

**ORDINANCE OF THE COUNCIL OF THE
BOROUGH OF SCHWENKSVILLE
MONTGOMERY COUNTY, PENNSYLVANIA
ORDINANCE NO. 2020-__**

AN ORDINANCE OF THE COUNCIL OF THE BOROUGH OF SCHWENKSVILLE, MONTGOMERY COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE ITS GENERAL OBLIGATION BOND, SERIES OF 2020, IN AN AGGREGATE PRINCIPAL AMOUNT OF ONE MILLION FORTY NINE THOUSAND EIGHT HUNDRED NINETY DOLLARS (\$1,049,890) (THE "BOND"), PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, 53 PA C.S. CHS 80-82, AS AMENDED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION FOR SUCH BOND IS IN THE BEST FINANCIAL INTERESTS OF THE BOROUGH; DETERMINING THAT SUCH BOND SHALL EVIDENCE NONELECTORAL DEBT OF THIS BOROUGH; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS TO (A) CURRENTLY REFINANCE THE BOROUGH'S GENERAL OBLIGATION NOTE, SERIES OF 2019 (THE "2019 NOTE") WHICH 2019 NOTE FINANCED THE PLANNING, DESIGN, CONSTRUCTION, RENOVATION, CONVERSION, EQUIPPING, AND FURNISHING OF A FORMER FIRE HOUSE INTO A BOROUGH HALL AND COMMUNITY ROOM, AND (B) PAYING THE COSTS AND EXPENSES OF ISSUING THE BOND; SETTING FORTH REASONABLE ESTIMATES OF THE USEFUL LIFE OF THE CAPITAL PROJECT TO BE FINANCED; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH BOND AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH BOND, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE BOROUGH; FIXING THE DENOMINATION, DATED DATES, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES, REDEMPTION PROVISIONS, MANDATORY REDEMPTION PROVISIONS (IF APPLICABLE) AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BOND; AUTHORIZING SPECIFIED OFFICERS OF THE BOROUGH TO CONTRACT WITH THE PAYING AGENT; SETTING FORTH THE SUBSTANTIAL FORM OF THE BOND EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH BOND; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH BOND TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE BOROUGH IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH BOND, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY FOR SUCH BOND; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH BOND WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH BOND; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE BOROUGH TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE BOND, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH BOND, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE BOROUGH, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING

APPROPRIATE OFFICERS OF THE BOROUGH TO DELIVER THE BOND UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE BOROUGH FROM TAKING ACTIONS WHICH WOULD CAUSE SUCH BOND TO BECOME AN "ARBITRAGE BOND," AS THAT TERM IS USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; DESIGNATING SUCH BOND AS A "QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(b) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INSOFAR AS THE SAME SHALL BE INCONSISTENT HEREWITH.

WHEREAS, the Borough of Schwenksville, Montgomery County, Pennsylvania (the "Borough"), is a Borough of the Commonwealth of Pennsylvania (the "Commonwealth"); and

WHEREAS, this Borough, in contemplation of the issuance and sale of its General Obligation Bond, Series of 2020, in an aggregate principal amount of One Million Forty Nine Thousand Eight Hundred Ninety Dollars (\$1,049,890) (the "Bond"), to provide funds for and towards a certain refunding project of the Borough described herein, has determined that the Bond shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act") and has determined that a private sale by negotiation is in the best financial interests of this Borough; and

WHEREAS, the Council of the Borough (the "Council") has determined to accept the proposal of the United States of America acting by and through the United States Department of Agriculture Rural Housing service ("the Purchaser"), for the purchase of the Bond, such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic Development of the Commonwealth (the "Department") relating to the incurring of the indebtedness to be evidenced by the Bond; and

WHEREAS, the Council has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the amount of One Million Forty Nine Thousand Eight Hundred Ninety Dollars (\$1,049,890) to fund a certain refinancing project (hereinafter described) of this Borough pursuant to the provisions of the Act; and

