

**ORDINANCE**

**AN ORDINANCE AUTHORIZING OF THE COUNCIL OF THE CITY OF COATESVILLE, CHESTER COUNTY, PENNSYLVANIA, AUTHORIZING THE CONVERSION OF THE OUTSTANDING BALANCE OF AN EXISTING HARLEYSVILLE NATIONAL BANK LINE OF CREDIT INTO A FIVE (5) YEAR COMMERCIAL TIME NOTE**

WHEREAS, the City of Coatesville is a Third Class City situated in Chester County, Pennsylvania, operating under its Home Rule Charter and the Third Class City Code; and,

WHEREAS, the City of Coatesville authorized and approved pursuant to Ordinance 1236-2004 the Project which is included the following: (i) the acquisition and rehabilitation of certain blighted properties located in the City of Coatesville (as identified in the Authority's revitalization plan or identified in the direct agreements with preferred developers); (ii) payment of the costs of appraisals and environmental studies in connection with the acquisition of such property; (iii) payment of the costs of professional services, public relations, engineering costs, relocation expenses and development costs for the acquired property; (v) funding capitalized interest; and (vi) payment of the costs and expenses associated with the issuance of the Note; and

WHEREAS, the City of Coatesville requested the Coatesville Redevelopment Authority to undertake the Project; and

WHEREAS, the City of Coatesville authorized and approved the issuance of the Note by the Coatesville Redevelopment Authority in the principal amount of seven million (7,000,000.00) dollars by the execution and delivery of the Guaranty Agreement; and

WHEREAS, the City of Coatesville is obligated to make payments under the Guaranty Agreement from the general revenues of the City; and

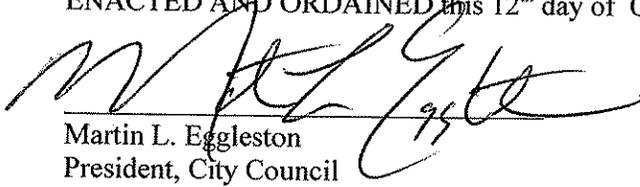
WHEREAS, Harleysville National Bank \$7,000,000.00 (seven million) dollars line of credit expired on August 15<sup>th</sup> 2009 and been extended to November 15<sup>th</sup> 2009.

NOW THEREFORE, IN CONSIDERATION OF THE FORGOING THE COUNCIL OF THE CITY OF COATESVILLE, PURSUANT TO THE AUTHORITY OF THE THIRD CLASS CITY CODE AND THE CITY CHARTER DOES HEREBY ENACT AND ORDAIN that the City of Coatesville authorizing to convert the outstanding balance of an existing Harleysville National Bank line of credit into a Five (5) Year Commercial Time Note as set forth on Exhibit "A" hereto. Exhibit "A" is incorporated herein by reference with the same force and effect as if fully set forth in the text hereof.

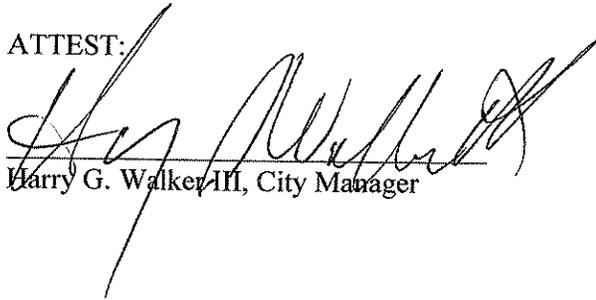
If any sentence, clause, section or part of this Ordinance is for any reason found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts hereof.

This Ordinance shall be effective thirty (30) days after publication following final adoption in accordance with the City Charter and the Third-Class City Code.

ENACTED AND ORDAINED this 12<sup>th</sup> day of October, 2009.

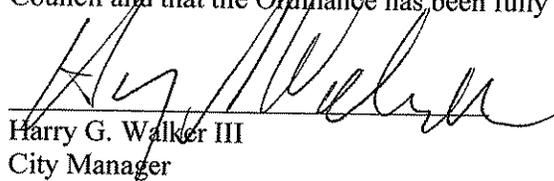
  
Martin L. Eggleston  
President, City Council

ATTEST:

  
Harry G. Walker III, City Manager

CERTIFICATION

I HEREBY CERTIFY that the foregoing Ordinance was introduced on the 28<sup>th</sup> day of September, 2009 and was duly enacted by the Council of the City of Coatesville, Chester County, Pennsylvania, on 12<sup>th</sup> day of October, 2009, that the vote upon the said Ordinance has been recorded in the Minutes of the City Council and that the Ordinance has been fully recorded.

  
Harry G. Walker III  
City Manager



For Discussion Purposes Only - This Is Not A Commitment

The Redevelopment Authority of the City of Coatesville

September 17<sup>th</sup>, 2009

**Loan Type:** Commercial Time Note

**Purpose:** To convert the outstanding balance of an existing HNB line of credit into a Five (5) Year Commercial Time Note.

**Amount:** \$6,999,156

**Term:** Five (5) years.

**Rate:** Floating at WSJP + 1% (to be adjusted on a tax-free basis\*); with a floor of 6% (on a tax equivalent yield; tax exempt\*).

*\* Note: tax-free status to be determined by HNB*

**Pre Payment Penalty:** None

**Fees:** Borrower to pay all hard costs incurred by Bank associated with this loan.

**Payment:** Interest due monthly; principal due at maturity.

**Collateral:** Marketable securities and/or cash owned by the City of Coatesville to be properly margined and maintained at HNB.

**Guarantors:** City of Coatesville

**Loan Covenants:** None.

**Financial Reporting:**

1. Borrower – Annual CPA Audited Financial Statements, due within 180-days following 12/31.
2. Borrower – Monthly list of real estate owned by borrower, due within 20-days following each month's end.
3. Guarantor – Annual CPA Audited Financial Statements, due within 180-days following 12/31.
4. Guarantor – Annual Budget due within 30-days following 12/31.
5. Guarantor – Monthly Statement of collateral securities, due within 20-days following each months end.

**Conditions:**

1. Automatic Debit Payment from Borrowers DDA.
2. Documents to be prepared, and loan closed, by outside counsel.
3. Anything required properly perfecting HNB's security interest, to be determined by HNB's counsel.
4. Receipt and satisfactory review of current statement of marketable securities and/or cash to be pledged as collateral; marketable securities to be held by Cornerstone.
5. Receipt and satisfactory review by outside counsel of all Trust Documents for marketable securities and/or cash, as to their pledgeability.
6. Borrower and Guarantor to maintain entire deposit relationship with HNB for the life of the credit facility.
7. No less than 90% of the proceeds from the sale of the borrower's real estate to be applied towards the principal balance of loan.

Sincerely,

Allan Burkley  
Vice President  
Commercial Lending  
610-269-9701 x:3202