

Township of Hampton
Allegheny County, Pennsylvania
\$2,000,000.00 Principal Amount
TAX AND REVENUE ANTICIPATION NOTE,
SERIES OF 2022
0.87% (Bank Qualified Tax-Exempt)

NOTE RESOLUTION **1058**

A RESOLUTION OF THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF HAMPTON AUTHORIZING THE ISSUANCE OF TAX AND REVENUE ANTICIPATION NOTE IN THE ABOVE-STATED PRINCIPAL AMOUNT; PROVIDING FOR THE DATE, INTEREST RATE, MATURITY DATE, PLACE OF PAYMENT AND REDEMPTION PROVISIONS IN RESPECT OF THE NOTE; ACCEPTING THE PROPOSAL OF FIRST NATIONAL BANK FOR THE PURCHASE OF THE NOTE; PROVIDING FOR THE SECURITY OF THE NOTE; AUTHORIZING THE PROPER OFFICERS TO EXECUTE AND DELIVER THE NOTE; AUTHORIZING AND DIRECTING THE PREPARATION, CERTIFICATION AND FILING OF THE TRANSCRIPT OF PROCEEDINGS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; APPOINTING A PAYING AGENT AND REGISTRAR; APPROVING A FORM OF NOTE; AND REPEALING INCONSISTENT RESOLUTIONS.

WHEREAS, the TOWNSHIP OF HAMPTON (the "Local Government Unit") expects to receive current taxes and revenues during the calendar year ending December 31, 2022 and

WHEREAS, the Local Government Unit desires to borrow in anticipation of the receipt of current taxes and revenues for the purpose of meeting current expenses by issuing a note or notes, to be repaid from those taxes and revenues, all in accordance with the Local Government Unit Debt Act, 53 Pa.C.S. Sections 8001 *et seq.*, as amended (the "Debt Act"); and

WHEREAS, as required by the Debt Act, at 53 Pa.C.S. Section 8126, and pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder, the authorized officers of the Local Government Unit have, not more than thirty (30) days before the day on which this Resolution is adopted, made an estimate based on past and anticipated collection experience and current economic conditions, from taxes now levied and assessed and from other budgeted revenues, of the taxes and revenues to be received and the expenditures to be made during the period when such note or notes will be outstanding and have certified that estimate by a duly executed document (the "Certificate as to Collections and Expenditures"); and

WHEREAS, First National Bank (the "Purchaser"), has submitted a proposal (the "Proposal") for the purchase of the Local Government Unit's tax and revenue anticipation Note;

WHEREAS, the Township Council (the "Governing Body") has authority to accept the purchase proposal for the Local Government Unit.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Local Government Unit as follows:

Section 1. The Local Government Unit hereby authorizes the borrowing of \$2,000,000.00 during the calendar year ending December 31, 2022, and the issuance evidencing such borrowing of its tax and revenue anticipation Note in the above-stated aggregate principal amount in anticipation of the receipt of current taxes and revenues.

Section 2. The note shall be designated Tax and Revenue Anticipation Note, Series of 2022 (the "Note"), and issued in such denominations as Purchaser may request at the time of issuance. The Note shall bear interest at a fixed interest rate of 0.87% per annum (but upon the occurrence or declaration, and continuance, of an event of default, at a floating rate of interest per annum equal of the sum of (x) the "Prime Rate" as published from time to time in the *Wall Street Journal* or any successor publication plus (y) two percent (2%) per annum) on the principal amount thereof, payable at maturity. Interest on the Note shall be calculated for the actual number of days elapsed over an assumed 365/365-day year. The Note shall be subject to redemption prior to maturity, at a price equal to 100% of the principal thereof plus all accrued and unpaid interest thereon. The Note shall be numbered "1", shall be in fully registered form, without coupons, shall be negotiable according to its provisions, shall be dated the date of delivery, shall be payable as to principal and interest on December 31, 2022, upon presentation at the principal corporate offices of First National Bank, as Paying Agent, in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment, and shall be substantially in form and attached to this Resolution at Exhibit "A".