NOW, THEREFORE, BE IT RESOLVED, by the Council of the Borough of Schwenksville, Montgomery County, Pennsylvania, in lawful session duly assembled, as follows:

Section 1. Pursuant to the provisions of this Ordinance, the Council hereby authorizes and directs the issuance of the Bond in the aggregate principal amount of One Million Forty Nine Thousand Eight Hundred Ninety Dollars (\$1,049,890) to be designated generally as Borough of Schwenksville General Obligation Bond, Series of 2020. The Bond shall be issued and sold in accordance with the provisions of the Act by private sale by negotiation. In connection therewith, the Council hereby finds and determines that a private sale by negotiation is in the best financial interests of this Borough.

Section 2. The Council determines that the debt to be incurred pursuant to this Ordinance, and which will be evidenced by the Bond, shall be nonelectoral debt of this Borough.

Section 3. A brief description of the project (the “Project”) to be financed with, among other things, the proceeds of the Bond is as follows: (a) the current refinancing of the Borough’s General Obligation Note, Series of 2019 (the “2019 Note”) which 2019 Note financed planning, design, construction, renovation, conversion, equipping and furnishing of a former fire house into a Borough Hall and Community Room, and (b) paying the costs and expenses of issuing the Bond.

The realistic estimated life of the capital project financed with the proceeds of the Bond is at least forty (40) years. It is hereby certified that an aggregate principal amount of the Bond at least equal to the realistic estimated cost of such capital project shall mature prior to the end of the useful life of such project. The maturity of stated installments of principal of the Bond will not be deferred beyond the later of one year after the estimated date for the completion of the construction of such projects or two years from the date of issue of the Bond.

Prior to the date hereof, the Council has obtained realistic cost estimates for each of the capital projects constituting the Project from registered architects, professional engineers or other persons qualified by experience. Such cost estimates were used to determine the amount of the Bond to be issued.

Section 4. The proceeds of the Bond shall be issued for the purpose of currently refunding the 2019 Note. In connection with the issuance and sale of such Bond, the Borough, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose for the Project is to exchange bonds for notes, and (b) that the Project is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Borough further finds and determines that the final maturity date of the Bond issued to effect the refunding of the 2019 Note does not extend to a date that could not have been included in the issue of the 2019 Note.

The Borough hereby authorizes and directs its appropriate officers, agents and employees to execute all documents and take all actions necessary in connection with effecting the Project. In accordance with Section 8250 of the Act, it is the intent of the Borough that the 2019 Note shall no longer be outstanding from and after the date of issue of the Bond.

Section 5. Subject to the approval of the Department, as required by the provisions of the Act, the Council shall and does hereby accept, ratify and confirm the proposal of the Purchaser for the purchase of the Bond in accordance with the terms and conditions of this Ordinance and the Purchaser's proposal, dated August 16, 2018 (the “Proposal”), attached hereto as Exhibit “A” and incorporated herein. The sale of the Bond shall be for an aggregate purchase price of \$1,049,890, plus accrued interest, if any, from the date of the Bond to the date of delivery thereof. The President or Vice President of Council is hereby authorized and directed to accept and to execute the Proposal in the name and on behalf of this Borough, and the Secretary of the Borough is hereby authorized and directed to attest to such acceptance and execution. Copies of the Proposal, as presented to this Council and accepted by this Ordinance, are incorporated herein by reference and shall be attached to this Ordinance and maintained with the minutes of this meeting. The bid security, if any, accompanying the Proposal shall be held and

shall be applied as provided by the Act; provided, however, that no allowance for interest shall be made by this Borough with respect to such bid security, except as provided by the Act.

The Bond, when issued, will constitute a general obligation Bond of this Borough.

Section 6. The proceeds of the Bond shall be subject to periodic advances (as more fully described in the form Bond attached as Exhibit “C”), be fully registered, without coupons, in the denomination of \$1,049,890, in substantially the form hereinafter set forth in Section 9. The Bond shall be dated as of its date of issue, and shall bear interest from that date at the applicable rates per annum as set forth in the Proposal.

