

Resolution 2018-15

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RESOLUTION OF THE COUNCIL OF THE BOROUGH OF SCHWENKSVILLE **MONTGOMERY COUNTY, PENNSYLVANIA**

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

WHEREAS, the Borough, in contemplation of the issuance and sale of its promissory note in the aggregate principal amount of One Hundred Twenty Five Thousand Dollars (\$125,000.00) to provide funds for and towards the costs of the Project (hereinafter defined) to be financed by the Borough, has determined that the Note (hereinafter defined) 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 of Pennsylvania, as amended, 53 Pa.C.S. Chs. 80-82 (the "Act") and has determined that a private sale by negotiation is in the best financial interests of the Borough; and

WHEREAS, the Council of the Borough has heretofore received the proposal (the "Proposal") of Univest Bank and Trust Co. (the "Purchaser") for the purchase of the Note and to incur nonelectoral debt in the amount of One Hundred Twenty Five Thousand Dollars (\$125,000.00) for said Project to be financed by the Borough pursuant to the provisions of the Act; and

WHEREAS, Section 8109 of the Act authorizes any Local Government Unit to incur debt evidenced by notes to provide funds for a project as defined in the Act without notification to the Department of Community and Economic Development provided: (1) the aggregate of such debt outstanding at any one time shall not exceed the lesser of One Hundred Twenty Five Thousand Dollars (\$125,000.00) or thirty percent (30%) of the borrowing base; (2) the principal shall mature within five (5) years; and (3) the debt does not otherwise exceed the limits imposed in Section 8022 of the Act; and

WHEREAS, the sum of One Hundred Twenty Five Thousand Dollars (\$125,000.00) needed to finance the Project will not cause the aggregate of such debt to exceed the lesser of One Hundred Twenty Five Thousand Dollars (\$125,000.00) or thirty percent (30%) of the Borough's borrowing base and the limits imposed by Section 8022 of the Act.

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 Resolution, the Borough Council hereby authorizes and directs the issuance of its General Obligation Note, Series of 2018 (the "Note") in the aggregate principal amount of One Hundred Twenty Five Thousand Dollars (\$125,000.00). The Note shall be issued and sold in accordance with the provisions of the Act by private sale by negotiation. In connection therewith, the Borough Council hereby finds and determines that a private sale by negotiation is in the best financial interests of the Borough.

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

Section 3. A brief description of the Project (the "Project") to be financed with the proceeds of the Note is as follows: financing the preliminary plans and design of a project of the Borough consisting of the construction, renovation and conversion of a former fire house into a Borough Hall and Community Room.

The realistic estimated useful life of the project constituting the Project is estimated to be at least 5 years.

The Borough has received realistic cost estimates for each of the projects constituting the Project being financed from professional engineers or other persons or firms qualified by experience to make such estimates.

Section 4. The Borough Council shall and does hereby approve, ratify and confirm the acceptance of the Proposal of the Purchaser for the purchase of the Note in accordance with the terms and conditions of this Resolution and the Proposal. The sale of the Note shall be for the purchase price of One Hundred Twenty Five Thousand Dollars (\$125,000.00) (100% of principal amount). A copy of the Proposal, as presented to the Borough Council and accepted by this Resolution, is incorporated herein by reference and shall be attached to this Resolution as Exhibit "A" and maintained with the minutes of this meeting.

Section 5. The Note, when issued, will be a general obligation of the Borough. In accordance with the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), the Borough hereby finds, determines and designates the Note as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code, for the purposes of such Section 265(b) of the Code. The Borough determines that it and all entities with which it is aggregated under Section 265(b)(3)(E) of the Code have not issued, and do not reasonably expect to issue, tax-exempt obligations (other than private activity bonds which are not qualified 501(c)(3) bonds under Section 145 of the Code and/or Section 265(b)(3)(B)(ii)(I) of the Code) which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the calendar year 2018. The Borough also determines that it will not engage in any action or inaction which will or may cause the Note to fail or cease to constitute a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.

Section 6. The Note shall be in substantially the form set forth in Exhibit "B" (which is attached hereto and incorporated herein by reference as though fully set forth herein) with appropriate insertions, omissions and variations. The Note shall be issued in the principal amount of One Hundred Twenty Five Thousand Dollars (\$125,000.00) and shall bear interest at the rate of four percent (4.0%) per annum. The principal and interest on the Note shall be payable in accordance with the terms and conditions of the Proposal and the Note in the maximum amounts set forth in the schedule attached hereto as Exhibit "C." The principal of and interest due on the Note may be prepaid by the Borough as provided in the form of Note attached hereto.

