

RESOLUTION NO. 2020-10

**RESOLUTION OF SCHWENKSVILLE BOROUGH AUTHORIZING
TAX AND REVENUE ANTICIPATION LOAN**

WHEREAS, the Borough of Schwenksville, of Montgomery County, Pennsylvania (hereinafter, "Schwenksville Borough") anticipates current revenues as yet uncollected; and

WHEREAS, Schwenksville Borough has inadequate funds for current expenditures; and

WHEREAS, Schwenksville Borough has determined that it is necessary to borrow for the purpose of meeting current expenses by issuing a note to be repaid from said anticipated revenues; and

WHEREAS, Univest Bank and Trust Co. (hereinafter, "Lender") has submitted to Schwenksville Borough a proposal to make a tax anticipation loan to Schwenksville Borough, which desires by adoption of this Resolution to accept such proposal and authorize the tax and revenue anticipation note.

NOW, THEREFORE, BE IT RESOLVED that:

1. Schwenksville Borough hereby authorizes the issuance of a Tax and Revenue Anticipation Note in the amount of One Hundred Thousand Dollars (\$100,000.00) in anticipation of the receipt of current taxes and revenues.

2. The Note shall be in the denomination of One Hundred Thousand Dollars (\$100,000.00), shall be redeemable at any time at the option of the officers of Schwenksville Borough without penalty

or premium, shall be fully registered without coupons, shall be dated on or before July 12, 2020, bear interest at a variable rate equal to the Univest Bank and Trust Co. announced Prime Rate, shall mature on December 31, 2020, and shall be payable at the main office of the Lender, shall be substantially in the form annexed to the Resolution as Exhibit "A" and hereby made a part of the Resolution as though fully set forth in this place.

3. The proposal of Univest Bank and Trust Co. to purchase the Note dated May 14, 2020, is hereby accepted and shall be incorporated into the minutes of this meeting. A true and correct copy of said Proposal is attached hereto as Exhibit "B", and the appropriate executive officers are hereby authorized and directed to execute and deliver a duplicate original of the acceptance of said proposal to the Lender.

4. Schwenksville Borough hereby pledges to the Lender and grants to the Lender a first lien and charge on its taxes and revenues to be received during the period when the Note is outstanding to secure the payment of the indebtedness evidenced hereby and the interest thereon.

5. Payment of principal and interest shall be made in the following amounts and on the following dates:

(Interest Payments Due Monthly)

6. The appropriate executive officer be and hereby is authorized and directed to execute and deliver in the name of, on behalf of, and under the seal of, Schwenksville Borough, the Tax and Revenue Anticipation Note in the form and containing terms described above, and the Secretary of Schwenksville Borough be and hereby is authorized and directed to attest the same.

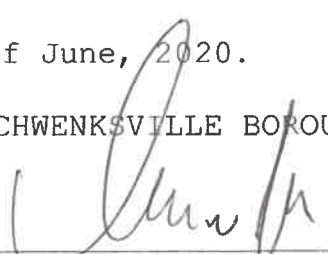
7. The appropriate executive or fiscal officer be and hereby is authorized and directed to prepare or cause to be prepared and to file a Certificate as to Taxes and Revenues to be Collected as required by Section 8128 of the Local Government Unit Debt Act. A true and correct copy of said Certificate is attached hereto as Exhibit "C".

8. The executive officers of Schwenksville Borough be and hereby are authorized and directed to perform all acts which are necessary and proper for the valid issuance and securing of the note.

RESOLVED this 11th day of June, 2020.

SCHWENKSVILLE BOROUGH COUNCIL

By:



Darren Rash, President

Attest:




Gail Phillips, Secretary

CERTIFICATION

I, Gail Phillips, Secretary of Schwenksville Borough Council, hereby certify that the foregoing is a true and correct copy of a Resolution, duly adopted by the majority vote of Schwenksville Borough, at a meeting duly held on the 11th day of June, 2020, and that the minutes of said meeting showing how each member voted have been duly recorded in the official minutes of Schwenksville Borough.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 11th day of June, 2020.