Section 7.

(a) Commencing on January 1, 2021, and on the 1st day of each month thereafter through December 1, 2055, the Bond shall bear interest and the Borough shall pay a combined monthly payment of principal and interest to the Purchaser, fully amortizing the Bond over 35 years. On December 1, 2055, the Borough shall make a final combined payment of principal and interest, which payment shall include all remaining unpaid principal, interest, and other charges due to the Purchaser. Accrued interest due on the Bond in such remaining installments shall be calculated on the aggregate amount of the outstanding principal balance of the Bond, from time to time, for the period next preceding any installment payment. All interest due on the Bond shall be calculated on the outstanding principal balance thereof based upon a year of 360 days and the actual number of days elapsed.

(b) On December 1, 2055, the remaining principal and interest due on the Bond shall be paid to the Purchasers thereof, if not prepaid earlier as provided in subsection (e) of this Section 7.

(c) The dates upon which this Borough is required to make payments of interest and principal on the Bond pursuant to subsections (a) and (b) of this Section 6 are hereinafter referred to as “Payment Dates.” Whenever a Payment Date shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then payment of such interest or principal need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banking institutions in the Commonwealth are authorized by law or executive order to close with the same force and effect as if made on the Payment Date and no interest shall accrue thereon for any period after such Payment Date.

(d) A schedule of the maximum amounts of principal and interest on the Bond to be paid on the Payment Date is set forth in Exhibit “B” which is attached hereto and incorporated by reference as though fully set forth herein.

(e) The principal of and interest due on the Bond may be prepaid at any time without notice by the Borough, as provided in the form of Bond set forth at Exhibit “C” and the Proposal.

(f) The Bond is being issued to retire interim financing for the Project represented by the 2019 Note.

Section 8. The appropriate officers of this Borough are hereby authorized, empowered and directed to contract with Univest Bank and Trust Co, for its services as paying agent and sinking fund depository in accordance with the terms and conditions of the Proposal, this Ordinance and the Act (the Purchaser, in its as paying agent, sometimes referred to hereinafter as the "Paying Agent"). Payment of the principal of and interest on the Bond shall be made, when due, on the Payment Dates in accordance with the provisions of the Bond, at the designated offices of the Paying Agent in lawful money of the United States of America.

Section 9. The Bond shall be in substantially the form set forth in Exhibit "C," with appropriate insertions, omissions and variations.

Section 10. The Bond shall be executed in the name and on behalf of this Borough by the true or facsimile signature of the President of Council and the true or facsimile official seal of this Borough shall be affixed thereunto, duly attested by the true or facsimile signature of the Borough Secretary. Said officers are authorized and directed to execute and attest the Bond.

Section 11. This Borough covenants to and with the registered owners from time to time of the Bond that this Borough (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of this Borough in which such sums are payable, (ii) shall appropriate from its general revenues in each such fiscal year the amount required to pay debt service on the Bond for such year, and (iii) shall duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal amount of the Bond and the interest due thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, this Borough shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 8104 of the Act, the foregoing covenant of this Borough shall be enforceable specifically.

Section 12. This Borough hereby covenants to create and there is hereby created, pursuant to Section 8221 of the Act, a sinking fund for the Bond, to be known as "Sinking Fund – General Obligation Bond, Series of 2020" (the "Sinking Fund"), which sinking fund shall be established with the Paying Agent and administered in accordance with applicable provisions of the Act and this Ordinance.

Section 13. The Paying Agent shall be the "sinking fund depository" with respect to the Sinking Fund, created pursuant to Section 11. This Borough covenants and agrees to deposit in the Sinking Fund, on or before the Payment Date, an amount which shall be sufficient to permit the Paying Agent to pay on the Payment Date all principal and accrued interest becoming due with respect to the Bond. After such deposit, the Paying Agent shall, without further authorization or direction from the Borough or any of its officials, on the Payment Date, with respect to the payment of principal and interest on the Bond, withdraw moneys from the Sinking Fund and apply such moneys to the prompt and full payment of such obligation in accordance with the terms thereof, the terms and conditions of this Ordinance and the provisions of the Act.