Section 7. The Note shall be executed in the name and on behalf of the Borough by the true signature of the President or Vice President, as appropriate, of the Borough and the true seal of the Borough shall be affixed thereto, duly attested by the true signature of the Secretary or Assistant Secretary of the Borough. Said officers are authorized and directed to execute and attest the Note.

Section 8. The Borough covenants to and with the registered owners from time to time of the Note that the Borough (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of the 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 Note 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 Note 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, the 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 the Borough shall be enforceable specifically.

Section 9. 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 pay or cause to be paid all costs and expenses incurred by the Borough in connection with the issuance of the Note; (b) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; and (c) 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 Note, to the extent not inconsistent with this Resolution or applicable law.

Section 10. The Borough covenants to and with the registered owners from time to time of the Note 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 Note, would cause such Note to be an "arbitrage bond" as that term is defined in Section 148 of the Code and the applicable regulations thereunder. The Borough further covenants that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of the issue. In addition, the President or Vice President of the Borough Council, being the official(s) responsible for issuing the Note, attested by the Secretary or Assistant Secretary of the Borough Council, 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 Note 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 Note, which certificate shall set forth the reasonable expectations of the Borough as to the amount and use of the proceeds of the Note.

Section 11. It is hereby declared that the debt to be evidenced by the Note, together with all other indebtedness of the Borough, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by the Borough.

Section 12. This Borough hereby covenants to create and there is hereby created, pursuant to the Act, a sinking fund for the Note, to be known as "Sinking Fund - General Obligation Note, Series of 2018" (the "Sinking Fund"), which sinking fund shall be established with Univest Bank and Trust Co. (the "Paying Agent") and administered in accordance with applicable provisions of the Act and this Resolution.

The Paying Agent shall be the "sinking fund depository" with respect to the Sinking Fund created pursuant to Section 12. This Borough covenants and agrees to deposit in the Sinking Fund, on or before each payment date, an amount which shall be sufficient to permit the Paying Agent to pay on such payment date all of the principal of, if any, and accrued interest becoming due with respect to the Note. After such deposit, the Paying Agent shall, without further authorization or direction from this Borough or any of its officials, withdraw moneys from the Sinking Fund and apply such moneys to the prompt and full payment of such obligations in accordance with the terms thereof, the terms and conditions of this Resolution and the provisions of the Act.

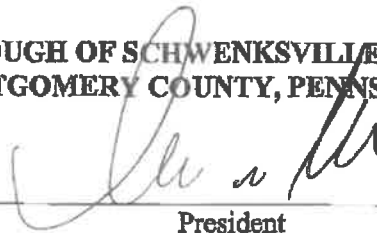
Section 13. The appropriate officers of the Borough are hereby authorized and directed to deliver the Note to the Purchaser upon receipt of full and proper payment of the purchase price therefor.

Section 14. In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of the Borough that the remainder of this Resolution shall remain in full force and effect.

Section 15. All resolutions or parts of resolutions, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.

DULY RESOLVED, THIS 13th DAY OF SEPTEMBER, 2018, BY THE COUNCIL OF THE BOROUGH OF SCHWENKSVILLE, MONTGOMERY COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

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

By: 

President

Attest: 

Secretary (SEAL)

EXHIBIT "A"

PROPOSAL OF THE PURCHASER

UNIVEST BANK AND TRUST CO.

TERM SHEET

OUTLINE OF PROPOSED TERMS AND CONDITIONS FOR:

Schwenksville Borough

September 12, 2018

The following terms and conditions outline our preliminary response to provide feedback on terms to provide a new Bank Qualified Tax Exempt General Obligation Note for renovations of the Fire House. These terms and conditions are not to be deemed an approval of the loan request but are for the purpose of discussion only. The interest rate quoted is subject to change based on market conditions.

SECTION 1. LOAN FACILITY

Borrower:	Schwenksville Borough
Amount:	\$125,000.00
Type:	Tax-exempt non-revolving line of credit.
Purpose:	For the renovations of the Fire House
Security:	The Note will be a general obligation of the Borough, payable from its tax and other general revenues. The Borough will covenant in a debt authorizing ordinance that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Note for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, 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 in the Note, and for such budgeting, appropriation and payment the Borough will irrevocably pledge its full faith, credit and available taxing power.
Term:	one year from closing/ Interest only monthly
Interest Rate:	Fixed at 4.0% Bank Qualified Tax Free or Taxable rate of 5.0%
Prepayment Penalty:	The loan may be prepaid at any time without penalty.

Documentation: The Borough's Note Counsel will draft all loan documentation as well as provide the tax exempt opinion for the loan.

