

**BOROUGH OF PENNSBURG
MONTGOMERY COUNTY, PENNSYLVANIA**

ORDINANCE NO. 6-2022

AN ORDINANCE OF THE BOROUGH OF PENNSBURG, MONTGOMERY COUNTY, PENNSYLVANIA (THE "BOROUGH"), AMENDING ORDINANCE NO. 1-2022 ENACTED BY THE BOROUGH ON JANUARY 3, 2022, BY AMENDING SUCH ORDINANCE TO PROVIDE (I) THE STATED MAXIMUM MATURITY DATE OF ITS GENERAL OBLIGATION NOTE, SERIES OF 2022 TO BE ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,300,900 (THE "NOTE") AND PAYABLE TO QNB BANK, QUAKERTOWN, PENNSYLVANIA (THE "BANK"), SHALL BE DECEMBER 31, 2024, (II) THAT THE NOTE'S INTEREST RATE SHALL BE EQUAL TO THE BANK'S BANK QUALIFIED RATE AT THE TIME OF THE NOTE'S ISSUANCE, BUT, IN ANY EVENT, NOT TO EXCEED FIVE PERCENT (5%), AND (III) THE FORM OF NOTE'S MAXIMUM MATURITY DATE AND MAXIMUM ANNUAL DEBT SERVICE AS SET FORTH IN ITS AMORTIZATION SCHEDULE..

WHEREAS, the Borough previously authorized the incurrence of general obligation debt to be evidenced by its General Obligation Note, Series of 2022 to be issued in the aggregate principal amount not to exceed \$1,300,900 (the "Note"), payable to QNB Bank, Quakertown, Pennsylvania (the "Bank"), pursuant to the Borough's Ordinance No. 1-2022 enacted on January 3, 2022 (the "Prior Ordinance"); and

WHEREAS, the Borough desires to amend the Prior Ordinance as set forth herein to revise its stated maximum maturity date and revise the Note's interest rate and maximum annual debt service as set forth in the Note's amortization schedule.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Borough Council of Borough Pennsburg, Montgomery County, Pennsylvania, as follows:

1. The Prior Ordinance is amended as follows:
 - a. Section 6 shall be amended by replacing it in its entirety with the following:

"Closing on the Note and the transactions contemplated thereby is anticipated to occur on or about August 26, 2022. The Note shall mature on December 31, 2024. The Note shall be a draw-down note and the Borough shall have the right to draw on the Note, from time to time, for the payment of costs of the 2022 Project. The Note shall bear interest on amounts drawn and unpaid at the rate equal 3.5% per annum. Principal is payable upon the earlier of maturity, or upon receipt of proceeds of the USDA Loan. Interest is payable monthly on the last day of each month beginning August 31, 2022.

The Note shall be prepayable by the Borough in whole or in part at any time without premium or penalty.

The maximum annual debt service is set forth on the schedule attached hereto as Exhibit A. The actual debt service payable by the Borough may be less than shown, depending on the amount and timing of the draws on said Note and the interest charged in accordance with the Note. Principal significantly in excess of the costs of said portions of the 2022 Project will mature on the Note before the expiration of the estimated useful lives of said portions of the 2022 Project.”

b. “Exhibit A” to the Prior Ordinance, the Note’s Amortization Schedule, and all references thereto, shall be replaced to with Exhibit A to this Ordinance.

c. “Exhibit B” to the Prior Ordinance, the form of Note, and all references thereto, shall be replaced to with Exhibit B to this Ordinance.

d. “Exhibit C” to the Prior Ordinance, the Bank’s Note Purchase Proposal, and all references thereto, shall be replaced to with Exhibit C to this Ordinance.

2. If any one or more of the provisions contained in this Ordinance or in any notes issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Ordinance or of the notes and this Ordinance and the notes shall be construed and enforced as if such invalid, illegal or unenforceable provision had never been contained therein.

3. The remaining provisions of the Prior Ordinance in force immediately preceding the date of enactment of this Ordinance are intended to be continued and, to the extent not inconsistent herewith, remain in full force and effect.

