

Township of Penn
York, County, Pennsylvania

ORDINANCE NO. 600

AN ORDINANCE INCREASING THE INDEBTEDNESS OF THE TOWNSHIP OF PENN, YORK COUNTY, PENNSYLVANIA, BY THE ISSUE OF A GENERAL OBLIGATION NOTE IN THE AMOUNT OF \$2,700,000 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 EXECUTION, SALE AND DELIVERY THEREOF.

WHEREAS, it is necessary that the indebtedness of the Township of Penn, York County, Pennsylvania be increased for the following purpose: the construction of a public works facility, the construction of an addition to the police department, the renovation of the pavilion at the Penn Township Community Park and the refinancing of existing debt; and

WHEREAS, the local government unit has received preliminary realistic cost estimates from professional consultants indicating the sum of \$2,700,000 will be needed to complete the project; and

WHEREAS, the proposed increase of debt, together with its nonelectoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of the local government unit debt incurring power, pursuant to constitutional and statutory authority to be exceeded;

NOW THEREFORE, BE IT ORDAINED AND ENACTED by the Township of Penn, York County, Pennsylvania, and it is hereby ordained and enacted by the authority of same as follows:

SECTION 1. That the aggregate principal amount of the Note of the Township of Penn, York County, Pennsylvania, proposed to be issued is \$2,700,000, same to be issued for the foregoing purposes and same to be incurred as nonelectoral 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 20 years.

SECTION 3. Said indebtedness shall be evidenced by one general obligation Note, in fully registered form, in the sum of \$2,700,000 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 and known as the Local Government Unit Debt Act, at the rate of interest of 3.49% per annum, payable on the unpaid balance of said Note on September 15, 2013 during the term of said Note, together with interest on overdue principal, and to the extent permitted by law, on overdue interest, at the rate of 3.49% per annum (computed on the basis of

365 days to the year) until paid, which Note shall mature in installments on the quarterly anniversary date of said Note as follows:

Date	Payments	Principal	Interest
December 15, 2003	\$80,448.15	\$56,628.90	\$23,819.25
March 15, 2004	\$80,448.15	\$57,128.48	\$23,319.67
June 15, 2004	\$80,448.15	\$57,381.74	\$23,066.41
September 15, 2004	\$80,448.15	\$57,893.52	\$22,554.63
December 15, 2004	\$80,448.15	\$58,649.41	\$21,798.74
March 15, 2005	\$80,448.15	\$59,400.68	\$21,047.47
June 15, 2005	\$80,448.15	\$59,462.74	\$20,985.41
September 15, 2005	\$80,448.15	\$59,993.08	\$20,455.07
December 15, 2005	\$80,448.15	\$60,744.68	\$19,703.47
March 15, 2006	\$80,448.15	\$61,491.20	\$18,956.95
June 15, 2006	\$80,448.15	\$61,618.36	\$18,829.79
September 15, 2006	\$80,448.15	\$62,167.93	\$18,280.22
December 15, 2006	\$80,448.15	\$62,915.07	\$17,533.08
March 15, 2007	\$80,448.15	\$63,656.68	\$16,791.47
June 15, 2007	\$80,448.15	\$63,851.28	\$16,596.87
September 15, 2007	\$80,448.15	\$64,420.76	\$16,027.39
December 15, 2007	\$80,448.15	\$65,163.29	\$15,284.86
March 15, 2008	\$80,448.15	\$65,738.15	\$14,710.00
June 15, 2008	\$80,448.15	\$66,162.82	\$14,285.33
September 15, 2008	\$80,448.15	\$66,752.92	\$13,695.23
December 15, 2008	\$80,448.15	\$67,490.67	\$12,957.48
March 15, 2009	\$80,448.15	\$68,221.92	\$12,226.23
June 15, 2009	\$80,448.15	\$68,558.68	\$11,889.47
September 15, 2009	\$80,448.15	\$69,170.15	\$11,278.00
December 15, 2009	\$80,448.15	\$69,902.96	\$10,545.19
March 15, 2010	\$80,448.15	\$70,628.74	\$9,819.41
June 15, 2010	\$80,448.15	\$71,040.46	\$9,407.69
September 15, 2010	\$80,448.15	\$71,674.06	\$8,774.09
December 15, 2010	\$80,448.15	\$72,401.73	\$8,046.42
March 15, 2011	\$80,448.15	\$73,121.87	\$7,326.28
June 15, 2011	\$80,448.15	\$73,611.22	\$6,836.93
September 15, 2011	\$80,448.15	\$74,267.76	\$6,180.39
December 15, 2011	\$80,448.15	\$74,990.11	\$5,458.04
March 15, 2012	\$80,448.15	\$75,651.68	\$4,796.47
June 15, 2012	\$80,448.15	\$76,273.70	\$4,174.45
September 15, 2012	\$80,448.15	\$76,953.97	\$3,494.18
December 15, 2012	\$80,448.15	\$77,670.84	\$2,777.31
March 15, 2013	\$80,448.15	\$78,379.03	\$2,069.12
June 15, 2013	\$80,448.15	\$79,032.11	\$1,416.04
September 15, 2013	\$80,447.81	\$79,736.65	\$711.16