The Bond shall be transferable or exchangeable by the registered owner thereof upon surrender thereof to the Paying Agent, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of the Bond in the registration books of this Borough maintained by the Paying Agent and shall

authenticate and deliver in the name of the transferee or transferees a new fully registered Bond of the same maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

This Borough and the Paying Agent may deem and treat the persons in whose names the Bond shall be registered on the registration books of this Borough maintained by the Paying Agent as the absolute owners thereof for all purposes, whether such Bond shall be overdue or not, and payment of the principal of and/or interest on the Bond shall be made only to or upon the order of the registered owners thereof or their legal representatives, but such registration may be changed, as herein and in the Bond provided. All such payments shall be valid and effectual to satisfy in full and discharge the liability of this Borough upon the Bond so paid, to the extent of the sum or sums so paid, and neither this Borough nor the Paying Agent shall be affected by any notice to the contrary.

This Borough shall cause to be kept, and the Paying Agent shall keep, at the principal corporate trust office of the Paying Agent, books for the registration, exchange and transfer of Bond in the manner provided herein and therein so long as the Bond shall remain outstanding. Such registrations, exchanges and transfers shall be made without charge to Bondholders, except for actual costs, including postage, insurance and any taxes or other governmental charges required to be paid with respect to the same.

Section 14. The appropriate officials of the Borough, and, if applicable, their duly qualified respective successors, are hereby authorized and directed, in the name and on behalf of the Borough: (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Bond, including the debt statement and borrowing base certificate; (c) to prepare and file, or cause to be filed, all documents, certificates, and instruments necessary to cause all or a portion of the debt evidenced by the Bond to be excluded as self-liquidating; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; (e) to pay or cause to be paid from proceeds of the Bond or otherwise, all costs and expenses incurred by the Borough in connection with the issuance of the Bond; (f) to advertise the adoption of this Ordinance, as required by the Act; and (g) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Proposal of the Purchaser, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Bond, to the extent not inconsistent with this Ordinance or applicable law.

Section 15. It is hereby declared that the debt to be evidenced by the Bond, together with all other indebtedness of this Borough, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by this Borough.

Section 16. The appropriate officers of this Borough are hereby authorized and directed to deliver the Bond to the Purchaser upon due registration thereof as provided for herein, and upon receipt of full and proper payment of the purchase price therefor, provided, however, that such delivery shall be effected only after the Department has certified its approval pursuant to Section 8204 of the Act.

Section 17. This Borough covenants to and with the registered owners of the Bond that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such Bond, would cause such Bond to be an "arbitrage bond" as that term is defined in Section 148 of the Code and the applicable regulations thereunder. This Borough further covenants that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this issue. In addition, the appropriate officials of the Borough are hereby authorized and directed to execute and deliver, in the name and on behalf of the Borough, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Bond is not an "arbitrage bond" within the meaning of Section 148 and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Bond, which certificate shall set forth the reasonable expectations of the Borough as to the amount and use of the proceeds of the Bond.

Section 18. The Bond, when issued, will be a general obligation of this Borough. In accordance with the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), this Borough hereby finds, determines and designates the Bond as "qualified tax-exempt obligation," as defined in Section 265(b)(3)(B) of the Code, for the purposes of Section 265(b) of the Code.

Section 19. The Borough hereby authorizes and directs the appropriate officers, agents and employees to execute any and all other documents and to take any and all action necessary in connection with the Project to cause the 2019 Note to "no longer be deemed outstanding" as of the date of delivery of the Bond, within the meaning and for the purposes of Section 8250 of the Act and to cause the redemption of the 2019 Note.

Section 20. The Borough hereby ratifies and confirms its appointment of Georgeadis Setley, Wyomissing, Pennsylvania, as Bond Counsel in connection with the issuance of the Bond.

Section 21. 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 Borough that the remainder of this Ordinance shall remain in full force and effect.