Fees: Legal Fees: \$1,500.00 - Assuming Counsel prepares all documents for Bank Counsel Review
Underwriting Fees: \$500.00

SECTION 2. CONDITIONS OF BORROWING

1. Reporting Requirements:
 - a. Annual Audited Accountant Prepared Financial Statements for Schwenksville Borough
 - b. Annual Budget to Schwenksville Borough
 - c. Other financial information required
2. The tax free non-bank qualified interest rate options are based on obtaining a written legal opinion from registered bond council acceptable to the Bank, that interest payments received by Bank on the proposed loan are exempt from both Federal and State income tax. Borrower agrees that all expenses incurred on the Bank's behalf to obtain the opinion shall be at the Borrower's expense. In the event that the proposed financing is determined not to meet all requirements for tax-exempt financing, the taxable fixed rate will apply.
3. Main Bank deposit relationship must be maintained at Univest Bank for the duration of the loan.
4. No material adverse change subsequent from the date of the Borrower's application.
5. All costs and expenses in association with the loan closing and/or the application shall be the responsibility of the applicant including but not limited to, legal, bond counsel and documentation fees.

**** QUALIFICATION ****

THIS TERM SHEET DOES NOT PURPORT TO SUMMARIZE ALL THE CONDITIONS, COVENANTS, WARRANTIES AND OTHER PROVISIONS THAT WOULD BE CONTAINED IN DEFINITIVE LEGAL DOCUMENTATION FOR THE TRANSACTIONS CONTEMPLATED HEREBY. THE POSSIBLE COMMITMENT OF THE BANK IS CONTINGENT ON ACCEPTANCE BY THE APPLICANT, AND EXECUTION OF A DEFINITIVE AGREEMENT, DOCUMENTS AND INSTRUMENTS ALL IN A FORM SATISFACTORY TO THE BANK.

David R. Ohman
Senior Vice President
September 12, 2018

EXHIBIT "B"

FORM OF NOTE

**BOROUGH OF SCHWENKSVILLE,
MONTGOMERY COUNTY, PENNSYLVANIA
GENERAL OBLIGATION NOTE
SERIES OF 2018**

Dated: September 20, 2018

\$125,000.00

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 **UNIVEST BANK AND TRUST CO.** (the "Bank"), or its registered assigns, the principal sum of One Hundred Twenty Five Thousand Dollars (\$125,000.00), 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 Note shall bear interest at a fixed rate of four percent (4.0%). Commencing on October 1, 2018, and on the 1st day of each successive month thereafter to and including September 1, 2019, the Borough shall pay to the Bank monthly payments of interest on the then outstanding principal balance hereof. All interest due on this Note shall be calculated on the outstanding principal balance thereof based upon a 360 day year and the actual number of days elapsed. On September 1, 2019, the Borough shall pay the entire balance of principal outstanding hereunder plus accrued interest, together with all other charges due hereunder.

From the date hereof through September 1, 2019, the Borough may use the commitment described above by borrowing from time to time up to an amount not to exceed \$125,000. The Borough shall notify the Purchaser in writing of each proposed borrowing under this Note not later than 12:00 p.m., Schwenksville, Pennsylvania, time on the date of such proposed borrowing. The Borough authorizes and directs the Purchaser to disburse the proceeds of each such borrowing as directed by the Borough. Any advances shall be conclusively presumed to have been made to and for the benefit and at the request of the Borough when made in accordance with the written instructions of the Borough.

On and after the occurrence of a Determination of Taxability (defined below), principal and interest shall continue to be due and payable as provided above, provided that interest shall accrue at the rate of interest determined in this paragraph. If a Determination of Taxability shall occur, the rate of interest applicable on this Note shall be equal to the lesser of (a) an annual rate of interest equal to 5.0%, or (b) an annual rate of interest which more accurately reflects the actual tax burden on the Purchaser resulting from the Determination of Taxability.

Notwithstanding the prepayment or repayment of this Note, the Borough also promises to pay, within fifteen (15) days after written notice from the Purchaser: (i) additional interest, if any, in an amount that, together with the interest actually received for the period commencing upon the date of issuance hereof or upon an Event of Taxability (whichever is applicable) and ending on the date of Determination of Taxability, shall equal interest calculated on the various outstanding principal balances under this Note during such period at the Taxable Rate, (ii) any deficiency (as defined in Section 6211 of the Internal Revenue Code of 1986, as amended (the "Code")) assessed by the Internal Revenue Service by the issuance of a statutory notice under Section 6212 of the Code alleging that all or some part of the interest paid or payable with respect to this Note is includable in the gross income of the registered owner hereof under Section 103(a) of the Code (plus statutory interest and penalties due thereon) on account of such Event of Taxability and (iii) all other interest (if any), lost deductions, charges, costs, fees, penalties or assessments paid or payable by the Purchaser, which may be retroactive to the date of issuance of the Note, resulting from a Determination of Taxability. The Purchaser shall not have an obligation to contest a Determination of Taxability.

