

SUGGESTED FORMAT FOR SMALL BORROWING FOR CAPITAL
PURPOSES AUTHORIZED UNDER SECTION 8109 OF THE
LOCAL GOVERNMENT UNIT DEBT ACT

Section 8109 of the Local Government Unit Debt Act authorizes any local government unit to incur debt evidenced by notes to provide funds for a project as defined in Section 8002 without approval of the Department of Community and Economic Development provided: (1) the total amount of debt issued under Section 8109 and outstanding at any one time shall not exceed \$125,000 or 30% of the nonelectoral debt limit, whichever is less; (2) the principal shall mature within five years; and (3) the debt does not otherwise exceed the debt limits imposed in Section 8022 of the Act.

Obligations issued under Section 8109 may be authorized by resolution and no advertisement is required. There is no filing with the Department of Community and Economic Development or any other office. You should be aware that except where otherwise stated, provisions of the Act applicable to ordinances authorizing general obligation bonds or notes and the provisions applicable to general obligation bonds or notes shall apply, respectively, to resolutions authorizing these notes. The suggested resolution which is part of this model proceeding has been drafted to conform to the provisions of the Act which are still applicable to obligations issued under Section 8109 of the Act.

RESOLUTION AUTHORIZING
SMALL BORROWING FOR CAPITAL PURPOSES
UNDER SECTION 8109 OF THE LGUDA

WHEREAS, the _____ of
County, Pennsylvania, hereinafter called the Local Government Unit, proposes to incur
nonelectoral debt by the issuance of a general obligation note to finance the costs of the
following project: _____ ;
and

WHEREAS, Section 8109 of the Local Government Unit Debt Act authorizes any Local
Government Unit to incur debt evidenced by notes to provide funds for a project as defined in
the Act without notification to the Department of Community and Economic Development
provided: (1) the aggregate of such debt outstanding at any one time shall not exceed the lesser
of \$125,000 or 30% of the nonelectoral debt limit; (2) the principal shall mature within five
years; and (3) the debt does not otherwise exceed the limits imposed in Section 8022 of the Act;
and

WHEREAS, the local government unit has obtained preliminary cost estimates as
required by the Act and determined that the sum of \$_____ needed to finance the
project will not cause the aggregate of such debt to exceed the lesser of \$125,000 or 30% of the
nonelectoral debt limit of the Local Government Unit of \$_____ and the limits
imposed by Section 8022 of the Act.

NOW, THEREFORE, BE IT RESOLVED THAT;

(1) The Local Government Unit hereby authorizes the issuance of a general obligation
note in the amount of \$_____ to be issued for the foregoing purposes as nonelectoral
debt.

(2) The period of useful life of the project for which this obligation is to be issued is
estimated to be _____ years.

(3) The note shall be issued in the principal sum of \$ _____, shall be dated _____, 20 __, bear interest at the rate of _____%, payable _____, and shall mature in installments as follows:

Fiscal Year 20 __ \$
Fiscal Year 20 __ \$
Fiscal Year 20__ \$
Fiscal Year 20 __ \$
Fiscal Year 20 __ \$

The Local Government Unit reserves the right to anticipate any or 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

(4) The said note is hereby declared to be a general obligation of the Local Government Unit which hereby covenants that it shall include the amount of 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 Local Government Unit is hereby irrevocably pledged.

(5) The form of note is attached hereto as Exhibit A.

(6) The said note shall be executed in the name and under the corporate seal of the Local Government Unit by the _____ and _____ and attested to by the Secretary. The _____ and the Secretary are authorized and directed to prepare and verify the debt statement required by Section 8110 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.

(7) In compliance with Section 8161 of the Act, 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 Local Government Unit. Therefore, the general obligation note in the amount of \$ _____ herein authorized to be issued and sold is hereby awarded and sold to _____ (Lender) in accordance with its proposal to purchase the said note. A copy of Lender's signed proposal is attached hereto as Exhibit B.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and affixed the seal of the Local Government Unit this _____ day of _____, 20__.