Section 22. All Ordinances or parts of Ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.

Section 23. This Ordinance shall be effective in accordance with Section 8003 of the Act.

[Signatures appear on following page.]

DULY RESOLVED, THIS 12th DAY OF NOVEMBER, 2020, BY THE COUNCIL OF THE BOROUGH OF SCHWENKSVILLE, MONTGOMERY COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

**BOROUGH OF SCHWENKSVILLE
MONTGOMERY COUNTY, PENNSYLVANIA**

BY: _____
PRESIDENT, COUNCIL OF THE BOROUGH

ATTEST: _____
BOROUGH SECRETARY

EXHIBIT "A"

PROPOSAL

EXHIBIT "B"

MAXIMUM DEBT SERVICE SCHEDULE

EXHIBIT "C"

FORM OF BOND

**BOROUGH OF SCHWENKSVILLE,
MONTGOMERY COUNTY, PENNSYLVANIA**

**GENERAL OBLIGATION BOND
SERIES OF 2020**

Dated: December ___, 2020

\$1,049,890.00

KNOW ALL MEN BY THESE PRESENTS THAT THE BOROUGH OF SCHWENKSVILLE, MONTGOMERY COUNTY, PENNSYLVANIA (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth") promises to pay to the order of the UNITED STATES OF AMERICA acting by and through the UNITED STATES DEPARTMENT OF AGRICULTURE RURAL HOUSING SERVICE ("RHS"), or its registered assigns, the principal sum of One Million Forty Nine Thousand Eight Hundred Ninety Dollars (\$1,049,890.00), or such lesser particular sum as shall represent the unpaid balance of such principal sum, and to pay interest on the principal sum hereof advanced to the Borough, which, from time to time, shall be outstanding and shall remain unpaid, until the principal sum hereof fully shall have been paid. This Bond shall bear interest at a fixed rate of two and one hundred twenty five thousandths percent (2.125%) from the date hereof through and including December 1, 2055. Commencing on January 1, 2021, and on the first day of each month thereafter through December 1, 2055, the Borough shall pay RHS combined monthly payments of principal and interest, fully amortizing the Note over 35 years. On December 1, 2055, the Borough shall pay to the Bank a final combined principal and interest payment, which shall include the entire outstanding principal balance of the Bond at the interest rate per annum set forth above, together with all other charges and sums due hereunder. All interest due on this Bond shall be calculated on the outstanding principal balance thereof based upon a year of 360 days and the actual number of days elapsed.

Whenever the due date for payment of the principal of or interest due on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then payment of such interest, principal or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday Sunday, legal holiday or a day upon which banking institutions in the Commonwealth are authorized by law or executive order to close, with the same force and effect as if made on the due date for payment of principal or interest, and no interest shall accrue thereon for any period after such due date.

This Bond is issued under and pursuant to provisions of the Ordinance enacted by the Council of the Borough on November 12, 2020 (the "Ordinance") and is authorized to be issued under the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act"), without the assent of electors. The Bond is subject to provisions and is entitled to benefit of the Ordinance. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

This Bond may be prepaid, at any time without notice to RHS, without penalty, by the Borough prior to maturity, at the option of the Borough, as a whole, upon payment of 100% of the outstanding principal balance thereof, together with accrued interest. The Borough may, at its option, from time to time, prepay any part of the outstanding principal balance of this Bond by payment of the amount selected for such prepayment, together with accrued interest on the amount selected for such prepayment, to the prepayment date. Any partial prepayment of principal may be credited against such stated installments of principal on this Bond as the Borough may designate in writing to RHS at the time of prepayment; otherwise, a partial prepayment shall be applied in the inverse order of maturity and shall not postpone or reduce any regularly scheduled payment of principal and interest.

All payments of principal or interest due hereunder shall be payable to Univest Bank and Trust Co., Schwenksville, Pennsylvania, as paying agent (the "Paying Agent"), at the bank branch office located at 415 Main Street, P.O. Box 8, Schwenksville, Pennsylvania 19473, in lawful money of the United States of America in immediately available funds which, at the time of payment, shall be legal tender for the payment of all debts, public and private.

