

ORDINANCE NO. 870

AN ORDINANCE OF THE BOROUGH OF SELINGSGROVE, SNYDER COUNTY, PENNSYLVANIA, AUTHORIZING THE ISSUANCE OF A NONELECTORAL GENERAL OBLIGATION NOTE FOR THE PURPOSE OF OBTAINING FIXED INTEREST RATE REFINANCING OF ITS VARIABLE INTEREST RATE LOAN FOR THE REMODELING EXISTING PORTIONS OF AND CONSTRUCTING AND ADDITION TO THE BOROUGH COMMUNITY BUILDING; AUTHORIZING AND DIRECTING THE OFFICERS OF THE BOROUGH TO PREPARE, CERTIFY, AND FILE A DEBT STATEMENT, EXECUTE AND DELIVER THE GENERAL OBLIGATION NOTE, AND TO TAKE ANY OTHER ACTION REQUIRED UNDER THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT; REQUIRING COVENANTS TO CREATE A SINKING FUND FOR REPAYMENT OF THE GENERAL OBLIGATION NOTE, TO APPROPRIATE AND PAY EACH FISCAL YEAR THE PRINCIPAL AND INTEREST DUE ON THE GENERAL OBLIGATION NOTE, AND TO ALLOCATE SUFFICIENT FUNDS IN EACH ANNUAL BUDGET FOR PAYMENT OF THE PRINCIPAL AND INTEREST DUE ON THE GENERAL OBLIGATION NOTE; AUTHORIZING THE OFFICERS OF THE BOROUGH TO CONTRACT WITH A LOCAL BANK OR TRUST COMPANY TO ACT AS THE SINKING FUND DEPOSITORY AND PAYING AGENT FOR THE BOROUGH; AND PLEDGING THE FULL FAITH, CREDIT, AND TAXING POWER OF THE BOROUGH FOR THE REPAYMENT OF THE GENERAL OBLIGATION NOTE.

WHEREAS, it is necessary that the indebtedness of the Borough of Selinsgrove, Snyder County, Pennsylvania, be increased to pay for the refinancing of the variable interest rate loan taken out for the remodeling of and construction of an addition to its municipal building; and

WHEREAS, Selinsgrove Borough has received notice that its existing variable interest rate loan will result in a significant expenditure of funds over the remaining term of that loan and now desire to secure permanent fixed interest rate for the payment of the balance of that loan; and

WHEREAS, the proposed debt, together with its nonelectoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitation of the local government unit debt incurring power, pursuant to constitutional and statutory authority to be exceeded; and

WHEREAS, the remodeling and construction of a new addition to the municipal building involved both the expansion and modernization of the municipal offices and council chambers of the Borough and the provision of space for a community center and library; and

WHEREAS, the Borough planned that the indebtedness incurred by the general obligation note authorized by Selinsgrove Borough Ordinance No. 791 was to be of a duration of no more than twenty (20) years in order to cover the useful life of the remodeled building and the new addition; and

WHEREAS, the Borough secured a grant from the Commonwealth of Pennsylvania in the amount of \$1,250,000.00 to pay for the remodeling and construction on this project together with its own matching funds and with the commitment of the local library to repay the funds drawn on the note authorized by this Ordinance during the construction period of three (3) years; and

WHEREAS, the Note authorized by this Ordinance is intended to pay off the balance of the variable interest rate financing from the remodeling and construction of the addition through long term financing in the amount of \$1,600,000.00 through the issuance of a general obligation note pursuant to this Ordinance; and

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

SECTION 1.01. *Authority For Ordinance.* Authority for this Ordinance can be found in the provisions of Sections 46005(6) and (8) and 46202(74) of the Pennsylvania Borough Code as set forth in Title 53 of Purdon's Pennsylvania Statutes Annotated and of Sections 8001 through 8285 of the Pennsylvania Local Government Unit Debt Act as set forth in Title 53 of Purdon's Pennsylvania Statutes Annotated, all as currently amended.

SECTION 2.01. *Intent And Purpose.* The intent and purpose of this Ordinance are the procurement of capital through the issuance of a nonelectoral general obligation note in an amount not to exceed \$1,600,000.00 to refinance the balance due from the variable interest rate construction loan incurred for the remodeling of portions of and the constructing of an addition to the Borough Community Building and to replace the same with a variable interest rate loan. The issuance of the general obligation note under this Ordinance is to be permanent financing of the balance due under the variable interest rate construction loan following the payments from grants, the Borough's cash reserves, and contributions from the local library. The remodeling and construction were necessary to promote and protect public health and safety and to provide for the general welfare.