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 payments 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 Township of Penn, York County, Pennsylvania. The local government unit 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 Township of Penn is hereby irrevocably pledged.

The amounts which the local government unit hereby covenants to pay in each of the following fiscal years on the basis of an interest rate of 3.49 % are as follows:

Year	Principal	Interest
2003	\$56,628.90	\$23,819.25
2004	\$231,053.15	\$90,739.45
2005	\$239,601.18	\$82,191.42
2006	\$248,192.56	\$73,600.04
2007	\$257,092.01	\$64,700.59
2008	\$266,144.56	\$55,648.04
2009	\$275,853.71	\$45,938.89
2010	\$285,744.99	\$36,047.61
2011	\$295,990.96	\$25,801.64
2012	\$306,550.19	\$15,242.41
2013	\$237,147.79	\$4,196.32

SECTION 5. The form of said Note shall be substantially as set forth in the attached Exhibit N.

SECTION 6. The said Note shall be executed in the name and under the corporate seal of the local government unit by the President or Vice-President and attested to by the Secretary or Assistant Secretary. The Treasurer is hereby authorized and directed to deliver said Note to the purchaser, and receive payment therefore on behalf of the local government unit. The President and Secretary of the local government unit are authorized and directed to prepare, verify and file 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.

SECTION 7. The Bank of Hanover 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 2003 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 local government unit, withdraw available monies in the Sinking Fund and apply said monies to payment of principal and interest on the obligation.

SECTION 8. The President and the Township Secretary of the local government unit is hereby authorized to contract with the Bank of Hanover for its services as Sinking Fund Depository for the Note and paying agent for the same.

SECTION 9. 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 financial interest of the local government unit. Therefore, the general obligation Note in the amount of \$2,700,000, herein authorized to be issued and sold is hereby awarded and sold to the Bank of Hanover in accordance with its proposal to purchase the said Note at par; provided the said Note is dated the delivery thereof to the Bank of Hanover and is in the form set forth in this Ordinance as Exhibit N; and further provided that the proceedings have been approved by the Department of Community and Economic Development 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 this Ordinance as required by law in the Hanover Evening Sun, a newspaper of general circulation, is ratified and confirmed. The advertisement in said paper of the enactment of the ordinance is hereby directed within fifteen (15) days following the day of final enactment.

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 18th day of August, 2003.

ATTEST:

Township of Penn
(Name of Local Government Unit)

BY Charles A Stauffer
President

Kustina Ridge
Township Secretary

EXHIBIT N
 UNITED STATES OF AMERICA
 COMMONWEALTH OF PENNSYLVANIA
 COUNTY OF YORK
 TOWNSHIP OF PENN

GENERAL OBLIGATION NOTE

\$2,700,000
 DATED: August 18, 2003

KNOW ALL MEN BY THESE PRESENTS, that the Township of Penn, York County, 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 two million seven hundred thousand dollars (\$2,700,000) in installments as follows:

December 15, 2003	\$80,448.15	December 15, 2008	\$80,448.15
March 15, 2004	\$80,448.15	March 15, 2009	\$80,448.15
June 15, 2004	\$80,448.15	June 15, 2009	\$80,448.15
September 15, 2004	\$80,448.15	September 15, 2009	\$80,448.15
December 15, 2004	\$80,448.15	December 15, 2009	\$80,448.15
March 15, 2005	\$80,448.15	March 15, 2010	\$80,448.15
June 15, 2005	\$80,448.15	June 15, 2010	\$80,448.15
September 15, 2005	\$80,448.15	September 15, 2010	\$80,448.15
December 15, 2005	\$80,448.15	December 15, 2010	\$80,448.15
March 15, 2006	\$80,448.15	March 15, 2011	\$80,448.15
June 15, 2006	\$80,448.15	June 15, 2011	\$80,448.15
September 15, 2006	\$80,448.15	September 15, 2011	\$80,448.15
December 15, 2006	\$80,448.15	December 15, 2011	\$80,448.15
March 15, 2007	\$80,448.15	March 15, 2012	\$80,448.15
June 15, 2007	\$80,448.15	June 15, 2012	\$80,448.15
September 15, 2007	\$80,448.15	September 15, 2012	\$80,448.15
December 15, 2007	\$80,448.15	December 15, 2012	\$80,448.15
March 15, 2008	\$80,448.15	March 15, 2013	\$80,448.15
June 15, 2008	\$80,448.15	June 15, 2013	\$80,448.15
September 15, 2008	\$80,448.15	September 15, 2013	\$80,448.15