"Determination of Taxability" means the first to occur of the following events: (i) the date on which the Borough determined that an Event of Taxability (hereinafter defined) has occurred by filing with the Purchaser, a statement to that effect supported by one or more tax schedules, returns or documents that disclose that such an Event of Taxability has occurred; (ii) the date on which the Borough is advised by private ruling, technical advice or other written communication from any authorized official of the Internal Revenue Service that, based upon any filings of the Borough or any other person or entity, or upon any review or audit of the Borough or any other person or entity, or upon any other grounds whatsoever, an Event of Taxability has occurred; (iii) the date on which the Borough is advised that a court of competent jurisdiction has issued an order, declaration, ruling or Judgment to the effect that an Event of Taxability has occurred; (iv) the date the Borough shall have received written notice from any owner of the Note that such owner has received a written assertion or claim by any authorized official of the Internal Revenue Service that an Event of Taxability has occurred; or (v) the date the Borough is notified that the Internal Revenue Service has issued any private ruling, technical advice or any other written communication, with or to the effect that an Event of Taxability has occurred; provided, however, that (x) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred unless the Borough shall have received a written opinion of Georgeadis Setley, Wyomissing, Pennsylvania, or other nationally recognized bond counsel satisfactory to the Purchaser and not unsatisfactory to the Borough, and in form and substance satisfactory to the Purchaser and not unsatisfactory to the Borough, to the effect that an Event of Taxability has occurred; and (y) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred until ninety (90) days shall have elapsed from the dates described in clauses (i), (ii), (iii), (iv) or (v) above without such Determination of Taxability having been suspended, rescinded or cancelled.

"Event of Taxability" means a change of law or regulations, or the interpretation thereof, or the occurrence of any other event or the existence of any other circumstances (including without limitation the fact that any representations or warranties of the Borough made in connection with the issuance of the Note is or was untrue or that a covenant of the Borough has been breached) that has the effect of (a) causing more interest payable on the Note to be taken into account by "financial institutions" (as defined in Section 265(b) of the Code) for purposes of

determining the allocation of interest expenses to tax-exempt interest under Sections 265(b) (1) and (2) of the Code than is currently required to be taken into account on the date of issuance of this Note or (b) causing interest payable on the Note to be includable in gross income for federal income purposes under Section 103 of the Code.

Whenever the due date for payment of the principal of or interest due on this Note 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 Note is issued under and pursuant to provisions of the Resolution enacted by the Council of the Borough on September 13, 2018 (the "Resolution") 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 Note is subject to provisions and is entitled to benefit of the Resolution. The terms and provisions of the Resolution are hereby incorporated by reference as if set forth fully herein.

The Borough at any time and from time to time may voluntarily prepay, without premium or penalty, the unpaid principal balance of this Note, in whole or in part, upon notification to the Bank of such prepayment not later than 10:00 a.m. on the date of prepayment.

Any prepayment in whole or in part shall include accrued interest and all other sums then due under this Note. No partial prepayment shall affect the obligations of the Borough to make any payment of principal or interest due under this Note on the regularly scheduled payment date until this Note has been paid in full. Any partial prepayment of principal shall be applied in the inverse order of maturity and shall not postpone or reduce any regularly scheduled payment of principal and interest.

The Borough has covenanted in the Resolution, to and with the registered owner(s) hereof, that it: (i) shall include the amount of the debt service for the Note, 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 Resolution or any other of its revenues or funds the principal amount of the Note 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 Resolution, the Borough has covenanted to and with the registered owner(s) of this Note that it will make no use of the proceeds of the Note, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of this Note, would cause this Note to be "arbitrage bonds" 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 Note.

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

This Note is transferable by the registered owner hereof, but only upon surrender of this Note 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 Note 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 Note in the registration books maintained for the purpose and shall deliver this Note 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 Note 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 Note, the Borough (a) shall deliver to the Bank (i) within 180 days of the end of the Borough's fiscal year, copies of the Borough's annual audited financial statements prepared by an independent certified public accountant, together with the auditor's letter to the board or management and (ii) upon its adoption, the Borough's annual budget, and (b) shall maintain its main deposit accounts with the Bank.

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

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon or on the Resolution, 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 Note.

