

**BOROUGH OF WELLSBORO,
Tioga County, Pennsylvania**

ORDINANCE NO. 709

OF THE COUNCIL OF THE BOROUGH OF WELLSBORO AUTHORIZING AND SECURING THE ISSUANCE OF A GENERAL OBLIGATION NOTE, IN THE PRINCIPAL AMOUNT OF \$650,000, PURSUANT TO THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, TO FINANCE CAPITAL PROJECTS CONSISTING OF IMPROVEMENTS TO THE STREETS AND ROADWAYS SERVING THIS BOROUGH, AND TO PAY RELATED EXPENSES; ACCEPTING A BANK LOAN PROPOSAL TO PURCHASE THE NOTE; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF THE NOTE; CREATING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY FOR THE NOTE; PLEDGING THE FULL FAITH, CREDIT, AND TAXING POWER OF THIS BOROUGH TO SECURE THE NOTE; AND CONTAINING RELATED PROVISIONS.

WHEREAS, the Council of the Borough of Wellsboro, in Tioga County, Pennsylvania (the "Borough"), has determined to incur nonelectoral debt to be evidenced by a general obligation note (the "Note"), in the principal amount of Six Hundred Fifty Thousand Dollars (\$650,000), as financing for the Project (hereinafter defined); and

WHEREAS, the Council of this Borough has obtained cost estimates, as such costs are defined in the Act of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") known as the Local Government Unit Debt Act (the "Debt Act"), of the Project (hereinafter defined) to be financed, and has determined that such costs will be at least \$650,000; and

WHEREAS, a written loan proposal to purchase the Note (the "Loan Proposal") has been requested and received from Manufacturers and Traders Trust Company (the "Bank"), having an office in Wilkes Barre, Pennsylvania; and

WHEREAS, the Council of this Borough desires to accept the Loan Proposal, to award the Note to the Bank in a private sale by negotiation, and to incur nonelectoral debt in the amount of \$650,000, in connection with the Project (hereinafter defined), pursuant to the Debt Act.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Council of this Borough, as follows:

SECTION 1. The Council of this Borough hereby authorizes the issuance of the Note of this Borough to the Bank, pursuant to and secured by this Ordinance. The proceeds of the Note shall be used to finance capital projects consisting of improvements to the streets and roadways serving this Borough, and to pay related expenses (the "Project").

SECTION 2. The Council of this Borough expresses its finding that it is in the best financial interests of this Borough to sell the Note in a private sale by negotiation and determines that the Note shall constitute nonelectoral debt of this Borough.

SECTION 3. The reasonably estimated useful life of the facilities to be constructed as part of the Project will be not less than five (5) years. This Borough represents that the first installment of principal of the Note is not being deferred later than two years from the date of issue of the Note nor beyond one year after the estimated date of completion of construction of the Project.

SECTION 4. The Council of this Borough shall and does accept the proposal of the Bank to purchase the Note. The Note shall be and is awarded to the Bank, in accordance with terms and conditions of the Loan Proposal, the original of which is on file with the Secretary of this Borough, at a total purchase price of \$650,000 (100% of the principal amount advanced).

SECTION 5. The Note will be a general obligation of this Borough.

SECTION 6. The Note shall be stated to mature in full on or around April 18, 2028. The Note shall bear interest as described in the substantial form of the Note attached hereto as Exhibit "A," together with appropriate insertions, omissions, and variations.

A schedule illustrating the interest rate and the principal and interest payable on the Note, through the maturity date thereof, is attached hereto as Exhibit "B" and made a part hereof. Principal of the Note shall be advanced to this Borough by the Bank in full on the closing date.

SECTION 7. The Note shall be subject to prepayment prior to maturity, at the option of this Borough, as a whole, on any date, by paying the outstanding principal balance thereof, together with accrued interest to the date fixed for such prepayment. This Borough may, at its option, from time to time and on any date, prepay any part of the principal of the Note. Any such prepayment shall be without penalty.

Any prepayment in whole, shall follow at least five (5) days written notice addressed to the Bank or other registered owner thereof at the time of such prepayment, as such registered owner and address shall appear on the books of this Borough to be kept by the Bank, as paying agent, for such purpose. On the date designated for prepayment, notice having been given as aforesaid, and money for payment of the principal and accrued interest being held by the Bank, as paying agent,

interest on the Note so called for prepayment or on any part of the principal of the Note selected for prepayment shall cease to accrue. If the principal of the Note has been called for prepayment in full, the Note shall cease to be entitled to any benefit or security under this Ordinance, and the registered owner of the Note shall have no rights with respect to the Note, except to receive payment of the principal of and accrued interest on the Note to the prepayment date.