4. The appropriate officers of the Borough are authorized and directed to execute and, if appropriate, file and deliver any and all documents and take any action necessary or appropriate for the purposes of this Ordinance.

THIS ORDINANCE enacted the 9th day of August, 2022.

[Signature Page Follows]

THIS ORDINANCE enacted the 9th day of August, 2022.

BOROUGH OF PENNSBURG

By: *Liane K. Steven*
President of Borough Council

Attest: *Boni M. Wilby*
Secretary

(SEAL)

The foregoing Ordinance adopted by the Borough Council of the Borough of Pennsburg is hereby approved this 9th day of August, 2022.

Charles Slaggs
Mayor of the Borough of Pennsburg

CERTIFICATE

I, Lisa M. Hiltz, Secretary/Treasurer of the Borough of Pennsburg, hereby certify as follows:

1. The attached Ordinance is a true, complete and correct copy of an Ordinance duly adopted by the affirmative vote of a majority of the members then holding office of the Pennsburg Borough Council, which is the governing body of the Borough of Pennsburg (the "Borough"), at a meeting duly called and held on August 9, 2022.

2. Said meeting was held after due notice to the members of the Borough Council and to the public and was at all times open to the public and otherwise conducted in accordance with the laws of the Commonwealth of Pennsylvania.

3. Advertisement of a summary of said Ordinance was duly made on August 5, 2022, in the *Times Herald*, a newspaper of general circulation published and circulated in the area of the Borough, which advertisement included a statement that a copy of the full proposed text of said Ordinance was available for inspection by any citizen in the Borough Offices at an address and hours stated therein.

4. Said Ordinance was examined and approved by the members of the Borough Council and was duly recorded in the minutes of the said meeting.

5. The total number of members of the Borough Council is seven (7) and the vote upon said Ordinance was called and duly recorded in the minutes of said meeting and the members voted in the following manner:

Diane L. Stevens	<u>Yes</u>
Patrick Suter	<u>Yes</u>
Keith Goodwin	<u>Yes</u>
Adam Krisko	<u>Yes</u>
Michael R. Mensch	<u>Yes</u>
F. Robert Seville Richard DeAngelis	<u>Yes</u>
Wayne Stevens	<u>Yes</u>

6. Advertisement of a notice of adoption of said Ordinance was duly made in the *Times Herald*, a newspaper of general circulation published and circulated in the area of the Borough, on August 5, 2022, which advertisement stated:

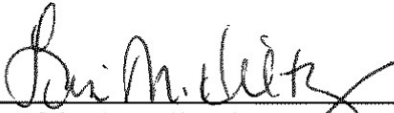
a. The substance of any amendments made during final passage, the price bid for the Note, and the interest rate named in the successful bid; and

b. That the final text of the Ordinance as adopted may be examined by any citizen in the Borough Offices at an address and hours stated therein.

[signature page follows]

IN WITNESS WHEREOF, I have placed my hand and the seal of the Borough of
Pennsburg this 9th day of August 2022.

BOROUGH OF PENNSBURG

By: 
Lisa M. Hiltz, Secretary/Treasurer

(SEAL)