Section 3. The Note shall be executed by the Township Municipal Manager/Secretary and Council President of the Governing Body of the Local Government Unit and shall have the corporate seal of the Local Government Unit affixed thereto either manually or by engraved or lithographic facsimile, duly attested by its Secretary, and the said officers are hereby authorized to execute the Note as aforesaid; provided, that all such signatures may be by facsimile if such Note is manually authenticated by the Paying Agent. The proper officers of the Local Government Unit are further authorized and directed to deliver the Note to the Purchaser, upon the terms and conditions hereinafter provided and to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effectuate the issuance and sale of the Note, all in accordance with this Resolution, the Proposal and the Debt Act.

Section 4. The Paying Agent shall, if directed by the authorized officer of the Local Government Unit, authenticate the Note by the execution of a Certificate of Authentication, in form and substance satisfactory to the Paying Agent, to be printed on the Note.

Section 5. The Local Government Unit's proper officers, are hereby authorized and directed to file a certified copy of this Resolution, an executed copy of the Proposal and an executed copy of the Certificate as to Collections and Expenditures (which includes a calculation demonstrating that the Local Government Unit reasonably expects to expend the proceeds of the Note within 13 months of the date of issue of the Note on a proceeds-spent-last basis in accordance with United States Treasury Department Regulation Section 1.148-6(d)(3)), the contents of which

are hereby approved, with the Department of Community And Economic Development of the Commonwealth of Pennsylvania.

Section 6. The Local Government Unit hereby pledges to the registered owner from time to time of the Note the full faith, credit and taxing power of the Local Government Unit to repay the Note. As security for payment of the Note, the Local Government Unit pledges and grants to the Sinking Fund Depository for the benefit of the registered owner, from time to time, of the Note, a first lien and charge on and security interest in the taxes and all of its other revenues to be received during the period that the Note will be outstanding equally and ratably with all tax anticipation notes issued by the Local Government Unit in the calendar year ending December 31, 2022. The Local Government Unit's Municipal Manager and Assistant Township Manager are each hereby authorized and directed to sign and cause to be filed Financing Statements pursuant to the Uniform Commercial Code to perfect the security interest created hereby.

Section 7. Any moneys in the Sinking Fund not required for prompt expenditure may, at the direction of the authorized officer of the Local Government Unit, be invested in bonds or obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States of America or may be deposited at interest in time accounts or certificates of deposit or other interest bearing accounts of any bank or bank and trust company, savings and loan association or building and loan association. To the extent that such deposits are insured by Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or similar Federal agency, they need not be secured. Otherwise, such deposits shall be secured as public deposits except that moneys held in the Sinking Fund may be secured as trust funds. Any such investments or deposits shall mature or be subject to redemption at the option of the registered owner thereof, or be subject to withdrawal at the option of the depositor, not later than the date upon which such moneys are required to be paid to registered owners of the Note.

Section 8. (a) The Note issued pursuant to this Resolution shall be the direct and general obligation of the Local Government Unit. The Local Government Unit hereby covenants with the registered owner from time to time of the Note, in addition to and not in limitation of the legal remedies for Events of Defaults as set forth in the Note, that if funds are not available for the full payment of the Note within the calendar year in which issued, then the Local Government Unit will either (1) include the amounts necessary to pay all the Note in its budget for the next calendar year, to the extent then permitted by applicable law, or (2) fund such amounts within the next calendar year in accordance with the Debt Act, 53 PA.C.S. Sections 8129 and 8130, or (3) provide for payment of the Note by any combination of (1) and (2).

(b) In accordance with the Debt Act, 53 Pa.C.S. Section 8122, and with respect to the calendar year in which the Note is issued, the principal amount of the Note and of all other tax anticipation notes, revenue anticipation notes and tax and revenue anticipation notes issued or to be issued in such calendar year, does not exceed 85% of the sum of all taxes levied and assessed and anticipated revenues for such calendar year which (x) have been or will be pledged as security for the Note and such other notes and (y) which remain to be collected or received in such calendar year during the period when the Note and such other notes will be outstanding.