SCHWENKSVILLE BOROUGH COUNCIL



Gail Phillips, Secretary

EXHIBIT "A"

\$100,000.00

**BOROUGH OF SCHWENKSVILLE
MONTGOMERY COUNTY, PENNSYLVANIA**

**TAX AND REVENUE ANTICIPATION NOTE
SERIES OF 2020**

The Borough Council of the Borough of Schwenksville (the "Issuer") a body corporate and politic organized and existing pursuant to the laws of the Commonwealth of Pennsylvania, for value received hereby, acknowledges itself to be indebted and promises to pay to the order of Univest Bank and Trust Co. (the "Bank") or registered assigns, upon surrender hereof, the sum of One Hundred Thousand Dollars (\$100,000.00), the amount drawn by the Borough on an as needed basis, beginning _____, and to pay interest on said sum, on a monthly basis, from the date hereof until maturity, so long as the sum remains outstanding, at a variable rate equal to the Univest Bank and Trust Co. announced Prime Rate. The Interest Rate will never be greater than four percent (4.00%) or less than three and one quarter percent (3.25%), calculated on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed until the principal amount of this Note has been paid in full. Interest shall be paid monthly commencing _____, and at maturity, without further notice or demand, on or before December 31, 2020, and both the principal of and interest on this Note shall be payable in immediately available funds in such coin or currency as at the place and at the time of payment shall be tendered to for the payment of public and private debts at the Office of Univest Bank and Trust Co., 14 North Main Street, P.O. Box 197, Souderton, PA 18964-0197, or at such other place as the Bank shall specify in writing to the Borough. This Note shall be subject to prepayment, in whole or in part, at the option of the Issuer at any time, without payment of any redemption premium or prepayment penalty. Partial prepayment shall be made by payment of the principal amount to be prepaid together with interest and other charges due hereunder on the prepaid amount to the prepayment date and such partial payment shall be noted hereon. Prepayment in whole shall be made by payment of the principal amount hereof at the time outstanding, together with interest and other charges due hereunder to the prepayment date, against surrender hereof.

This Note is authorized to be issued in a principal amount of One Hundred Thousand Dollars (\$100,000.00), which exact amount will be equal to the amount drawn by the Borough on an as needed basis, pursuant to Resolution No. 2020-12 (the "Resolution") duly

adopted by the Schwenksville Borough Council (the "Governing Body") of the Issuer dated June 11, 2020 authorizing the issuance of this Note in a principal amount of One Hundred Thousand Dollars (\$100,000.00), which exact amount will be equal to the amount drawn by the Borough on _____, during the fiscal year ending December 31, 2020 and maturing on December 31, 2020. The issuance and sale of this Note to the Bank has been found and determined by Borough Council, on the basis of all information available, to be in the best financial interest of the Borough.

The Note issued under and in accordance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (Act No. 177) of 1996, as amended (the "Act"), for the purpose of providing funds for current expenses and debt service payable in the current fiscal year in anticipation of taxes, state subsidies and reimbursements and other current revenues of the Issuer. In order to secure this Note and the prompt payment of the principal of interest hereon when due, there is hereby granted to such owner a security interest in and lien and charge on, all such taxes, subsidies, reimbursements and other revenues of the Issuer received during the period when the Note will be outstanding, perfected and enforceable in the manner provided by the Act. Payment of this Note in full shall be made against surrender hereof at maturity. The Issuer may treat the registered owner of this Note as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary. The amount of this Note, together with all other notes, if any, issued by the Issuer under the Resolution does not exceed 85% of the sum of the taxes levied for the current fiscal year and the current revenues for such year, not yet received and remaining to be collected or received during the period when this Note will be outstanding.

The Issuer has made certain representations and covenants in the Resolution relating to compliance with Federal laws and regulations which are incorporated herein by reference. Specifically, the Issuer represents to and warrants and covenants with the Bank as follows:

(a) The Issuer is authorized to issue this Note under the provisions of the Local Government Unit Debt Act, as amended (the "Act"), of the Commonwealth of Pennsylvania ("Commonwealth"). The Issuer is authorized by the provisions of the Act and the laws of the Commonwealth, among other things, (i) to issue notes, such as the Note; and (ii) to execute, deliver, and perform its obligations under this Note.

(b) The Issuer has full legal right, power, and authority (i) to adopt the Resolution, (ii) to enter into this Note, (iii) to issue, sell, and deliver this Note to the Bank as provided herein and for the purposes set forth in the Resolution, and (iv) to carry out and consummate all other transactions contemplated by each of the aforesaid documents. The Issuer has complied with all provisions of applicable law, including the Act, in all matters relating to such transactions.