EXHIBIT A

AMORTIZATION SCHEDULE

QBR Bank

DATE: 7/30/22

PREPARED FOR: Borough of Pennsburg DATE: 03.5000003 PAYMENT: .00 TERM: 24M

DATE	NUMBER	INTEREST	PRINCIPAL	C/L	P/H	IN EMP	ORIGINAL BALANCE	TOTAL	BALANCE
8/31/22	1	3,794.29	.00	.00	.00	.00	1,300,900.00	3,794.29	1,300,900.00
9/30/22	2	3,794.29	.00	.00	.00	.00	1,300,900.00	3,794.29	1,300,900.00
10/31/22	3	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
11/30/22	4	3,794.29	.00	.00	.00	.00	1,300,900.00	3,794.29	1,300,900.00
12/31/22	5	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
CALENDAR YEAR 2022									
		19,224.91	.00	.00	.00	.00		3,224.41	
1/31/23	6	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
2/28/23	7	3,541.34	.00	.00	.00	.00	1,300,900.00	3,541.34	1,300,900.00
3/31/23	8	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
4/30/23	9	3,794.29	.00	.00	.00	.00	1,300,900.00	3,794.29	1,300,900.00
5/31/23	10	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
6/30/23	11	3,794.29	.00	.00	.00	.00	1,300,900.00	3,794.29	1,300,900.00
7/31/23	12	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
8/31/23	13	3,541.34	.00	.00	.00	.00	1,300,900.00	3,541.34	1,300,900.00
9/30/23	14	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
10/31/23	15	3,794.29	.00	.00	.00	.00	1,300,900.00	3,794.29	1,300,900.00
11/30/23	16	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
12/31/23	17	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
CALENDAR YEAR 2023									
		46,163.89	.00	.00	.00	.00		46,163.89	
1/31/24	18	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
2/29/24	19	3,667.82	.00	.00	.00	.00	1,300,900.00	3,667.82	1,300,900.00
3/31/24	20	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
4/30/24	21	3,794.29	.00	.00	.00	.00	1,300,900.00	3,794.29	1,300,900.00
5/31/24	22	3,920.77	.00	.00	.00	.00	1,300,900.00	3,920.77	1,300,900.00
6/30/24	23	3,794.29	.00	.00	.00	.00	1,300,900.00	3,794.29	1,300,900.00
7/31/24	24	3,920.77	1,300,900.00	.00	.00	.00		3,794.29	1,300,900.00
CALENDAR YEAR 2024									
		26,939.48	1,300,900.00	.00	.00	.00		1,327,839.48	
GRAND TOTAL		92,327.78	1,300,900.00	.00	.00	.00		1,393,227.78	

EXHIBIT B

FORM OF NOTE

BOROUGH OF PENNSBURG
MONTGOMERY COUNTY
COMMONWEALTH OF PENNSYLVANIA
UNITED STATES OF AMERICA

General Obligation Note, Series of 2022

Dated: [August 26], 2022 Maturity: [August 26], 2024 Principal Amount:
\$1,300,900.00

KNOW ALL MEN BY THESE PRESENTS, that the Borough of Pennsburg (the "Borough"), County of Montgomery, Commonwealth of Pennsylvania, for value received and intending to be legally bound, hereby acknowledges itself indebted and promises to pay to the order of QNB Bank (the "Bank"), or its registered assigns, the sum of One Million Three Hundred Thousand Nine Hundred and 00/100 Dollars (\$1,300,900.00), or such lesser amount as is actually drawn down, with interest on the unpaid principal balance at the rate set forth herein.

This Note shall bear interest at the fixed rate of three and one-half percent (3.5%) per annum, until maturity, it is paid in full, or the occurrence a Determination of Taxability as defined herein. Interest only shall be due and payable monthly on the last day of the month beginning August 31, 2022, and ending with one final payment of the outstanding principal balance of the Note plus interest accrued on the outstanding principal balance of the Note on July 31, 2024, as more fully set forth on the amortization schedule attached hereto as Exhibit A, unless earlier prepaid. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of three hundred sixty (360) days, multiplied by the outstanding principal balance, multiplied by a month of thirty (30) days. The amortization schedule may be adjusted from time to time to reflect actual interest rates as calculated in accordance with the terms of this Note and the amount drawn down and due and owing at the time of such adjustment.

If any payment of principal or interest is not received by Bank by the fifteenth (15th) day following the due date, a late charge of 5% of such overdue amount will, at Bank's option, be payable by the Borough.

If the date for payment of the principal of, or interest on, this Note is not a business day, then the date of such payment shall be the next succeeding day which is a business day. Payment on such subsequent business day shall have the same force and effect as if made on the

nominal date of payment. A business day shall be any day in which the Bank is not authorized by law or under lawful authority to be closed.