with interest on the unpaid principal balance at the rate of 3.49 percent (3.49%) per annum, payable on September 15, 2013, together with interest on overdue principal, and to the extent permitted by law, on overdue interest, at the rate of 3.49 percent (3.49%) per annum (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 of penalty.

A prepayment fee shall be due and payable by the Township to the Bank upon prepayment of this loan in whole or in part during the initial five years. The prepayment fee shall equal 2.00%

of the principal amount prepaid. Following the initial five (5) years, no prepayment fee shall apply. The Prepayment charge shall not apply if the loan is paid with internally generated funds.

The Note shall bear interest at 3.49% provided that interest on the Note will not be includable in the gross income of the Lender for income tax purposes. Borrower shall make quarterly payments of principal including interest in an amount sufficient to fully amortize the loan during the ten (10) year term. The interest rate shall be calculated on the basis of the actual number of days per year divided by 360. The Note shall be in the principal amount of \$2,700,000 and shall be dated as of the date of delivery to and acceptance by the Lender. In the event that the interest rate on the Note becomes taxable to the Lender or any holder of the Note, or in the event the U. S. Treasury Department or any court of competent jurisdiction determines that the Note is not a "qualified tax exempt obligation" under Section 265 (b) of the Code, the above described tax exempt rate shall no longer apply and, beginning effective the date on which the interest become taxable to the Lender or any holder of the Note, the interest shall accrue and be payable on the Note at a floating annual rate equal to the Index. The Index is the National Prime Rate as published daily in the Wall Street Journal plus 1.00%. If the Index is no longer available, the Lender will choose a new index, which is based upon comparable information. Interest on the outstanding principal balance of the Loan shall accrue and be payable at a variable rate equal to the Index (the "Taxable Rate"). The interest rate will change with any changes in the Index.

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 Bank of Hanover, Hanover, 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.

It is hereby certified that all acts, conditions, and things required to be or 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.

All terms, conditions, and requirements of a certain Letter of Commitment dated May 12, 2003 as amended by a letter dated July 16, 2003, are hereby incorporated herein by reference thereto.

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.

The Township hereby determines for purposes of the Internal Revenue Code of 1986, as amended, that the Note shall be and hereby is designated as a "qualified tax exempt obligation" to the extent the Note is acquired by any "financial institution," as defined in Section 265(b)(5) of the Internal Revenue Code of 1986, as amended, and the applicable regulations and rulings thereunder and corresponding provisions of any Federal tax laws from time to time proposed or enacted and at the time applicable or proposed to be applicable. The Township hereby reasonably anticipates that the total amount of qualified tax exempt obligations (other than private activity bonds) which will be issued by it and all subordinate entities during the calendar year of 2003 will not exceed \$10,000,000, within the meaning of and computed as provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and the applicable regulations and rulings thereunder and corresponding provisions of any Federal tax laws from time to time proposed or enacted and at the time applicable or proposed to be applicable. The Township hereby represents that it is a qualified small issuer within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Township will not use any portion of the proceeds of the Note in a manner that would cause the Note to be a private activity bond within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended. The Township covenants that it will not invest or reinvest any proceeds derived from the note, the effect of which investment would cause the note to become an obligation, the interest on which does not remain excludible from gross income under the Internal Revenue Code of 1986, as amended. Notwithstanding any other provisions contained herein, this Township shall expend proceeds derived from the sale of the Note in the manner and at the times required under Section 103 and Section 141 to 150, inclusive, of the Internal Revenue Code of 1986, as amended, which failure to so expend would cause the Note to be an "arbitrage bond (note)" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or to become an obligation, the interest on which does not remain excludible from gross income under the Internal Revenue Code of 1986, as amended. The Township shall timely execute and file whatever reports and documents and make such rebates as may be necessary to assure that the Note is not an "arbitrage bond (note)" and that the interest of the Note will remain excludible from gross income under the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, the Township of Penn, York County, Pennsylvania, 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 Township Secretary as of the 18th day of August, 2003.

Township of Penn

BY Charles A Stauffer

ATTEST: Kristin J. Ridge
(Secretary)

SEAL