SECTION 3.01. *Description Of Project.* At regular meetings, after proper advertisements, the Selinsgrove Borough Council will be accepting the lowest bids for the permanent financing of the balance of the indebtedness from the variable interest rate construction loan incurred for the remodeling of portions of and constructing an addition to the Borough Community Building which provides space for the Borough offices, a community center, and library facilities. The remodeling and construction have estimated useful lives of at least twenty (20) years and will be, and are, used by Selinsgrove Borough.

SECTION 4.01. *Statement Of Debt.* The Selinsgrove Borough Council is hereby authorized to issue a general obligation note in an aggregate amount not to exceed One Million Six Hundred Thousand Dollars (\$1,600,000.00) for the purposes mentioned above. The debt incurred under the general obligation note shall be a nonelectoral debt of the Borough of Selinsgrove.

The said indebtedness shall be evidenced by one general obligation Note, in fully registered form, in the sum not to exceed One Million Six Hundred Thousand Dollars (\$1,600,000.00) dated and bearing interest from the earliest date possible issue of said Note under the statutory time

requirements as set forth in the Act of the General Assembly of the Commonwealth of Pennsylvania approved the 28th day of April, 1978, being Act 52 of 1978 Session and known as the Local Government Unit Debt Act, as amended, at the rate of interest of five and forty-nine hundredths percent (5.49%) per annum, for the initial 10 years payable on first day of October, 2024, and semi-annually thereafter on the same day, during the term of said Note, together with interest on principal if any, and to the extent permitted by law, on overdue interest, at the rate of five percent (5%) per annum (computed on the basis of 365 days to the year) until paid, which Note shall mature on the tenth annual anniversary date of said Note as set forth in the Amortization Schedule attached hereto as Exhibit A and incorporated herein by this reference.

The Borough of Selinsgrove reserves the right to anticipate any and all installments of principal or any payment of interest at any time prior to the respective payments dates thereof without notice or penalty.

SECTION 5.01. *General Obligation Note.* The said Note is hereby declared to be a general obligation of the Borough of Selinsgrove, Snyder County, Pennsylvania. The local government unit hereby covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts in the payment of such debt service; and shall duly and punctually pay or cause to be paid the principal of the Note and the interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the Borough of Selinsgrove is hereby irrevocably pledged. The amounts which the local government unit hereby covenants to pay each of the following fiscal years on the basis of an interest rate of five and forty-nine

hundredths percent (5.49%) are set forth in the Amortization Schedule attached hereto as Exhibit A and incorporated herein by this reference.

Selinsgrove Borough shall issue a nonelectoral general obligation note in an amount not to exceed One Million Six Hundred Thousand Dollars (\$1,600,000.00). The substantial form of the general obligation note is attached hereto, marked Exhibit B, and is incorporated herein by this reference. The general obligation note complies with Section 8701 of the Pennsylvania Local Government Unit Debt Act (53 P.S. § 8701).

SECTION 6.01. *Authorization To Officers.* The Selinsgrove Borough Council hereby authorizes and directs its President, Secretary, and Solicitor, and their successors, to prepare and certify the Debt Statement required under Section 8110 of the Pennsylvania Local Government Unit Debt Act (53 P.S. § 8110) and to file the same with the Pennsylvania Department of Community and Economic Development. The Council further authorizes its President and Secretary, and their successors, to execute and deliver the general obligation note mentioned above and to take any and all other necessary action to secure funding for the projects and to comply with the Pennsylvania Local Government Unit Debt Act, supra, including, if necessary or desirable, any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 7.01. *Sinking Fund.* The Northumberland National Bank is hereby designated as the Sinking Fund Depository for the obligation herein authorized, and there is hereby created and established a Sinking Fund, to be known as "Sinking Fund 2024 General Obligation Note" for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The Treasurer shall deposit into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment of principal and interest on the obligation no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and

when said payments are due, without further action by the local government unit, withdraw available monies in the Sinking Fund and apply said monies to payment of principal and interest on the obligation.

The Council President and Secretary of the local government unit are hereby authorized to contract with The Northumberland National Bank for its services as Sinking Fund Depository for the Note and paying agent for the same.