The Borough has covenanted in the Ordinance, to and with the registered owner(s) hereof, that it: (i) shall include the amount of the debt service for the Bond, for each fiscal year of the Borough in which such amounts are payable, in its budget for that fiscal year; (ii) that it shall appropriate such amounts from its general revenues for the payment of such debt service in each such fiscal year; and (iii) that it shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal amount of the Bond and the interest due thereon at the dates and places and in the manner stated therein, according to the true intent and meaning thereof and for such budgeting, appropriation and payment the Borough has pledged, irrevocably, its full-faith, credit and taxing power. In the Ordinance, the Borough has covenanted to and with the registered owner(s) of this Bond that it will make no use of the proceeds of the Bond, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of this Bond, would cause this Bond to be an "arbitrage bond" as such term is defined in Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder. The Borough has further covenanted that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this Bond.

This Bond does not pledge the credit or taxing power of the Commonwealth; nor shall this Bond be deemed an obligation of the Commonwealth; nor shall the Commonwealth be liable for payment of the principal of or interest on this Bond.

This Bond is transferable by the registered owner hereof, but only upon surrender of this Bond to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Borough and the Paying Agent, duly executed by the registered owner of this Bond or its attorney-in-fact or legal representative, for registration of transfer. Upon surrender, the Paying Agent shall enter any transfer of ownership of this Bond in the registration books maintained for the purpose and shall deliver this Bond to the transferee with notation of such registration written hereon. The Borough and the Paying Agent shall deem and treat the registered owner(s) hereof as the absolute owner(s) hereof (whether or not this Bond shall be overdue) for the purposes of

receiving payment of on account of principal hereof and interest due hereon and for all other purposes, and the Borough and the Paying Agent shall not be affected by any notice to the contrary.

So long as the Bank is the registered owner of this Bond, the Borough shall (a) submit its annual audited financial statements to the Bank on an annual basis within 270 days of each fiscal year end, and (b) the Borough's annual budget, when adopted.

This Bond has been designated, in the Ordinance, by the Borough, as a "qualified tax-exempt obligation", within the meaning of Section 265(b)(3)(B) of the Code.

The Bank shall have the right to exercise the remedies set forth in the Act. Any failure by the Bank to exercise any right or privilege hereunder shall not be construed as a waiver of the right or privilege to exercise such right or privilege, or to exercise any other right or privilege, at any other time, and from time to time, thereafter.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present or future, of the Borough or of any successor body, as such, either directly or through the Borough or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Bond.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the Borough to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the Borough, is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the Borough has established with the Paying Agent, as sinking fund depository, a sinking fund for this Bond and shall deposit therein amounts sufficient to pay the principal of and interest on this Bond as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the Borough are hereby irrevocably pledged.

IN WITNESS WHEREOF, the Borough of Schwenksville, Montgomery County, Pennsylvania has caused this Bond to be executed in its name and in its behalf by its President of Council of the Borough and its official seal to be affixed hereto, duly attested by its Borough Secretary, all as of the ____ day of December, 2020.

**BOROUGH OF SCHWENKSVILLE,
MONTGOMERY COUNTY, PENNSYLVANIA**

By: _____
President of Council

Attest: _____
Borough Secretary
(SEAL)

ASSIGNMENT

FOR VALUE RECEIVED,
hereby sells, assigns and transfers unto:

_____ (the "Transferee")
Name

Address

Social Security or Federal Employer Identification No. _____ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

NOTICE: No transfer will be issued in the name of the Transferee unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and date of the trust and the name of the trustee should be supplied.

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF, ACTING AS REGISTRAR, ON BEHALF OF THE BOROUGH OF SCHWENKSVILLE, MONTGOMERY COUNTY, PENNSYLVANIA

Date of Registry	Name of Registered Owner	Registrar (Authorized Representative)
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December __, 2020	Univest Bank and Trust Co.	
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