Section 9. (a) The Local Government Unit hereby covenants with the registered owner from time to time of the Note that it will make no use of the proceeds of the Note which, if such use had been reasonably expected on the date of issue of the Note, would have caused the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, and the regulations thereunder, and that it will comply with the requirements of that Section and such regulations throughout the term of the Note.

(b) If the principal amount of the Note plus the aggregate principal amount of all other tax-exempt obligations (other than private activity bonds) issued and to be issued by the Local Government Unit (including, without limitation, any deemed as issued by the Local Government Unit under the issuer aggregation rules of Section 148(f)(4)(C)(ii) of the Code) during the calendar year in which the Note is to be issued exceeds \$5,000,000 (or exceeds \$10,000,000 if at least \$5,000,000 of such tax-exempt obligations are attributable to financing the construction of public school facilities), and if the gross proceeds of the Note are invested at a yield greater than the yield on the Note and are not expended within six (6) months from the date of issuance or deemed to have been expended pursuant to the safe harbor rules for tax and revenue anticipation notes contained in Section 148(f)(4)(B)(iii) of the Code, the Local Government Unit covenants that it will rebate to the U.S. Treasury, within sixty (60) days after the maturity date of the Note, an amount equal to the excess of (x) all investment income derived from investing the proceeds of the Note over (y) the amount which would have been derived from the investment of the proceeds of the Note at a yield not in excess of the yield on the Note.

(c) The Local Government Unit reasonably anticipates that it will not issue more than \$10,000,000 principal amount of tax-exempt obligations during the calendar year in which the Note is to be issued. The Local Government Unit hereby designates the Note as a Qualified Tax-Exempt Obligation pursuant to Section 265(b)(3) of the Code and represents and covenants that the total amount of its obligations so designated and to be designated during the calendar year in which the Note is to be issued does not and will not exceed \$10,000,000.

Section 10. The Local Government Unit hereby determines that the sale of the Note at private sale by negotiation is in the best financial interest of the Local Government Unit. The Note is hereby awarded and sold at private negotiated sale to First National Bank, at par, in accordance with all the terms of the Proposal, which, as presented at this meeting, is hereby accepted. The proper officers are authorized and directed to sign the Proposal, return it to First National Bank and file a copy of it with the records of the Local Government Unit.

Section 11. The Local Government Unit does hereby authorize and direct the Treasurer to establish with the Bank an interest bearing account or accounts with the Bank and to deposit into such account all taxes and revenues of the Local Government Unit. The Treasurer shall also establish with the Bank a checking account for the general operating account of the Local Government Unit.

Section 12. The proper officers of the Local Government Unit are hereby authorized and directed to execute and deliver such documents and to take such other action as may be necessary or appropriate in order to effectuate in the execution, issuance, sale and delivery of the Note, all in accordance with this Resolution, the Proposal and the Debt Act.

Section 13. All filing fees and all fees and expenses of the Local Government Unit's Solicitor, of the Purchaser, and of the counsel to the Purchaser incurred in connection with issuance of the Note will be paid by the Local Government Unit. The proper officers are hereby authorized and directed to pay all such reasonable fees and expenses at the time of settlement on the Note issue. In the event of any default under the Note or hereunder, the Local Government Unit agrees to pay the reasonable fees and expenses of the registered owners of the Note (including court costs and attorneys' fees) incurred in collecting the amounts due under the Note.

Section 14. This Resolution is hereby deemed to be, and shall be, a contract with the registered owners, from time to time, of the Note.

Section 15. All prior resolutions or parts thereof inconsistent herewith are hereby repealed.

ADOPTED by the Governing Body of the Local Government Unit this 12th day of JANUARY, 2022.

ATTEST:

Township of Hampton

By Susan A. Bernet
Susan Bernet, Asst. Township Manager/Secretary

By W. Christopher Lochner
W. Christopher Lochner, Township Manager

By Carolynn Johnson
Carolynn Johnson, President of Council