SECTION 8. The principal of and interest on the Note shall be payable at the principal office or at any branch office of the Bank, as paying agent, in lawful money of the United States of America.

SECTION 9. The Note shall be executed in the name of and on behalf of this Borough by the manual signature of the President or Vice President of the Council of this Borough and the official seal of this Borough shall be affixed thereto and the manual signature of the Secretary of this Borough shall be affixed thereto in attestation thereof.

SECTION 10. This Borough covenants to and with the Bank and any other registered owners, from time to time, of the Note outstanding, from time to time, pursuant to this Ordinance, that this Borough: (i) shall include the amount of the debt service for the Note, for each fiscal year of this Borough in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund created herein or any other of its revenues or funds the principal of the Note and the interest thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation, and payment, this Borough shall and does pledge, irrevocably, its full faith, credit, and taxing power. As provided in the Debt Act, the foregoing covenant of this Borough shall be enforceable specifically.

SECTION 11. There is created, pursuant to Section 8221 of the Debt Act, a sinking fund for the Note, to be known as "Sinking Fund - General Obligation Note, Series of 2023" (the "Sinking Fund"), which shall be administered in accordance with applicable provisions of the Debt Act.

This Borough appoints the Bank as the sinking fund depository with respect to the Sinking Fund. The President or Vice President of the Council and the Secretary, respectively, of this Borough are authorized and directed to contract with the Bank for its services as sinking fund depository in connection with the Sinking Fund and in connection with the Note. This Borough covenants to make payments out of the Sinking Fund, or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Note when due.

SECTION 12. The President or Vice President of the Council and the Secretary, respectively, of this Borough, which shall include their duly qualified successors in office, if applicable, are authorized and directed: (a) to prepare, to certify, and to file with the Department of Community and Economic Development of the Commonwealth (the "Department") the debt

statement required by the Debt Act; (b) to prepare and to file the application with the Department, together with a complete and accurate transcript of the proceedings relating to the incurring of debt, of which debt the Note, upon issue, will be evidence, as required by the Debt Act; (c) to prepare and to file, if applicable, any statements required by the Debt Act that are necessary to qualify all or any portion of nonelectoral and/or lease rental debt of this Borough that is subject to exclusion as self-liquidating or subsidized debt for exclusion from the appropriate debt limit as self-liquidating or subsidized debt; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Debt Act in connection with the foregoing; and (e) to take other required, necessary and/or appropriate action.

Said officers of this Borough are authorized and directed to prepare an appropriate borrowing base certificate to be appended to the debt statement authorized herein.

SECTION 13. It is declared that the debt to be incurred hereby, together with any other indebtedness of this Borough, is not in excess of any applicable limitation imposed by the Debt Act upon the incurring of debt by this Borough, which is evidenced by the Note.

SECTION 14. The Secretary of this Borough is authorized and directed to deliver the executed Note to the Bank after the Department has certified its approval under Section 8204 of the Debt Act.

SECTION 15. This Borough covenants to and with the Bank and other registered owners of the Note that it will make no use of the proceeds of the Note that will cause it to be or become an "arbitrage bond" within the meaning of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations implementing said Sections that duly have been published in the Federal Register or with any other regulations implementing said Sections, and this Borough further covenants to comply with all other requirements of the Code if and to the extent applicable to maintain continuously the Federal income tax exemption of interest on the Note.

This Borough determines that it does not reasonably expect to issue tax-exempt obligations, together with all tax-exempt obligations reasonably expected to be issued by "all subordinate entities" (within the meaning of Section 265(b)(3)(E) of the Code) of this Borough, which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the 2023 calendar year, as applicable (excluding certain credits permitted by the Code) and, accordingly, this Borough hereby designates the Note as a "qualified tax-exempt obligation," as defined in Section 265(b)(3)(B) of the Code, for the purposes and effect contemplated by Section 265 of the Code.

The Council hereby authorizes the Borough Manager to invest the proceeds of the Note in PLGIT – PRIME pending expenditure to pay costs of the Project and subject to the limitations of the Code.