The Borough shall have the option to redeem and prepay this Note at any time or to pay any installment of principal or interest, in whole or in part, at any time prior to the date on which such amount is due, without penalty or premium. Any prepayment will reduce the amount of the unpaid principal of the Note. Prepayment of less than the total outstanding principal shall not postpone any regularly scheduled principal payment.

The Borough hereby designates this Note as a "qualified tax-exempt obligation" for the purposes and with the affect set forth in Section 265(b) of the Internal Revenue Code (the "Code") as amended.

Any redemption or prepayment of principal, as hereinbefore authorized, shall be upon written notice addressed to the Bank or its registered assigns, at the address shown in the records of the Borough to be kept by the Paying Agent for such purpose, provided, however, that such notice may be waived by the registered owner. Such redemption or prepayment shall be effective upon deposit with the Paying Agent of the principal amount to be repaid plus any accrued interest, and delivery or deposit in the United States mails of the required written notice.

Both principal and interest are payable in such coin or currency as at the respective dates of payment thereof shall be legal tender for the payment of public and private debts, at the principal office of the Bank at Quakertown, Pennsylvania, and the Bank shall be the "Paying Agent" and "Registrar" for this Note.

It is hereby recited that this Note is nonelectoral debt authorized to be issued in accordance with the Local Government Unit Debt Act, being Act No. 177 of the General Assembly of the Commonwealth of Pennsylvania, approved December 19, 1996, as amended (the "Act"), and pursuant to Ordinance No. 1-2022 of the Council of the Borough adopted January 3, 2022, as amended by Ordinance No. 6-2022 of the Council of the Borough adopted August 9, 2022 (collectively, the "Ordinance"). The Act, as such shall have been in effect when the Note was authorized, and the Ordinance shall constitute a contract between the Borough and the Bank or registered owner or owners, from time to time, of the Note.

If, at any time hereafter, either before or after the payment of the entire principal of and interest on this Note, there occurs a Determination of Taxability, as herein defined, then the per annum rate of interest on this Note shall be readjusted and increased an annual rate of interest equal to the Wall Street Journal Prime Rate on a floating basis with a ceiling of ten percent (10.0%) (the "Taxable Rate").

For purposes hereof, a "Determination of Taxability" shall mean: (i) a determination that interest payable on account of this Note is not exempt from both federal and Pennsylvania income taxation, the date of which determination shall be considered as made on the earliest of: (x) the day after expiration of the period for filing a petition in the United States Tax Court or in

the Pennsylvania courts in the case of Pennsylvania taxes with respect to any income tax deficiency asserted against the Bank with respect to any such interest; if no such petition is filed, (y) the day on which a decision by the United States Tax Court or a judgment, decree or other order by any court of competent jurisdiction, holding that such interest is taxable, becomes final or the day on which the Bank and the United States Internal Revenue Service or the Pennsylvania Department of Revenue shall reach a settlement resulting in such interest becoming taxable, or (z) the effective date of any legislation, final regulation or ruling making such interest taxable; or (ii) a final determination by a court of competent jurisdiction that this Note is not a "qualified tax-exempt obligation" within the meaning of section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

If a Determination of Taxability does occur, then: (i) the unpaid principal balance of the Note shall thereafter bear interest at a rate per annum equal to the Taxable Rate; and (ii) within thirty (30) days after notice of the Determination of Taxability, there shall also be paid as additional interest to the Bank, the difference between the total amount of interest on this Note which would have been due by the Borough under this Note at the Taxable Rate and the total amount of interest actually paid during all periods prior to the date of the Determination of Taxability for which federal income tax is collectable with respect to interest on this Note; and an amount equal to all interest and penalties due by the Bank under this Note by reason of having excluded any such interest from the Bank's taxable income.

