

BOROUGH OF HARMONY
BUTLER COUNTY, PENNSYLVANIA

ORDINANCE NO. 436

AN ORDINANCE INCREASING THE INDEBTEDNESS OF THE BOROUGH OF HARMONY, BUTLER COUNTY, PENNSYLVANIA, BY THE ISSUANCE OF A GENERAL OBLIGATION NOTE IN THE AMOUNT OF \$200,000.00 FOR SUNDRY PURPOSES; FIXING THE FORM, NUMBER, DATE, INTEREST, AND MATURITY THEREOF; MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE NOTE; PROVIDING FOR THE FILING OF THE REQUIRED DOCUMENTS; PROVIDING FOR THE APPOINTMENT OF A SINKING FUND DEPOSITORY FOR THE NOTE; AND AUTHORIZING EXECUTION, SALE AND DELIVERY THEREOF.

WHEREAS, it is necessary that the indebtedness of the Borough of Harmony, Butler County, Pennsylvania be increased for the following purpose: to finance (i) a portion of the Harmony Square Revitalization Project; and (2) pay the costs and expenses of issuance of the Note (together "2022 Project");

WHEREAS, the local government unit has received preliminary realistic cost estimates from professional consultants indicating the sum of \$200,000.00 will be needed to complete the 2022 Project; and

WHEREAS, the proposed increase of debt, together with its non-electoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of the local government unit debt incurring power, pursuant to constitutional and statutory authority to be exceeded.

NOW THEREFORE, BE IT ORDAINED AND ENACTED by the Borough of Harmony, Butler County, Pennsylvania, and it is hereby ordained and enacted by the authority of same as follows:

SECTION 1. That the aggregate principal amount of the Note of the Borough of Harmony, Butler County, Pennsylvania proposed to be issued is \$200,000.00 General Obligation Note, same to be issued for the foregoing purposes and same to be incurred as

non-electoral debt.

SECTION 2. The period of useful life of the improvements for which this obligation is to be issued is estimated to be in excess of 20 years.

SECTION 3. Said indebtedness shall be evidenced by one general obligation Note, in fully registered form, in the sum of \$200,000.00 dated and bearing interest from the earliest date of possible issue of said Note 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 a fixed initial rate of interest of 1.25% per annum, payable on the unpaid balance of said Note for a period of five (5) years, then to reset to a fixed rate equal to the tax-exempt equivalent of the Five (5) Year FHLB Fixed Rate, plus 1% (the "Adjusted Rate"), on each five year anniversary thereafter, provided however that the Adjusted Rate shall never be lower than 1.25%. The principal balance, and all accrued and unpaid interest, shall be due and payable twenty (20) years following the date of funding. Interest on any overdue payment shall be due at a rate equal to 2% over the then current interest rate (computed on the basis of 360 days to the year) until paid, which Note shall mature in installments on the annual anniversary date of said Note as set forth on Exhibit "A" attached hereto.

The local government unit reserves the right to anticipate any or all installments of principal or any payment of interest at any time prior to the respective payments dates thereof, without notice or penalty.

The principal and interest of said Note shall be payable at the office of the sinking fund depository selected for the Note as hereinafter provided.

SECTION 4. The said Note is hereby declared to be a general obligation of the Borough of Harmony, Butler County, Pennsylvania. The local government unit hereby 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 such debt service; and shall duly and punctually pay or cause to be paid the principal of the Note and the interest 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 Borough of Harmony is hereby irrevocably pledged. The amounts which the local government unit hereby covenants to pay in each of the following fiscal years on the basis

of the interest rates imposed are attached as Exhibit "B" hereto.

SECTION 5. The form of said Note shall be substantially as set forth in Exhibit "C" attached hereto.

SECTION 6. The said Note shall be executed in the name and under the corporate seal of the local government unit by the President of Council and Vice President of Council of the Borough of Harmony and attested to by the Secretary. The Treasurer is hereby authorized and directed to deliver said Note to the purchaser, and receive payment therefor on behalf of the local government unit. The President of Council and Borough Secretary of the local government unit are authorized and directed to prepare, verify and file the debt statement required by Section 8110 of the Act and to take other necessary action, including, if necessary or desirable, any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 7. Mars Bank is hereby designated as the Sinking Fund Depository for the obligation herein authorized, and there is hereby created and established a Sinking Fund, to be known as "2022 General Obligation Note Sinking Fund" for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The Treasurer shall deposit into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment of principal and interest on the obligation no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the local government unit, withdraw available monies in the Sinking Fund and apply said monies to payment of principal and interest on the obligation.

SECTION 8. The President and Treasurer of Council are hereby authorized to contract with Mars Bank for its services as Sinking Fund Depository for the Note and paying agent for the same.

SECTION 9. In compliance with Section 8161 of the Act, the members of the governing body have determined that a private sale by negotiation rather than public sale is in the best financial interest of the local government unit. Therefore, the general obligation Note in the amount of \$200,000.00 herein authorized to be issued and sold is hereby awarded and sold to Mars Bank in accordance with its proposal to purchase the said Note at par; provided the said Note is dated the delivery thereof to

Mars Bank, and is in the form set forth in this Ordinance as Exhibit C; and further provided that the proceedings have been approved by the Department of Community and Economic Development if such approval is required under the provisions of the Act.