Name of Local Government Unit

BY:

Executive Officer

SEAL

ATTEST:

Secretary

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA

County of _____

(Name of Local Government Unit)

GENERAL OBLIGATION NOTE

\$ _____

Dated: _____

KNOW ALL MEN BY THESE PRESENTS, that the _____ ,
County of _____ , Commonwealth of Pennsylvania, a local government unit
existing by and under the laws of said Commonwealth, for value received, hereby acknowledges
itself indebted and promises to pay to the purchaser, or registered assigns, the sum of
\$ _____ dollars (\$ _____) in installments as follows:

Fiscal Year 20__ the sum of \$ _____

with interest on the unpaid principal balance at the rate of _____ percent (___%) per annum,
payable on _____, 20 __, together with interest on overdue principal, and to the
extent permitted by law, on overdue interest, at the rate of _____ percent (___%) (computed
on the basis of 365 days to the year), with the option in the local government unit to anticipate
any installment of principal or any payment of interest at any time prior to the respective
payment dates thereof, without notice or penalty.

Both principal and interest are payable in such coin or currency as at the respective dates
of payment thereof shall be legal tender for the payment of public and private debts, at the office
of the _____ (Lender) _____,
Pennsylvania.

It is hereby recited that this Note is authorized to be issued in accordance with the Act of

the General Assembly of the Commonwealth of Pennsylvania approved the 28th day of April, 1978, being Act 52 of the 1978 Session, as amended.

It is hereby certified that all acts, conditions, and things required to be done, happen, and be performed precedent to and in the issuance of this Note or in the creation of the debt of which it is evidence, have been done, happened, and been performed in regular and due form and manner as required by law; and that this Note, together with all other indebtedness of the said local government unit is not in excess of any constitutional or statutory limitation and for the proper budgeting, appropriation, and the prompt and full payment of all the obligations of this Note the entire full faith, credit, and taxing power of said local government unit are hereby irrevocably pledged.

It is hereby further certified that the said local government unit has effectively covenanted to include the amount of the debt service on this Note in each fiscal year for which such sums are due, in its budget for that year, to appropriate such amounts to the payment of such debt service, and to periodically pay or cause to be paid the principal and interest thereon at the dates and places and in the manner stated herein, according to the true intent and meaning hereof.

IN WITNESS WHEREOF, the _____ ,
County has caused this Note to be properly executed by the proper officers of the local government unit and its corporate seal to be hereto affixed, attested to by the Secretary as of the _____ day of _____ , 20__.

(Name of Local Government Unit)

BY

SEAL

BY

ATTEST:

Secretary

CERTIFICATION

I, _____, Secretary of
hereby certify that the foregoing is a true and correct copy of the resolution, duly adopted by the
majority vote of said Local Government Unit, at a meeting duly held on the _____ day of
_____, 20___, and that the minutes of said meeting showing how each member
voted have been duly recorded in the official minutes of said Local Government Unit.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this _____ day of
_____, 20___.

Secretary

DEBT STATEMENT PURSUANT TO SECTION 8110
LOCAL GOVERNMENT UNIT DEBT ACT

Local Government Unit _____

County

Statement as of _____

Date – within 60 days of filing date)

Section 8002 I. GROSS INCURRED DEBT

	Electoral	Nonelectoral	Lease Rental
A. Bonds outstanding	\$ _____	\$ _____	\$ _____
List and identify	\$ _____	\$ _____	\$ _____
by year of issue	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
B. Notes Outstanding	\$ _____	\$ _____	\$ _____
List and identify	\$ _____	\$ _____	\$ _____
by year of issue	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____	\$ _____

II. CREDITS & EXCLUSIONS

Section 8028(b)

Less:
(where applicable)