This Note is issued in accordance with the provisions of the Act and by virtue of the Ordinance, and the sworn statement of the duly authorized officers of the Borough as appears on record in the office of the Pennsylvania Department of Community and Economic Development ("DCED"), Harrisburg, Pennsylvania. It is hereby certified that the approval of the DCED for the Borough to issue and deliver this Note has been duly given pursuant to the Act; that all acts, conditions, and things required to be done, to happen, and to be performed precedent to and in the issuance of this Note or in the creation of the debt of which it is evidence, have been done, have happened, and have been performed in regular and due form and manner as required by law; and that the indebtedness created by this Note, together with all other indebtedness of the Borough is not in excess of any constitutional or statutory limitation; and for the proper budgeting, appropriation, and the prompt and full payment of all the obligations of this Note the entire faith, credit, and taxing power of the Borough, as well as the Borough's revenues, are hereby irrevocably pledged.

It is hereby further certified that the Borough has effectively covenanted to include the amount of the debt service on this Note in each fiscal year for which such sums are due, in its budget for that year, to appropriate such amounts to the payment of such debt service, and to duly and punctually pay or cause to be paid the principal and interest thereon at the dates and places and in the manner stated herein, according to the true intent and meaning hereof; the Borough has established with the Paying Agent a sinking fund for the Note and shall deposit therein amounts sufficient to pay the principal of and interest on the Note as the same shall become due and payable.

In the event that for any reason one or more of the provisions of this Note or its or their application to any person or circumstance shall be held to be invalid, illegal, or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal, and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

If any one or more of the following events shall occur and be continuing or shall exist, that is to say:

(a) The Borough shall default in the payment of any installment of principal or interest on this Note when due and such default shall continue unremedied for a period of fifteen (15) days thereafter; or

(b) The Borough shall default in the performance or observance of any covenant, agreement, condition, provision, or duty contained in the Ordinance and such default shall not be remedied in a period of thirty (30) days after written notice thereof to the Borough from the holder of this Note; or

(c) Any certificate or financial statement furnished pursuant to the provisions of the Ordinance, or the Act shall prove to have been false or misleading in any material respect as of the time made or furnished; or

(d) If the Borough shall commence a voluntary case under any applicable bankruptcy, insolvency, or other similar law, or shall consent to the appointment of or the taking of possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of or for any substantial part of the Borough property, or shall make a general assignment for the benefit of creditors or shall fail generally to pay its debts as they become due, or shall take any corporate action in the furtherance of any of the foregoing; or

(e) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Borough or of any part of its property and such custody or control shall not be terminated or stayed within sixty (60) days from the date of assumption of such custody or control;

then, and in any such event, the holder of this Note shall be entitled by written notice to the Borough to declare this Note and interest accrued thereon to be forthwith due and payable without presentment, demand, protest, or other notice of any other kind, all of which are hereby expressly waived, and shall have such other rights as may be vested in such holder by the provisions of the Act.

This Note shall be transferable by the Bank or by any subsequent registered owner, in person, or by his attorney duly authorized, in writing, at the principal office of the Paying Agent, but only upon notation of such registration hereon and on the records of the Borough to be kept

for that purpose at the principal office of the Paying Agent by a duly authorized representative of the Paying Agent. The Borough and the Paying Agent may deem and treat the Bank or any other person, from time to time, in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment hereof and of interest due hereon, for the purpose of redemption hereof prior to maturity and for all other purposes.

[signature page follows]

IN WITNESS WHEREOF, the Borough has caused this Note to be properly executed by the President of the Borough Council of the Borough of Pennsburg and the Secretary of the Borough of Pennsburg, and its corporate seal to be hereto affixed, attested to by the Secretary of the Borough of Pennsburg, as of the 9th day of August, 2022.

BOROUGH OF PENNSBURG

By: *Diane L. Stevens*
Diane L. Stevens, President of Borough Council

Attest:

Lisa Hiltz
Lisa Hiltz, Secretary/Treasurer

(BOROUGH SEAL)

REGISTRATION RECORD

This Note can be validly negotiated only upon proper execution of the form set forth below, and upon notation of the same upon the books of QNB Bank, Quakertown, Pennsylvania, as Paying Agent and Registrar for this Note, maintained for such purpose. The Authority and the Registrar shall treat the registered owner of this Note, as noted on this Note and on said books, as the absolute owner hereof, and shall not be affected by any changed circumstances, nor by any notice to the contrary.