SECTION 10. The action of the proper officers and the advertising of a summary of this Ordinance as required by law in the newspaper of general circulation, is ratified and confirmed. The advertisement in said paper of the enactment of the ordinance is hereby directed within fifteen (15) days following the day of final enactment.

SECTION 11. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

ORDAINED AND ENACTED this 5th day of April, 2022.

Attest:

By: Amy Brown
Amy Brown, Secretary

BOROUGH OF HARMONY

By: Greg Such
Greg Such, President of
Borough Council

EXHIBIT "A"
REPAYMENT SCHEDULE

EXHIBIT "B"
DEBT SERVICE SCHEDULE

EXHIBIT "C"

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF BUTLER
BOROUGH OF HARMONY

GENERAL OBLIGATION NOTE

\$200,000.00

DATED: _____, 2022

KNOW ALL MEN BY THESE PRESENTS, that the Borough of Harmony, Butler County, Commonwealth of Pennsylvania, a local government unit existing by and under the laws of said Commonwealth, for value received, hereby acknowledges itself indebted and promises to pay to the purchaser, or registered assigns, the sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) in installments as follows:

The rate of interest shall be fixed per annum for the first five (5) years at 1.25% ("Fixed Rate"). The interest rate will change every five (5) years thereafter (each a "Change Date") to a fixed rate equal to the tax-free equivalent of the Five (5) Year FHLP Fixed Rate, plus 1% (the "Adjusted Rate"), provided however that the Adjusted Rate shall never be lower than 1.25%. The Five (5) Year FHLP Fixed Rate is the Five (5) Year FHLP Fixed rate as quoted by the Federal Home Loan Bank of Pittsburgh (or any other substantially similar information service designated by Lender). The rate of interest in effect from time to time, whether the Fixed Rate or the Adjusted Rate, is hereinafter referred to as the Applicable Interest Rate. The maximum rate of interest charged throughout the life of the loan shall not exceed twenty-one percent (21%) per annum.

The monthly payments for the first six (6) months of the loan shall be interest-only. The monthly payments commencing with month (7) and continuing through month sixty (60) of the loan shall be made in accordance with the amortization schedule attached as Exhibit "A".

(INSERT REPAYMENT SCHEDULE)

The monthly payments of principal and interest including any adjustment for the change in rate on any Change Date shall be such that the loan will be paid in fully twenty (20) years from the date of closing without the necessity of a balloon payment.

The foregoing payments are computed on the basis of 360 days to the year, with the option of the local government unit to prepay any installment of principal or any payment of interest at any time

prior to the respective payment dates thereof, without notice of penalty.

Both principal and interest are payable in such coin or currency as at the respective dates of payment thereof shall be legal tender for the payment of public and private debts, at the office of Mars Bank, P.O. Box 927, Mars, PA 16046.

It is hereby recited that this Note is authorized to be issued in accordance with the Act of the General Assembly of the Commonwealth of Pennsylvania approved the 28th day of April, 1978, being Act 52 of the 1978 Session.

It is hereby certified that all acts, conditions, and things required to be or be done, happen, and be performed precedent to and in the issuance of this Note or in the creation of the debt of which it is evidence, have been done, happened and been performed in regular and due form and manner as required by law; and that this Note, together with all other indebtedness of the said local government unit is not in excess of any constitutional or statutory limitation and for the proper budgeting, appropriation, and the prompt and full payment of all the obligations of this Note the entire full faith, credit and taxing power of said local government unit are hereby irrevocably pledged.

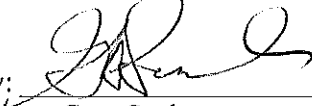
It is hereby further certified that the said local government unit has effectively covenanted to include the amount of the debt service on this Note in each fiscal year for which such sums are due, in its budget for that year, to appropriate such amounts to the payment of such debt service, and to periodically pay or cause to be paid the principal and interest thereon at the dates and places and in the manner stated herein, according to the true intent and meaning hereof.

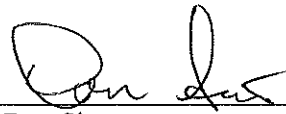
The Maker of this Note authorizes any attorney at law to appear before the Prothonotary of any court of record of the Commonwealth of Pennsylvania or in any state in the United States at any time after the Note becomes due, whether by default, acceleration or otherwise, and to waive the issuing and service of process and confess judgment in favor of the legal holder against any Maker and endorser, for the amount of principal and interest then appearing due on this Note, together with costs of suit and reasonable attorneys' fees, and to release all errors and waive all right of appeal.

WARNING – BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DEFAULT, A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF THE COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE PAYEE.

IN WITNESS WHEREOF, the Borough of Harmony, Butler County, Pennsylvania, has caused this Note to be properly executed by the proper officers of the local government unit and its corporate seal to be hereto affixed, attested to by the Secretary as of the 5th day of April, 2022.

BOROUGH OF HARMONY

By: 
Greg Such,
President of Council

By: 
Don Sims,
Vice President of Council

ATTEST:

By: 
Amy Brown, Secretary

SEAL

EXHIBIT "A"
AMORTIZATION SCHEDULE