

AVALON BOROUGH

OFFICIAL ORDINANCE NO. 1195

AN ORDINANCE INCREASING THE INDEBTEDNESS OF THE BOROUGH OF AVALON, COUNTY OF ALLEGHENY, PENNSYLVANIA, BY THE ISSUANCE OF A GENERAL OBLIGATION NOTE IN THE AMOUNT OF \$75,000.00 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 DOCUMENT; 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 Borough of Avalon (hereinafter called "Municipality") be increased for the following purpose: Replacement of sanitary sewer line and the repaving of a portion of Elizabeth Avenue, Avalon Borough, because of the collapse of the sanitary line and infiltration of sewage into the stormwater lines; and

WHEREAS, the Municipality has received preliminary and realistic cost estimates from professional engineers indicating the sum of \$75,000.00 will be needed to complete the project; and

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

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

Section 1. That the aggregate principal amount of the Note of the Municipality proposed to be issued is \$75,000.00, same to be issued for the foregoing purpose and same to be incurred as non-electoral debt.

Section 2. The period of useful life of the improvements for which this obligation is to be issued is estimated to be in excess of 5 years.

Section 3. Said indebtedness shall be evidenced by one general obligation Note (known as the AIM Loan Agreement and attached hereto), in proper form, in the principal sum of \$75,000.00, dated and bearing interest from the earliest date of 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, at the rate of interest of 5 1/2% per annum, payable annually on the unpaid balance of said Note on the anniversary date of said Note during the term of said Note, together with interest on overdue interest, at the rate of 16 1/2% per annum (computed on the basis of 365 days to the year) until paid, which Note shall mature in installments on the annual anniversary date of the said Note as follows:

	<u>Principal Only</u>
Fiscal year 1992	\$15,000.00
Fiscal year 1993	\$15,000.00
Fiscal year 1994	\$15,000.00
Fiscal year 1995	\$15,000.00
Fiscal year 1996	\$15,000.00

It is further acknowledged that the Loan Agreement has a litigation clause which the Municipality acknowledges and which clause calls for payment by the Municipality of the AIM Solicitor in the event of any litigation caused by the borrower's delinquencies.

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

The principal and interest of said Note shall be payable at the office of the Sinking Fund Depository selected for the Note as hereinafter provided.

Section 4. The said Note is hereby declared to be a general obligation of the Municipality. The Municipality hereby covenants that it 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 payments 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 5 1/2% are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
1992	\$15,000.00	\$4,125.00
1993	\$15,000.00	\$3,300.00
1994	\$15,000.00	\$2,475.00
1995	\$15,000.00	\$1,650.00
1996	\$15,000.00	\$ 825.00

Section 5. The form of said Note shall be the Loan Agreement which is attached hereto and incorporated in this Ordinance as part and parcel thereof, showing the obligation arising out of the loan Agreement to the Municipality.

Section 6. The said Note shall be executed in the name and under the corporate seal of the Municipality by its President and attested by the Secretary. The Treasurer is hereby authorized and directed to deliver said Note to the purchaser, and receive payment therefor on behalf of the Municipality. The President and Secretary of the Municipality are authorized and directed to prepare, certify and file the Debt Statement required by Section 410 of Act 52 of 1978, 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 7. The Equibank, Avalon Branch, 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 1996 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 Municipality, withdraw

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available moneys in the Sinking Fund and apply said moneys to payment of the principal of and interest on the obligation.

Section 8. The President and Secretary of the Municipality are hereby authorized to contract with Equibank for its service as Sinking Fund Depository for the Note and paying agent for the same.

Section 9. In compliance with Section 701 of Act 52 of 1978,

the members of the governing body have determined that a private sale by negotiation rather than public sale is in the best interest of the Municipality. Therefore, the general obligation Note of the amount of \$75,000.00, herein authorize to be issued and sold, is hereby awarded and sold to the Authority for Improvements in Municipalities (AIM) in accordance with AIM's proposal to purchase the Note at Par; provided the said Note is dated the date of delivery thereof to AIM and is in the form set forth in the attached Loan Agreement between AIM and the Municipality; and further provided that the proceedings have been approved by the Department of Community Affairs, if such approval is required under the provisions of the Act.

Section 10. The action of the proper officers and the advertising of a summary of the Ordinance as required by law in a newspaper of general circulation is ratified and confirmed. The advertisement in said paper of enactment of the Ordinance is hereby directed within fifteen (15) days following the day of final enactment.

It is further acknowledged that for the consideration given by AIM, the Loan Agreement contains an indemnification clause for AIM, its officers, directors, administrators, employees and their successors and assigns.

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 22ND day of MAY, 1991.

ATTEST:

By: Michael P. Decker
Secretary

BOROUGH OF AVALON

By: Paul D. Howe
President

APPROVED BY THE MAYOR this 22ND
day of MAY, 1991.

Nicholas J. Grande
Mayor