SECTION 8.01. PRIVATE SALE OF GENERAL OBLIGATION NOTE. In compliance with Section 8161 of the Local Government Unit Debt Act (53 P. S. § 8161), the members of the Borough Council, as the governing body for the Borough of Selinsgrove, have determined that a private sale by negotiation rather than public sale is in the best financial interest of the Borough. Therefore, the general obligation Note in an amount not to exceed One Million Six Hundred Thousand Dollars (\$1,600,000.00), herein authorized to be issued and sold is hereby awarded and sold to The Northumberland National Bank in accordance with its proposal to purchase said Note at par: provided the said Note is dated the delivery thereof to The Northumberland National Bank, which proposal marked Exhibit C is attached hereto and incorporated herein by this reference, and is in the form set forth in this Ordinance as Exhibit B attached hereto, and further provided that the proceedings have been approved by the Department of Community and Economic Development if such approval is required under the provisions of the Act.

SECTION 9.01. COVENANTS. The Selinsgrove Borough Council hereby agrees and covenants as follows:

a) Selinsgrove Borough shall immediately create a sinking fund for the repayment of the general obligation note authorized by this Ordinance, which fund shall be maintained with a bank, trust company, or bank and trust company located and lawfully conducting banking or trust business in the Commonwealth of Pennsylvania and appointed from time to time as the sinking

fund depository. Moneys for the payment of the principal and interest on the general obligation note authorized by this Ordinance shall be deposited in the sinking fund from the revenue accounts of Selinsgrove Borough at the times and in the amounts provided in any contract with the holder or holders of such general obligation note but, in any event, prior to the time when payment of the interest and principal become due and payable. All moneys deposited in the sinking fund and all investments and proceeds of investments thereof shall, without further action or filing be subject to a perfected security interest of the holder or holders of the general obligation note for which such sinking fund is held until such money or investments shall have been properly disbursed.

b) Selinsgrove Borough shall include the amount of debt service and principal amounts due on the general obligation note authorized under this Ordinance for each fiscal year in which such sums are payable in its budget for that year.

c) Selinsgrove Borough shall appropriate each fiscal year such amounts from its general and water revenues for the payment of the debt service and principal amounts due on the general obligation note authorized under this Ordinance each fiscal year in which such sums are payable for that year.

d) Selinsgrove Borough shall duly and punctually pay or cause to be paid from its sinking fund the principal of and interest on the general obligation note authorized under this Ordinance at the dates and places and in the manner stated in such general obligation note each fiscal year in which such sums are payable for that year.

e) Selinsgrove Borough hereby pledges its full faith, credit, and taxing power to repayment of the general obligation note authorized under this Ordinance.

SECTION 10.01. *Notice*. The action of the proper officers and the advertising of a summary of this Ordinance as required by the law in The Daily Item, a newspaper of general circulation, is ratified and confirmed. The advertisement is said newspaper of the enactment of

this Ordinance is hereby directed within fifteen (15) days following the day of final enactment.

SECTION 11.01. *Severability and Repealer*. If any article, term, condition, clause, provision, or sentence of this Ordinance, or amendment thereto, shall be determined or declared to be void or invalid in law or otherwise, then only that article, term, condition, clause, provision, or sentence shall be stricken from this Ordinance, and in all other respects this Ordinance shall be valid and continue in full force, effect and operation. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

SECTION 12.01. *Effective Date*. This Ordinance shall be in effect five (5) days after the date of the advertisement of its enactment.

The Selinsgrove Borough Council hereby enacts this Ordinance this 2ND day of January, 2024, after having fully complied with the applicable requirements of the Pennsylvania Local Government Unit Debt Act, supra, and the Pennsylvania Borough Code, supra.

SELINGSGROVE BOROUGH,
SNYDER COUNTY, PENNSYLVANIA

Attest:

Phyllis M. Badman
ASSIST. Secretary

By: Richard J. Mead
President

(Selinsgrove Borough Seal)

Approved Selinsgrove Borough Ordinance No. 870 this 2ND day of January, 2024.

Jeffrey W. Reed
Mayor

CERTIFICATION

I, Lauren Martz, Secretary of the Council of Selinsgrove Borough, Snyder County, Pennsylvania, hereby certify that the foregoing is a true and correct copy of Selinsgrove Borough Ordinance No. 870, which was duly enacted at the regular meeting of the Selinsgrove Borough Council on January 2, 2024, after proper advertisement and compliance with the provisions of the Pennsylvania Local Government Unit Debt Act and the Pennsylvania Borough Code.

Sharon M. Badman
Lauren Martz Sharon M. Badman

(Selinsgrove Borough Seal)