

COUNTY OF WARREN

WARREN COUNTY, PENNSYLVANIA

ORDINANCE NO. 3 OF 1991

AN ORDINANCE INCREASING THE NONELECTORAL INDEBTEDNESS OF THE COUNTY OF WARREN, PENNSYLVANIA, BY THE ISSUANCE OF A GENERAL OBLIGATION NOTE IN THE AMOUNT OF \$861,754.00 FOR SUNDRY PURPOSES, FIXING THE FORM, NUMBER, DATE, INTEREST AND MATURITY THEREOF; MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE NOTE; PROVIDING FOR THE FILING OF THE REQUIRED DOCUMENTS; PROVIDING FOR THE APPOINTMENT OF A SINKING FUND DEPOSITORY FOR THE NOTE; AND AUTHORIZING THE EXECUTION, SALE AND DELIVERY THEREOF.

WHEREAS, it is necessary that the indebtedness of the County of Warren, Warren County, Pennsylvania, (the "Municipality") be increased for the following purpose: additions and alterations to the existing Warren County Jail (the "Project"); and

WHEREAS, the Municipality has received preliminary realistic cost estimates from professional engineers, registered architects or others qualified by experience indicating the sum of Eight Hundred Sixty-One Thousand Seven Hundred Fifty-four (\$861,754.00) Dollars will be needed to complete the Project; and

WHEREAS, the proposed increase of indebtedness together with its non-electoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of the Municipality's nonelectoral borrowing power pursuant to constitutional and statutory authority to be exceeded:

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Municipality and it is hereby ordained and enacted by the authority of same as follows:

SECTION 1. The Municipality hereby determines to incur nonelectoral debt, in accordance with the provisions of the Local Government Unit Debt

Each interest rate referred to in the Note shall be computed on the basis of a year of 365 or 366 days, as the case may be.

The principal of and interest on the Note shall be payable at the Warren Main Office of the Bank, Warren, Pennsylvania, in any coin or currency of the United States which, at the respective times of payment, is legal tender for the payment of public and private debts.

If at any time or from time to time after the date of the Note there should be a change in the rate of income tax imposed upon the Bank by Section 11 of the Internal Revenue Code of 1986, as amended (the "Bank Tax Rate"), then the Bank, in its discretion, may adjust the Tax-Free Rate, effective as of the effective date of the change in the Bank Tax Rate. Said adjustment shall be made to the same fixed rate originally used in determining the rate of the note unless the note is a variable rate at the date of the exchange in the Bank Tax Rate. In no event will the rate exceed 12%.

The interest received on this note by the Bank and any other participant in the Note is not subject to Federal income tax. In the event, as a result of a change in existing statutes or in the interpretation or administration thereof by the Internal Revenue Service (hereinafter "IRS Action"), it shall be determined (after the Bank shall have taken such steps as in its reasonable judgment shall be required to dispute such determination) that all or any portion of the interest thereafter received by the Bank or by a participant in this Note shall be subject to Federal income tax, the rate of interest payable on this Note thereafter shall be changed to such rate as may be negotiated by the Bank and the Municipality and, if a rate cannot be agreed upon within 30 days after a demand is made to negotiate, the Bank, in its discretion, may demand that the Note and all sums unpaid or due shall become immediately payable. In addition, in the event such IRS Action shall require the Bank or any

Act, Act No. 52 of the 1978 General Assembly of the Commonwealth of Pennsylvania, as amended (the "Act"), by the issuance of \$861,754.00 aggregate principal amount of the Municipality's General Obligation Note (the "Note") to finance the Project hereby determined to have a realistic useful life in excess of fifteen (15) years.

SECTION 2. The indebtedness shall be evidenced by the Note, in registered form, in the aggregate principal amount of \$861,754.00, dated the date of the execution and delivery thereof and bearing interest from the date of the Note on the unpaid balance of principal, payable annually on 15th day of September and continuing for a total of ten (10) annual payments at an interest rate not to exceed twelve (12) per cent per annum. The rate as of the date hereof would be 6.97% tax free, based on a year of 365 or 366 days, as the case may be.