(c) By official action of the Issuer, the Issuer has duly adopted the Resolution in accordance with the Act, and has duly authorized and approved the execution, delivery, and due performance of this Note, and the taking of any and all such action as may be required on the part of the Issuer to carry out, give effect to, and consummate the transactions contemplated by this Note. All consents or approvals necessary to be obtained by the Issuer in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The Resolution is in full force and effect, and constitutes a legal, valid, and binding act of the Issuer; this Note when executed and delivered by the Issuer constitutes a legal, valid, and binding obligation of the Issuer; and this Note is enforceable against the Issuer in accordance with its terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium, or other laws or equitable principles affecting the enforcement of creditors' rights generally from time to time in effect).

(e) The Issuer is not in breach of or in default under any existing law, court, or administrative regulation, judgment, decree, order, or any trust agreement, indenture, bond, note, resolution, certificate, ordinance, agreement, or other instrument to which the Issuer is a party or to which the Issuer is otherwise subject, which breach or default in any way materially and adversely affects the official existence of powers of the Issuer, the execution, delivery, and the issuance of the Note and the adoption of the Resolution, and compliance with the provisions of each of such agreements or instruments to not, and the execution and delivery of such documents and compliance with the provisions thereof will not conflict with or constitute on the part of the Issuer a violation of or a breach of or default under (i) any statute, indenture, mortgage, commitment, note or other agreement or instrument to which the Issuer is a party or by which it or its property is bound, (ii) any provisions of the Constitution of the Commonwealth, or (iii) any existing rule, applicable law or

administrative regulation of the Commonwealth or the United States of America, ordinance, judgment, order, or decree to which the Issuer (or any of its officers or elected officials in their respective capacities as such) is a party or to which the Issuer is otherwise subject and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach of or default under such as instrument.

(f) The Issuer has never been at any time and is not now in default as to payment of principal of or interest on an obligation which it has issued or guaranteed.

(g) As of the time of acceptance hereof no action, suit, proceeding, inquiry, or investigation at law or in equity, is pending or, to the knowledge of the Issuer, threatened in any court, public board or body (i) which in any way challenges the titles of any elected officials or officers of the Issuer to their respective offices, or (ii) which in any way questions the powers of the Issuer referred to above or the validity of any proceeding taken by the Issuer in connection with the issuance of this Note, or (iii) which seeks to restrain or enjoin the issuance, execution, or delivery of this Note, or the collection of revenues pledged or to be pledged to pay the principal of, premium, if any, and interest on the Note, or in any way contests or affects the validity or enforceability of this Note, the Resolution, the Certificate of the Issuer regarding IRS Section 265(b)(3), Non-Litigation Affidavit, Non-Arbitrage Certificate, and Certificate as to Taxes and Revenues to be Collected (the "Issuer Documents"), or the collection or receipt of said revenues or the assignment thereof or contesting the powers of the Issuer or any Issuer for the issuance of the Note, or the adoption of the Resolution, or (iv) in which an unfavorable decision, ruling, or finding could materially adversely affect the transactions contemplated by the Resolution or this Note, or of any other document or instrument required or contemplated by this financing, or which in any way questions the tax-exempt status of the Issuer or the exclusion from gross income of the recipients thereof of the interest on the Note for Federal income tax purposes or the interest on the Note for Commonwealth corporate net income and personal income tax purposes or an any other way questions the status of the Note under Federal or Commonwealth tax laws or regulations.

(h) At the time of issuance hereof, all authorizations, approvals, consents, or orders of or filing or registration with any court or governmental agency or body required for the valid authorization, execution, issuance, sale, or delivery of the Note

or the exclusion from gross income of interest on the Note for Federal income tax purposes or the valid adoption by the Issuer of the Resolution or the execution and delivery of the Issuer Documents have been obtained.

(i) The proceeds from the sale of the Note will be used or applied as provided in the Resolution.

(j) Any certificate signed by any officer or official of the Issuer and delivered to the Bank shall be deemed a representation and warranty by the Issuer to the Bank as to the truth of the statements therein contained.

(k) The Issuer will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Note to be applied in a manner other than as provided in the Resolution or which would cause the interest on the Note to be includable in gross income for Commonwealth or Federal income tax purposes.