SECTION 16. In the event any provision, section, sentence, clause, or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining

EXHIBIT "A"

[FORM OF NOTE]

**BOROUGH OF WELLSBORO,
TIOGA COUNTY, PENNSYLVANIA**

GENERAL OBLIGATION NOTE, SERIES OF 2023

THE BOROUGH OF WELLSBORO, in Tioga County, Pennsylvania (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth"), promises to pay to the order of MANUFACTURERS AND TRADERS TRUST COMPANY (the "Bank"), or registered assigns, on April 18, 2028, the principal amount of Six Hundred Fifty Thousand Dollars (\$650,000), or such lesser particular sum as shall represent the outstanding balance of such principal sum under this General Obligation Note, Series of 2023 (the "Note"), and to pay interest on such principal sum outstanding, at the fixed rate of 4.47%, per annum (the "Tax-exempt Rate"). An interest only payment shall be made on April 18, 2024, and thereafter the Borough shall make four equal annual payments of principal and interest commencing on April 18, 2025.

Interest accruing on this Note for any period shall be determined by multiplying the outstanding principal balance hereof, from time to time, by said rate of interest and multiplying the product thereof by a 30/360 day factor. The principal of and interest on this Note shall be payable at the principal office or at any branch office of the Bank, in lawful money of the United States of America.

This Note is subject to prepayment prior to maturity, at the option of the Borough, as a whole, on any date, by paying 100% of the outstanding principal balance hereof, together with accrued interest to the date fixed for prepayment. The Borough, at its option, from time to time, on any date, may prepay any part of the principal of this Note, by paying 100% of the principal amount selected for such prepayment. Any such prepayment shall be without premium or penalty.

Any prepayment in whole shall follow at least five (5) days written notice addressed to the registered owner hereof at the time of such prepayment, as such registered owner and address shall appear upon books of the Borough to be kept by the Bank for such purpose. On the date designated for prepayment, notice having been given as aforesaid, and money for payment of the principal and accrued interest being held by the Bank, interest hereon or on any part of the principal hereof so called for prepayment, as applicable, shall cease to accrue. If the principal of this Note shall have been called for prepayment in full, this Note shall cease to be entitled to any benefit or security under the Ordinance (hereinafter defined) authorizing issuance of this Note, and the registered owner of this Note shall have no rights with respect to this Note except to receive payment of the principal of and accrued interest to the prepayment date.

So long as no Determination of Taxability (defined below) has occurred, interest upon the principal hereof shall be paid at the Tax-exempt Rate. However, upon the occurrence of a Determination of Taxability (defined below), while this Note is outstanding, the interest rate payable on the unpaid principal balance hereunder shall be increased, retroactively and payable immediately if applicable, from the date of the Determination of Taxability (defined below), to equal the after tax equivalent yield to the Bank of the Tax-exempt Rate, as reasonably determined by the Bank. The term "Determination of Taxability" means (a) the issuance by the Internal Revenue Service to the Bank or other holder of this Note of a letter proposing to assess a deficiency with respect to the interest on this Note, the receipt of which shall establish that an Event of Taxability (defined below) with respect to this Note has occurred; or (b) the delivery of written notice to the Borough by the Bank or other holder of this Note declaring that an Event of Taxability has occurred on a specified date (other than by reason of the event described in (a) above). The term "Event of Taxability" shall mean (i) a change in law or fact (or the interpretation thereof), (ii) the occurrence or recognition of a fact, circumstance or situation, (iii) a determination, regulation, ruling or decision issued or made in regard to Sections 103 and/or 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), by any court or judicial or quasijudicial body or by the commissioner or any district director of the Internal Revenue Service, or (iv) the enactment of any legislation, which, with respect to any of the foregoing causes, nationally recognized bond counsel selected by the Bank (which counsel may be the Bank's counsel), is of the opinion that requires the interest payable on this Note to be includable in the gross income of the Bank.

This Note is issued in accordance with the Act of the General Assembly of the Commonwealth known as the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"), and by virtue of Ordinance No. 709 (the "Ordinance") of the Borough. The Debt Act, as such shall have been in effect when this Note was authorized, and the Ordinance shall constitute a contract between the Borough and the registered owner or registered owners, from time to time, of this Note.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Note, together with any other indebtedness of the Borough, is not in excess of any applicable limitation imposed by the Debt Act upon the incurring of the debt of the Borough which is evidenced by this Note.

The Borough has covenanted, in the Ordinance, to and with registered owners, from time to time, of this Note, outstanding, from time to time, pursuant to the Ordinance, that the Borough: (i) shall include the amount of the debt service for this Note, for each fiscal year of the Borough in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal of this Note and the interest thereon at the dates and place and in the manner stated herein, according to the true intent and meaning hereof; and, for such

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EXHIBIT "A"

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budgeting, appropriation and payment, the Borough has pledged and does pledge, irrevocably, its full faith, credit, and taxing power. The Debt Act provides that the foregoing covenant of the Borough shall be enforceable specifically.

