amount of \$1,400,000, in connection with the Project, pursuant to provisions of the Debt Act.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board, as follows:

SECTION 1. The Board hereby authorizes and secures the issuance of the Note, to the Bank, pursuant to this Ordinance, to finance the Project.

SECTION 2. The Board expresses its finding that it is in the best financial interests of this Township to sell the Note in a private sale by negotiation, and determines that the Note shall constitute nonelectoral debt of this Township.

SECTION 3. The reasonably estimated useful life of the Project is at least twenty (20) years. The first payment of principal of the Note will not be deferred beyond one year following the estimated date of completion of the Project.

SECTION 4. The Board hereby accepts the Proposal of the Bank, at a total purchase price of \$1,400,000 (100% of the principal amount advanced).

SECTION 5. The Note shall be in the single denomination of \$1,400,000 maximum principal amount and have a term of approximately 20 years from its date of issuance, the substantial form of which Note is attached hereto as Exhibit "A". Proceeds of the Note will be advanced on a draw-down basis for a period of approximately 18 months, and interest shall accrue on the outstanding principal balance of the Note at the rate(s) per annum as described in Exhibit "A". Principal and interest shall be payable in substantially equal monthly amortization installments upon conclusion of the draw period, and until maturity.

SECTION 6. The Note shall be subject to redemption prior to maturity, at the option of this Township, as a whole or in part, on any date, as more fully provided in the Note. Any such redemption shall be upon written notice addressed to the Bank at the time of such redemption, as the registrar and paying agent for the Note. 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 such Note so called for redemption or on any part of the principal of such Note selected for redemption shall cease to accrue. If the principal of the Note has been called for redemption or prepayment 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 such Note to the redemption date.

SECTION 7. 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 8. 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 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 9. 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 pursuant to Section 10 hereof 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 10. 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 2016" (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 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 annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Note when due.

SECTION 11. The Chairman or Vice Chairman of the Board 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 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 12. 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 13. 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 14. 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 2016 calendar year (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 15. 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 16. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

SECTION 17. 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 Portage, Cambria County, Pennsylvania, in lawful session duly assembled, this 17th day of May, 2016.

TOWNSHIP OF PORTAGE,
Cambria County, Pennsylvania

By: Willie Cooper
Chairman of the Board of Supervisors

ATTEST:

Michelle Rostun
Secretary of the Township

(SEAL)