It is hereby certified 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 Note or in the creation of the debt of which this Note is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Note, 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 Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Note, 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 Note to be executed in its name and in its behalf by its President or Vice President of Council and its official seal to be affixed hereto, duly attested by its Secretary or Assistant Secretary, all as of the 20th day of September, 2018.

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

By: 
(Vice) President

Attest: 
(Assistant) 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 Note and all rights thereunder and hereby irrevocably constitutes and appoints as attorney to transfer the within Note 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 Note 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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September 20, 2018	Univest Bank and Trust Co.	
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EXHIBIT "C"

DEBT SERVICE SCHEDULE

October 1, 2018	\$ 136.99
November 1, 2018	\$ 424.66
December 1, 2018	\$ 424.66
January 1, 2019	\$ 424.66
February 1, 2019	\$ 424.66
March 1, 2019	\$ 424.66
April 1, 2019	\$ 424.66
May 1, 2019	\$ 424.66
June 1, 2019	\$ 424.66
July 1, 2019	\$ 424.66
August 1, 2019	\$ 424.66
September 1, 2019	\$125,424.66

**DEBT STATEMENT PURSUANT TO
LOCAL GOVERNMENT UNIT DEBT ACT
LOCAL GOVERNMENT UNIT – BOROUGH OF SCHWENKSVILLE
MONTGOMERY COUNTY, PENNSYLVANIA
STATEMENT AS OF SEPTEMBER 4, 2018**

	ELECTORAL	NONELECTORAL	LEASE RENTAL
I. GROSS INCURRED DEBT			
Bonds and Notes Outstanding	\$	\$ 18,166.20 (GON-11405)	\$
(List and identify by year of issue)	\$	\$ 34,000.00 (GON-13317)	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
TOTAL	\$	\$ 52,166.20	\$
II. CREDITS AND EXCLUSIONS			
Less: (where applicable)			
1. Sinking funds, reserve accounts, bond proceeds	\$	\$	\$
2. Current unpaid appropriations (2018)	\$	\$	\$
3. Uncollected special assessments	\$	\$	\$
4. Delinquent taxes and liens	\$	\$	\$
5. Surplus cash	\$	\$	\$
6. Solvent debts due	\$	\$	\$
7. Indemnifying insurance	\$	\$	\$
8. Self-liquidating and Self-sustaining Debt (excluded under Sections 8024, 8025 and 8026)	\$	\$	\$
TOTAL NET INDEBTEDNESS	\$	\$ 52,166.20	\$

III. The aggregate principal amount of bonds or notes being issued or evidencing lease rental debt:	\$ 125,000.00
IV. The principal amount of bonds or notes which will no longer be deemed to be outstanding pursuant to Section 8250(b) after settlement of the issue:	N/A
The borrowing base as shown by appended borrowing base certificate:	\$ 667,470.00
Applicable debt limitations: (a) nonelectoral (250%) of the borrowing base:	\$1,668,675.00
(b) nonelectoral plus lease rental (350%) of the borrowing base:	\$2,336,145.00

BORROWING BASE CERTIFICATE

BOROUGH OF SCHWENKSVILLE, MONTGOMERY COUNTY, PENNSYLVANIA

PREPARED AS OF SEPTEMBER 4, 2018

The borrowing base is the arithmetic average of total revenues received for the three preceding fiscal years as set forth in a certificate stating the total revenues for each year and stating the average. The certificate may be executed by any authorized official of the local government unit or an independent accountant. The computation of the borrowing base must be done in accordance with the definition of revenues in Section 8002(c) of the Local Government Unit Debt Act. The following method may be used:

	<u>FISCAL YEAR</u> (Ending December 31)		
	2015	2016	2017
Total Revenues Received (money from all sources)	\$584,458.00	\$671,251.00	\$ 746,700.00
TOTAL NET REVENUES			\$2,002,409.00
BORROWING BASE (Total Net Revenues Divided by 3)			\$ 667,470.00

IN WITNESS WHEREOF, the undersigned, being respectively, the President of the Council of the Borough of Schwenksville, and the Secretary of the Borough, and being authorized to prepare, certify and file the foregoing debt statement and borrowing base certificate, have hereunto set our hands and affixed the seal of the Borough as of the 13th day of September, 2018.



**PRESIDENT, COUNCIL OF THE BOROUGH OF
SCHWENKSVILLE**




SECRETARY (SEAL)

COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF MONTGOMERY :

On this ___ day of September, 2018, before me, the undersigned officer, personally appeared DARREN W. RASH, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within Debt Statement and Borrowing Base Certificate, and said person acknowledged that he/she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seals this 13th day of September, 2018.



NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Joseph A. Glunta, Notary Public
Schwenksville Boro, Montgomery County
My Commission Expires Oct. 2, 2021
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES