

**TOWNSHIP OF SOUTH HEIDELBERG
PENNSYLVANIA**

ORDINANCE # 243

WHEREAS, the Board of Supervisors (the "Board") of the Township of South Heidelberg (the "Township") previously enacted an Ordinance, dated April 12, 2012 (the "Note Enabling Ordinance"), pursuant to which the Township authorized the issuance of its \$1,221,000 General Obligation Note, Series A of 2012 (the "Series A Note"), and its \$774,000 Federally Taxable General Obligation Note, Series B of 2012 (the "Series B Note"), to finance the costs of certain capital projects undertaken by the Township; and

WHEREAS, the Series A Note presently bears interest at a fixed rate of 2.90% per annum through June 15, 2019, at which time the rate converts to a variable rate equal to 67% of the 30 Day London Interbank Offering Rate ("LIBOR"), plus 1.5% (the "Variable Rate"), through maturity, provided that such rate shall at no time be lower than 2.80% nor higher than 5.50%; and

WHEREAS, the Series B Note presently bears interest at a fixed rate of 4.45% per annum through June 15, 2017, at which time the rate converts to a variable rate equal to LIBOR, plus 3.0%, provided that at no time will such rate be less than 4.0% or exceed 7.50%; and

WHEREAS, the Series A Note and the Series B Note were purchased by National Penn Bank (the "Bank"); and

WHEREAS, the Bank has agreed to lower the interest rate applicable to each of the Series A Note and the Series B Note as set forth on the Bank's proposal dated December 30, 2014, attached hereto as Exhibit "A"; and

WHEREAS, the Township desires to enter into a certain Note Modification Agreement with the Bank in the form attached hereto as Exhibit "B" hereto (the "Agreement") in order to accomplish the modifications to the Series A Note and the Series B Note.

NOW THEREFORE, BE IT ORDAINED AND ENACTED, by the Board of the Township of South Heidelberg, as follows:

1. The interest rate reductions applicable to each of the Series A Note and the Series B Note are hereby approved.

2. The Chairman and Secretary of the Township are hereby authorized and directed to execute and deliver the Agreement to the Bank with such additions and deletions thereto which they in their discretion, and with the advice of the Township Solicitor, deem necessary or appropriate. Their execution of the same shall be evidence of the conclusive approval of the Agreement.

3. This Township hereby designates and confirms the designation of the Series A Note as a “qualified tax exempt obligation” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

4. The appropriate officials of the Township are hereby authorized and directed, in the name and on behalf of the Township, to pay or cause to be paid all costs and expenses incurred by the Township in connection with the modification of the Series A Note and the Series B Note, including Bank, Bond Counsel, Township Solicitor and Financial Advisor fees.

5. This Ordinance shall be immediately effective.

6. The Note Enabling Ordinance is hereby amended to reflect the changes made to the Series A Note and the Series B Note pursuant to the Agreement as approved by the Township in this Ordinance. All other terms and conditions of the Note Enabling Ordinance, to the extent not modified by this Ordinance, are hereby ratified and confirmed.