The principal of the Note shall be payable in installments on the annual anniversary date of the Note in the amounts set forth below:

<u>Fiscal Year</u>	<u>Principal Amount to be Paid</u>
1992 - - - -	\$ 86,175.40
1993 - - - -	86,175.40
1994 - - - -	86,175.40
1995 - - - -	86,175.40
1996 - - - -	86,175.40
1997 - - - -	86,175.40
1998 - - - -	86,175.40
1999 - - - -	86,175.40
2000 - - - -	86,175.40
2001 - - - -	86,175.40

After maturity, whether by declaration, acceleration or otherwise, the Note shall bear interest until fully paid at 82% of Integra Prime Rate of interest as in effect as of . On the fifth anniversary date of the Note the interest rate will be adjusted to equal 82% of the Integra Prime Rate in effect as of that date, payable on demand, provided that such interest rate shall not exceed 12%

participant in the Note to pay Federal income taxes on interest received prior to the date of such IRS Action, in the discretion of the Bank, and within 90 days after its demand therefor, the Municipality shall pay, during such period, as additional interest, an amount equal to the difference between the interest made subject to Federal income taxation by such IRS Action and 100% of the Integra Prime Rate of interest, fluctuating as aforesaid during the period that interest is taxed. The obligation under the immediately preceding sentence shall survive payment in full of this Note but shall terminate with respect to any tax year of the recipient of such interest upon the expiration of the applicable statute of limitations relating to such tax year and, in any event, shall expire as to any such tax year if written notice of any claim for such higher interest with respect to such tax year shall not have been received by the Municipality within 7 years after the close of such tax year. Under no circumstances shall the Bank be obligated to refund or return to the Municipality any interest paid by the Municipality.

The Municipality shall have the right at its option to prepay the Note, as a whole at any time or in part from time to time, without premium or penalty, provided that any prepayment in part shall be applied to principal installments in the inverse order of their maturities.

The Note shall be in substantially the form of Exhibit A annexed hereto.

SECTION 3. The Note is hereby declared to be a general obligation of the Municipality. The Municipality hereby covenants that the Municipality shall include the amount of the 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 to 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 Municipality is hereby irrevocably pledged.

The amounts which the Municipality hereby covenants to pay in each of the following fiscal years on the basis of an interest rate of 6.97% Fixed Tax Free or fluctuating at 82% of Integra Prime Rate of interest as in effect as of tax free as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance</u>
1992	\$ 86,175.40	\$ 60,064.25	\$146,239.65	\$ 775,578.60
1993	86,175.40	54,057.83	140,233.23	689,403.20
1994	86,175.40	48,051.40	134,226.80	603,227.80
1995	86,175.40	42,044.98	128,220.38	517,052.40
1996	86,175.40	36,038.55	122,213.95	430,877.00
1997	86,175.40	30,032.13	116,207.53	344,701.60
1998	86,175.40	24,025.70	110,201.10	258,526.20
1999	86,175.40	18,019.28	104,194.68	172,350.80
2000	86,175.40	12,012.85	98,188.25	86,175.40
2001	86,175.40	6,006.43	92,181.83	-0-
<u>TOTAL</u>	\$861,754.00	\$330,353.40	\$1192,107.40	

SECTION 4. The Note shall be executed in the name and under the corporate seal of the Municipality by the Chairman of the Board of Commissioners and attested to by the Chief Clerk of the Municipality. The Treasurer of the Municipality is hereby authorized and directed to deliver the Note to the Bank and receive payment therefor on behalf of the Municipality. The Chairman of the Board of Commissioners and the Chief Clerk of the Municipality are authorized and directed to prepare, verify and file, or cause to be prepared, verified and filed, the Debt Statement required by Section 410 of the Act and to take other necessary action, 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 5. The Bank is hereby designated as the Sinking Fund Depository for the Note, and there is hereby created and established a Sinking Fund, to

be known as "General Obligation Term Loan Note Sinking Fund" for the payment of the principal of and interest on the Note. The Treasurer shall deposit into the Sinking Fund, which shall be maintained until the Note is paid in full, sufficient amounts for payment of principal of and interest on the Note no later than the day prior to 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 Municipality, withdraw available monies in the Sinking Fund and apply said monies to the payment of the principal of and interest on the Note.