(l) The Issuer hereby designates the Note as a "qualified tax-exempt obligation" with the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

(m) Upon the enactment of any legislation, promulgation of regulations, issuance or occurrence of a ruling or decision by judicial or administrative authority, or written assessment, assertion or claim by the Internal Revenue Service, the Commonwealth of Pennsylvania or an applicable regulatory body that subjects the interest on the Note to Federal or State income taxes, or as a result of which the Bank incurs any taxes, income or otherwise, including by disallowance or reallocation of deductions (other than as in effect on the date of issuance of this Note), or in the event at any time during the term hereof this Note is found not to be "bank qualified", then notwithstanding any other provision of this Note, the Borough shall pay interest on the Note equal to the Univest Bank and Trust Co. announced Prime Rate. The Interest Rate will never be greater than four percent (4.00%) or less than three and one quarter percent (3.25%), as adjusted from time to time, retroactive to the effective date of such legislation, court decision or regulation or the determination that the Note is not "bank qualified" (the "Taxable Rate"). In the event of such change in interest rate, the Borough agrees to adjust its monthly payments of interest to reflect the new interest rate at the Taxable Rate.

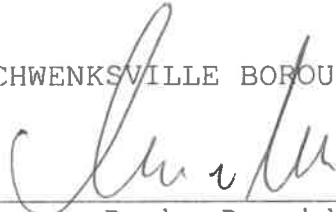
All acts, conditions and things required to be done or performed precedent to and in the issuance of this obligation or in the creation of the debt of which this obligation is evidenced have been done and performed as required by law. The obligation, together with all other indebtedness of the Issuer is not in excess of any constitutional or statutory limitation.

The Borough covenants with the Bank: (i) that the Borough has included in its budget for the fiscal year ending December 31, 2020, the amount of the debt service on the Note issued hereunder which will be payable in such fiscal year; (ii) that the Borough shall appropriate from its taxes and general revenues such amounts to the payment of such debt service; (iii) that the Borough shall duly, punctually and fully pay the principal of and interest on the Note as stated herein according to the true intent and meaning hereof; (iv) for such budgeting, appropriation and payment, the Borough has irrevocably pledged its full faith, credit and taxing power; and (v) these covenants shall be specifically enforceable.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed in its name on its behalf and its seal to be hereto affixed by the President of the Governing Body, attested by the Secretary this 11th day of June, 2020.

SCHWENKSVILLE BOROUGH COUNCIL

BY:



Darren Rash, President

ATTEST:



Gail Phillips, Secretary

EXHIBIT "B"

May 14, 2020

Borough of Schwenksville
140 Main Street
Schwenksville, PA 19473

Ladies and Gentlemen:

Univest Bank and Trust Co. (the "Bank") is pleased to submit to the Borough of Schwenksville (the "Borough") the following commitment for up to One Hundred Thousand Dollars (\$100,000) for the purpose of a Tax Anticipation Note.

BORROWER: Borough of Schwenksville

PURPOSE: Provide a new Tax Anticipation Note

MATURITY: December 31, 2020

INTEREST RATE: A variable rate equal to the Univest Bank and Trust Co. announced Prime Rate. The Interest Rate will never be greater than four percent (4.00%) or less than three and one quarter percent (3.25%). Interest shall be computed on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed.

REPAYMENT SCHEDULE: Interest on the unpaid principal is due and payable monthly, the full sum of the unpaid principal and accrued interest is due and payable at maturity.

LATE CHARGE: If a payment is more than 15 days late, Borrower will be charged 5.000 percent of the amount of payment or \$25.00, whichever is greater. Borrower will pay this late charge promptly but only once for each late payment.

DEFAULT RATE: If Lender declares a default under the terms of the Loan, including for failure to pay in full at maturity, Lender may increase the Interest Rate otherwise payable. In such event, interest will accrue on the unpaid Principal balance of this Note at a rate equal to the rate in effect prior to default, plus 3.000 percent, until paid in full.

FEES: All charges and costs in association with the closing and/or application shall be the responsibility of Borrower including but not limited to \$1,500.00 assessed by Bank's counsel for the review of loan documents prepared by Borough's counsel.

COLLATERAL: The Borough shall pledge its full faith, credit, and taxing power for the payment of principal and interest on the loan.