1. Sinking Funds, reserve accounts, bond proceeds	\$ _____	\$ _____	\$ _____
2. Current appropriations	\$ _____	\$ _____	\$ _____
3. Uncollected special assessments	\$ _____	\$ _____	\$ _____
4. Delinquent taxes and liens	\$ _____	\$ _____	\$ _____
5. Surplus cash	\$ _____	\$ _____	\$ _____
6. Solvent debts due	\$ _____	\$ _____	\$ _____
7. Indemnifying insurance	\$ _____	\$ _____	\$ _____
8. Self-liquidating and self-sustaining debt (Excluded under Sections 8024, 8025, 8026)	\$ _____	\$ _____	\$ _____
TOTAL NET INDEBTEDNESS	\$ _____	\$ _____	\$ _____

III. The aggregate principal amount of bonds or notes being issued or evidencing lease rental debt \$ _____

IV. The principal amount of bonds or notes which will no longer be deemed to be outstanding pursuant to Section 8250 after settlement of the issue.
(Refunding issues only) \$ _____

The borrowing base as shown by appended borrowing base certificate \$ _____

Applicable debt limitations

(a) nonelectoral
(250% of the borrowing base; 300% for counties) \$ _____

(a)(1) nonelectoral plus lease rental debt limit for school district borrowings
(225% of the borrowing base) \$ _____

(b) nonelectoral plus lease rental
(350% of the borrowing base; 400% for counties) \$ _____

Section 8110(a) IN WITNESS WHEREOF, we, _____,
_____ and _____,
being authorized to prepare, certify and file the foregoing statement, have hereunto set out hands and affixed the seal
of the _____, this _____ day of _____,
(Name of Local Government Unit)

20____.

(SEAL)

Secretary

SECTION 8110(b) CERTIFICATE

(If claiming exclusions on the debt statement, the following certification must be included)

I hereby certify that no decrease in the amounts to be excluded is required by any change of circumstances other than decreases resulting from the payments of bonds or notes.

(note: if there is a decrease other than from payments, the Local Government Unit must reduce the amount being excluded to reflect the changed circumstances).

BORROWING BASE CERTIFICATE - SECTION 8002

The borrowing base is the arithmetic average of total revenues received for the three fiscal years preceding the fiscal year in which the debt ordinance is enacted, as set forth in a certificate stating the total revenues for each year and stating the average. The certificate may be executed by any authorized official of the local government unit or an independent accountant. The computation of the borrowing base must be done in accordance with the definition of revenues in Section 8002. The following method may be used:

BORROWING BASE CERTIFICATE

Prepared as of _____
(Date)

		<u>FISCAL YEAR</u>		
	(Three prior fiscal years)	(____)	(____)	(____)
Total Revenues Received (money from <u>all</u> sources)	\$ _____	\$ _____	\$ _____	\$ _____
<u>Less:</u>				
(1) State and Federal subsidies and reimbursements related to a particular project financed by debt	\$ _____	\$ _____	\$ _____	\$ _____
(2) Revenues, receipts, assessments, etc., pledged for self-liquidating debt	\$ _____	\$ _____	\$ _____	\$ _____
(3) Interest on moneys in sinking funds pledged for debt	\$ _____	\$ _____	\$ _____	\$ _____
(4) Grants and gifts-in-aid measured by construction or acquisition of specific projects	\$ _____	\$ _____	\$ _____	\$ _____
(5) Nonrecurring receipts	\$ _____	\$ _____	\$ _____	\$ _____
 SUBTOTAL	 \$ _____	 \$ _____	 \$ _____	 \$ _____
 TOTAL NET REVENUES	 	 	 \$ _____	
 BORROWING BASE (Total Net Revenues divided by 3)	 	 	 \$ _____	

(SEAL)

Secretary

COMMONWEALTH OF PENNSYLVANIA : SS
COUNTY OF _____ :

Before me, the undersigned Notary Public, personally appeared _____,
_____ and _____, who
being duly sworn according to law depose and say that they are the _____,
(Title of Officer)
_____ and _____ of
(Title of Officer) (Title of Officer)
_____ and that the facts set forth in the foregoing
(Name of Local Government Unit)
are true and correct.

(Title of Officer)

(Title of Officer)

(Title of Officer)

Sworn to and subscribed before me

this _____ day of _____, 20_____.

Notary Public