Original Registered Owner: QNB Bank

Date	Transferor	Subsequent Purchaser	Registrar
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

For value received, the last-named Transferor, by its due execution above, hereby, on the above-stated date, sells, transfers and negotiates this Note to the last-named subsequent purchaser, warranting that this transfer is effective and rightful; that, this Note is genuine and has not been materially altered; and that it has no knowledge of any fact which might impair the validity of this Note, and further irrevocably authorizes and directs QNB Bank, as Registrar, to make this transfer on its books maintained for such purposes.

QNB Bank, as Registrar, by its due execution above, on the above-stated date, acknowledges the transfer of this Note to the subsequent purchaser, who shall now be recognized as registered owner, and has noted such transfer on its books.

EXHIBIT A TO NOTE
AMORTIZATION SCHEDULE

QBR Bank

DATE: 2/10/23

PREPARED FOR: Borough of Pennsylvania RATE: 03.5000003 PAYMENT: .00 TERM: 240

DATE	NUMBER	INTEREST	PRINCIPAL	C/L	P/H	ON EMP	TOTAL	BALANCE
CALENDAR YEAR 2022								
8/31/22	1	3,794.29	.00	.00	.00	.00	3,794.29	1,300,900.00
9/30/22	2	3,794.29	.00	.00	.00	.00	3,794.29	1,300,900.00
10/31/22	3	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
11/30/22	4	3,794.29	.00	.00	.00	.00	3,794.29	1,300,900.00
12/31/22	5	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
CALENDAR YEAR 2023								
1/31/23	6	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
2/28/23	7	3,541.34	.00	.00	.00	.00	3,541.34	1,300,900.00
3/31/23	8	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
4/30/23	9	3,794.29	.00	.00	.00	.00	3,794.29	1,300,900.00
5/31/23	10	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
6/30/23	11	3,794.29	.00	.00	.00	.00	3,794.29	1,300,900.00
7/31/23	12	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
8/31/23	13	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
9/30/23	14	3,794.29	.00	.00	.00	.00	3,794.29	1,300,900.00
10/31/23	15	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
11/30/23	16	3,794.29	.00	.00	.00	.00	3,794.29	1,300,900.00
12/31/23	17	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
CALENDAR YEAR 2024								
1/31/24	18	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
2/29/24	19	3,667.82	.00	.00	.00	.00	3,667.82	1,300,900.00
3/31/24	20	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
4/30/24	21	3,794.29	.00	.00	.00	.00	3,794.29	1,300,900.00
5/31/24	22	3,920.77	.00	.00	.00	.00	3,920.77	1,300,900.00
6/30/24	23	3,794.29	.00	.00	.00	.00	3,794.29	1,300,900.00
7/31/24	24	3,920.77	1,300,900.00	.00	.00	.00	1,304,820.77	.00
CALENDAR YEAR 2024								
		26,939.48	1,300,900.00	.00	.00	.00	1,327,839.48	
GRAND TOTAL		92,327.78	1,300,900.00	.00	.00	.00	1,393,227.78	

EXHIBIT C

NOTE PURCHASE PROPOSAL OF
QNB BANK.



July 18, 2022

Lisa M. Hiltz,
Administrative Manager
Borough of Pennsburg
76 W. 6th Street
Pennsburg PA 18073

Dear Ms. Hiltz:

QNB Bank is pleased to provide the Borough of Pennsburg the following proposal for an interim loan of up to \$1,300,900 to provide funding for the renovation of the Pennsburg Borough building, garage, and the addition of a salt shed. This proposal replaces the proposals dated October 21, 2021; July 16, 2021 and April 26, 2021, June 9, 2022 and June 22, 2022.

The proposal, however, is hereby expressly conditioned upon and subject to the following terms, conditions and covenants:

Borrower: Borough of Pennsburg

Amount: Up to \$1,300,900

Interest Rate: The Loan shall bear interest at the "Bank Qualified Tax Exempt" rate of 3.50%.