ADVANCE FORMULA: Funds to be advanced upon request of Borrower.

LOAN

COVENANTS: Subject to the terms and conditions in the Bank's Loan Agreement, including but not limited to:

1. Borrower shall provide to Bank annual municipal audit and financial report within 270 days of each fiscal year end.
2. Borrower shall provide to Bank annual budget within 90 days of each fiscal year end.
3. This loan shall be cross-defaulted with all other loans from Lender to Borrower whether now existing or entered into at a later date.
4. A depository relationship shall be established and maintained with Bank for the duration of the loan, with Loan payments automatically debited from account with Lender.

LOAN

REQUIREMENTS: This commitment is contingent upon the receipt and approval, by Bank, of the following items:

1. Loan documents to be reviewed by Hill Wallack, LLC on behalf of the Bank.

**CHANGE IN CAPITAL
ADEQUACY
REGULATIONS:**

The loan documents shall contain Lender's standard provisions protecting the Lender against increased costs or loss of yield resulting from changes in reserve, tax, liquidity, capital adequacy and other requirements of law and from the imposition of or changes in withholding or other taxes (including Dodd-Frank, Basel III and tax provisions).

This loan may be paid in whole or in part without penalty at any time during the term of the loan, upon payment of principal plus accrued interest to the date of the payment.

This loan shall be an obligation of the Borough of Schwenksville and shall be conditioned upon all documentation being reviewed or prepared by any registered bond counsel. Any legal expenses incurred in connection with this loan shall be paid by the Borough.

This loan is also conditioned upon the following terms and conditions:

- A. The Borough has properly authorized this transaction and has complied with all aspects of law, including, but not limited to, the Pennsylvania Local Government Unit Debt Act (OR the Pennsylvania Municipal Authorities Act), as applicable;
- B. The Borough has taken all actions to duly authorize and approve the entering into and completion of the loan as contemplated in this letter, and has received all consents, approvals and orders as may be necessary to complete the transaction contemplated.

- C. The Borough is not in breach of or in default under any law or regulation which may affect it or the loan contemplated by this letter, and the same will not conflict with or constitute a breach of or default under any law, regulation, judgment or the like;
- D. The Borough has executed such documents and provided such security as may be required as set forth in this letter or in the Loan Documentation;
- E. The Borough shall provide the opinion letter of an attorney acceptable to Bank, certifying, among other things, that the Borough is in "Good Standing" under the Laws of Pennsylvania, and that its Board has authorized the actions taken with respect to the Loan and such authorizations have been made in accordance with all applicable laws, including without limitations, federal, state and municipal, and by-laws and/or the provisions of any agreement to which it is bound. In addition, such opinions shall certify that all loan documents, when executed, shall be fully enforceable by the Bank and further certify to the priority of those security interests and liens required hereunder. The opinion letter by Borough's legal counsel shall also render opinions regarding the authority of the Borough to enter into and execute the loan documentation. The above opinion letter(s) shall be in form and content satisfactory to the Bank or Bond Counsel;
- F. There shall not have occurred any material adverse changes in the financial affairs of the Borough.

The loan is subject to such other terms and conditions as Univest Bank and Trust Co. may require as shall be set forth in the loan documentation prepared in connection with this loan.

Kindly indicate your acceptance of this commitment by signing the enclosed acknowledgment copy of this letter and return it to this bank within thirty (30) days of the date of this letter.

Unless this loan is closed by July 12, 2020, this commitment will automatically expire. This letter may be extended only upon a written agreement from this bank. The interest rate options, as stated for this loan, would then be subject to change to coincide with prevailing interest rates.

Thank you again for allowing Univest Bank and Trust Co. to be of service to the Borough of Schwenksville. If there are any additional questions concerning this commitment, please do not hesitate to call.

Sincerely,

David R. Ohman
Senior Vice President

DRO:jv
Enc.

cc: Hill Wallack, LLC

Acknowledgment and Acceptance Copy

The undersigned hereby accepts and agrees to the foregoing terms and conditions of the subject loan.

BORROWER:
BOROUGH OF SCHWENKSVILLE

X [Signature]
Name: Darren W. Rash
Title: Council President

X [Signature]
Name: Anne W. Klepfer
Title: Borough Manager

Date 6-11-2020

Please return **ONE** signed copy of this commitment letter
to Univest Bank and Trust Co.