The Borough, in the Ordinance, has established a sinking fund with the Bank, as the sinking fund depository, into which funds for the payment of the principal of and the interest on this Note shall be deposited not later than the date fixed for the disbursement thereof. The Borough has covenanted, in the Ordinance, to make payments out of such sinking fund or out of any other of its revenues or funds, at such times in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of this Note.

This Note has been designated by the Borough as a "qualified tax-exempt obligation," as defined in Section 265(b)(3)(B) of the Code, for purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

This Note is transferable by the Bank, or by any subsequent registered owner in person or by his attorney duly authorized, in writing, at the principal office or at any branch office of the Bank, 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 or at any branch office of the Bank by a duly authorized representative of the Bank acting in behalf of the Borough. The Borough and the Bank may deem and treat the person, from time to time, in whose name this Note shall be 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.

IN WITNESS WHEREOF, the BOROUGH OF WELLSBORO, in Tioga County, Pennsylvania, as provided by the Debt Act and in the Ordinance, has caused this Note to be executed in its name and on its behalf by the manual signature of the President or Vice President of the Council of the Borough and the official seal of the Borough to be affixed hereto and the manual signature of the Secretary of the Borough to be affixed hereto in attestation thereof, all as of the 18th day of April, 2023.

BOROUGH OF WELLSBORO,
Tioga County, Pennsylvania

By: Matt DeLo
(Vice) President of the Council

ATTEST:

Amy Kane Perry
Secretary of the Borough

(SEAL)

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF MANUFACTURERS AND TRADERS TRUST COMPANY, AS PAYING AGENT, OR OF ANY SUCCESSOR PAYING AGENT, ACTING AS REGISTRAR, ON BEHALF OF THE BOROUGH OF WELLSBORO, TIOGA COUNTY, PENNSYLVANIA

| Date of Registry | Name of Registered Owner | Registrar (Authorized Representative) |
|------------------|---|--|
| April 18, 2023 | Manufacturers and Traders Trust Company | Manufacturers and Traders Trust Company |
| | | |
| | | |
| | | |
| | | |
| | | |

EXHIBIT "B"

Wellsboro Borough 2023 GO Note

Interest Rate – 4.47%

| | Date | Payment | Interest | Principal | Balance |
|---------------------|-------------|-------------------|-------------------|-------------------|----------------|
| 1 | 04/18/2024 | 29,657.72 | 29,657.72 | 0.00 | 650,000.00 |
| 2 | 04/18/2025 | 181,449.35 | 29,657.72 | 151,791.63 | 498,208.37 |
| 3 | 04/18/2026 | 181,449.35 | 22,731.88 | 158,717.47 | 339,490.90 |
| 4 | 04/18/2027 | 181,449.35 | 15,490.04 | 165,959.31 | 173,531.59 |
| 5 | 04/18/2028 | 181,449.35 | 7,917.76 | 173,531.59 | 0.00 |
| Grand Totals | | 755,455.12 | 105,455.12 | 650,000.00 | |

CERTIFICATE

I, the undersigned, Secretary of the Borough of Wellsboro, in Tioga County, Pennsylvania (the "Borough"), certify that: the foregoing is a true and correct copy of an Ordinance which duly was enacted by affirmative vote of a majority of all members of the Council of the Borough, in accordance with law, at a meeting duly held on March 13, 2023, at which meeting a quorum was present; said Ordinance duly was examined and approved by the Mayor of the Borough on March 13, 2023, said Ordinance has been certified and recorded by me, as Secretary of the Borough, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 709; the total number of members of the Council of the Borough is six (6); the vote of the members of the Council of the Borough, upon enactment of said Ordinance, the yeas and nays having been called, duly was recorded by me, as Secretary, as follows:

| | | | |
|------------------|---|-----|---|
| Craig West | - | yea | |
| Matt DeCamp | - | yea | |
| Louis E. Prevost | - | yea | |
| Michael J. Wood | - | nay | |
| Joan S. Hart | - | yea | |
| Kevin Clark | - | yea | ; |

said Ordinance has been advertised, as required by law, in a newspaper of general circulation in the Borough; and said Ordinance has not been amended, altered or repealed as of the date of this Certificate.

I further certify that the Council of the Borough met the requirements of Act No. 1998-93 of the General Assembly of the Commonwealth of Pennsylvania, approved October 15, 1998, as amended by Act 2021-65 of the General Assembly of Pennsylvania, approved June 30, 2021.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Borough, this 13th day of March, 2023.


Secretary

(SEAL)