SECTION 6. The Chairman of the Board of Commissioners and the Treasurer of the Municipality are hereby authorized to contract with the Bank for its services as Sinking Fund Depository for the Note and as paying agent for the same.

SECTION 7. The Municipality hereby finds that a private sale of the Note by negotiation is in the best financial interest of the Municipality. The Proposal to Purchase the Note dated _____, 1991 of the Bank submitted to the Municipality is hereby approved and accepted. The Note is approved and shall be awarded, issued and sold upon a negotiated sale to the Bank at the principal amount thereof in accordance with said Proposal.

SECTION 8. Certain Representations Regarding Federal Income Tax Matters.
The Municipality hereby represents as follows:

(a) It is a governmental unit with general taxing powers and the authority to incur this debt.

(b) The aggregate face amount of tax-exempt obligations which are not "private activity bonds" (as defined in Section 141 of the Code) issued after December 31, 1990, by the Municipality or any subordinate entity controlled by the Municipality and outstanding on the date of issuance of the Note(s), when

added to the amount of the Note(s) and the amount of tax-exempt obligations which are not "private activity bonds" which are reasonably expected to be issued by the Municipality or any subordinate entity controlled by the Municipality after the date of issuance of the Note(s) and before January 1, 1992, does not and will not exceed \$5,000,000; and

(c) No more than 10% of the proceeds of any bond issuance including the funds hereby borrowed will be used directly or indirectly in a trade or business of a person or persons other than the Municipality and its governmental affiliates. Additionally, no amount exceeding the lesser of 5% or 5,000,000 of the proceeds will be used as loans to any persons other than a governmental unit;

(d) At least 95% of the net proceeds of such issue will be used for local governmental activities of the Municipality or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Municipality;

(e) The aggregate amount of the tax-exempt obligations which are not "private activity bonds" (as defined in Section 141 of the Code) other than "qualified 501(c) (3) bonds" (as defined in Section 145 of the Code) issued after December 31, 1990 by the Municipality or any subordinate entity controlled by the Municipality and outstanding on the date of issuance of the Note(s), when added to the amount of the Note(s) and the amount of tax-exempt obligations (including "qualified 501(c) (3) bonds" which are not "private activity bonds" which are reasonably expected to be issued by the Municipality or any subordinate entity controlled by the Municipality after the date of issuance of the Note(s) and before January 1, 1992 does not and will not exceed \$10,000,000; and

(f) The total amount of qualified tax-exempt obligations designated by the Municipality in the current calendar year under Section 265(b) (3) (B) (iii) of the Code shall not exceed \$10,000,000.

SECTION 9. Qualified Tax-Exempt Obligation: Information Reporting.

The Municipality hereby agrees to designate on the face of the Note(s) that the Note(s) are "qualified tax-exempt obligation," as that term is defined in Section 265(b) (3) (B) of the Code.

The Municipality hereby covenants with the Bank that the Municipality will provide to the Bank, either at the time of payment for and delivery of the Note or promptly thereafter, a copy of IRS Form 8038-G prepared by the Municipality in compliance with Section 149(e) of the Code with evidence of the filing thereof with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

SECTION 10. Registered-Required Obligations. The Municipality agrees to maintain all registered-required notes in registered form. The notes will be registered as to both principal and any stated interest with the Municipality. The transfer of the notes will be effected only by surrender of the old notes and either the reissuance by the Municipality of the old notes to the new holder of the issuance by the Municipality of a new instrument.

Furthermore, the Municipality agrees that the right to the principal of, and the stated interest on, the note will be transferred only through a book entry system maintained by the Municipality.

SECTION 11. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

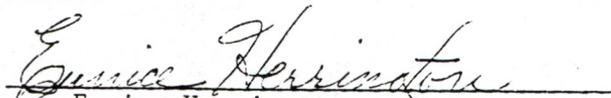
ORDAINED AND ENACTED THIS 26th day of August, 1991.

COUNTY OF WARREN



T. E. Greenlund, Chairman,
Board of Commissioners

ATTEST:


Eunice Herrington,
Chief Clerk

I, Eunice Herrington, Chief Clerk of Warren County, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 3 of 1991 adopted by the Commissioners of Warren County at their regular business meeting on August 26, 1991.