The interest rate is predicated on the "Bank Qualified Tax Exempt" status of the loan. For the purposes of this letter, the term "bank qualified" shall mean the loan has been designated as and is a qualified tax-exempt obligation as set forth under Section 265 (b) (3) (B) of the Internal Revenue Code of 1986, as amended.

In the event this loan shall be deemed to be a taxable loan or not "bank qualified", in whole or in part, for any reason whatsoever, then in such case, the interest rate to be decided shall be modified to the equivalent of Wall Street Journal Prime Rate, floating with a ceiling of ten percent (10%) per annum. The imposition of this rate shall apply from the date that the loan is deemed to either be not tax exempt or not bank qualified, as will be more fully described in the loan documentation for this transaction.

Draw Down Feature:

Borrower shall have twenty-four (24) months to draw down principal on the loan.

Term/Amortization:

Twenty-four (24) months with the outstanding balance plus accrued interest due at maturity.



Repayment:

Interest only payments for twenty-four (24) months. USDA permanent financing will pay off the loan.

Prepayment:

This loan may be paid in whole or in part without penalty at any time during the term of the loan.

Expenses:

All closing costs will be paid by the Borrower at the time of settlement, including costs related to legal expenses and the preparation/review of documents by QNB Bank legal counsel up to a maximum of \$4,000.

Security:

This loan shall be secured by the full faith, credit, and taxing power of the Borough of Pennsburg.

Miscellaneous General Terms and Conditions:

1. This loan is a general obligation of the Borough of Pennsburg and shall be conditioned upon all documentation being prepared/reviewed by Grim Biehn & Thatcher, Attorneys at Law.
2. The Borough of Pennsburg has properly authorized this transaction and has complied with all aspects of the law, including, but not limited to, the Pennsylvania Local Government Unit Debt Act, as applicable.
3. The Borough of Pennsburg has taken all actions to duly authorize and approve the entering into and completion of the loan herein, and has received all consents, approvals and orders as may be necessary to complete the transaction.
4. The Borough of Pennsburg remains in Good Standing.
5. The Bank shall receive an opinion from the Borough's legal counsel which shall state, among other things, the Borough's ability to enter into a transaction as such, that the interest on said loan is indeed tax exempt from federal taxation and other certain matters as may be requested by the Bank. This opinion shall also state that the loan qualifies as a Bank Qualified tax-exempt obligation as set forth under section 265 (b) (3) (B) of the Internal Revenue Code of 1986.
6. This loan would be subject to other such terms and conditions as QNB Bank may require.
7. The annual receipt of an audited financial statement of the Borough of Pennsburg.

Termination of Commitment:

Upon the occurrence of any of the following, the Bank may terminate the commitment contained herein:

- a) Failure of the Borrower to comply with any of the terms or conditions of this commitment.



- b) Any material adverse change in the financial affairs of the Borrower.
- c) Any change in the laws which would prohibit the Bank from making the loan.

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

Settlement:

Settlement shall occur at the convenience of the Township but not later than November 1, 2022.

Proposal Expiration Date:

The proposal contained herein shall automatically expire on November 1, 2022, unless accepted prior to such date in its entirety, in writing, as evidenced by the Borrower executing the consents set forth below and the Bank receives such consents.

The Bank appreciates the opportunity to make this proposal available to you. If there are any additional questions concerning this proposal, please do not hesitate to call.

Sincerely,

QNB Bank

Sharon M. Michael
Senior Vice President, Commercial Lender
NMLS #705152

QNB Bank

Christopher L. Berg
Commercial Lending Officer
NMLS ID: 421935

SMM/hs

ACCEPTANCE:

Intending to be legally bound, the undersigned hereby accept the foregoing commitment and agrees to the terms and conditions this 12th day of July, 2022.

Borough of Pennsburg, Authorized Signer

Borough of Pennsburg, Authorized Signer