

TOWNSHIP OF PENN

York County, Pennsylvania

ORDINANCE NO. 602

AN ORDINANCE

OF THE BOARD OF COMMISSIONERS OF THE TOWNSHIP OF PENN, YORK COUNTY, PENNSYLVANIA, AUTHORIZING AND DIRECTING ISSUANCE OF A GENERAL OBLIGATION NOTE, OF THIS TOWNSHIP, IN THE PRINCIPAL AMOUNT OF \$2,700,000; DETERMINING THAT SUCH NOTE SHALL BE SOLD AT NEGOTIATED SALE; DETERMINING THAT SUCH DEBT SHALL BE NONELECTORAL DEBT OF THIS TOWNSHIP; DESCRIBING THE PROJECTS FOR WHICH SAID DEBT IS TO BE INCURRED AND SPECIFYING A REASONABLE ESTIMATE OF THE USEFUL LIVES OF SAID PROJECTS; ACCEPTING A PROPOSAL FOR PURCHASE OF SUCH NOTE, AT NEGOTIATED SALE, AND AWARDING SUCH NOTE AND SETTING FORTH RELATED PROVISIONS; PROVIDING THAT SUCH NOTE, WHEN ISSUED, SHALL BE A GENERAL OBLIGATION OF THIS TOWNSHIP; FIXING THE SERIES, SUBSTANTIAL FORM, DATE, MATURITY DATE, INTEREST RATE, INTEREST PAYMENT DATES, PLACE OF PAYMENT OF PRINCIPAL AND INTEREST AND PREPAYMENT PROVISIONS OF SUCH NOTE; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTE; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTE AS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT, AS AMENDED, OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA AND THE PENNSYLVANIA CONSTITUTION AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT THEREOF; CREATING A SINKING

**FUND IN CONNECTION WITH SUCH NOTE;
APPOINTING A SINKING FUND DEPOSITARY;
PROVIDING A COVENANT TO INSURE PROMPT
AND FULL PAYMENT OF ALL OBLIGATIONS OF
SUCH NOTE WHEN DUE; AUTHORIZING AND
DIRECTING SPECIFIED OFFICERS OF THIS
TOWNSHIP TO DO AND PERFORM CERTAIN
SPECIFIED OR APPROPRIATE ACTS AND
THINGS; SETTING FORTH THAT SUCH NOTE
HAS BEEN SOLD AT NEGOTIATED SALE;
DECLARING THAT THE DEBT TO BE INCURRED,
TOGETHER WITH OTHER INDEBTEDNESS OF
THIS TOWNSHIP, NOT TO BE IN EXCESS OF ANY
LIMITATION IMPOSED BY SUCH ACT UPON THE
INCURRING OF DEBT BY THIS TOWNSHIP;
SETTING FORTH CERTAIN COVENANTS
RELATING TO THE NON-ARBITRAGE STATUS OF
SUCH NOTE; DESIGNATING SUCH NOTE AS A
QUALIFIED TAX-EXEMPT OBLIGATIONS UNDER
THE INTERNAL REVENUE CODE OF 1986, AS
AMENDED; PROVIDING WHEN THIS ORDINANCE
SHALL BECOME EFFECTIVE; PROVIDING FOR
SEVERABILITY OF PROVISIONS; AND
REPEALING ALL ORDINANCES OR PARTS OF
ORDINANCES INSOFAR AS THE SAME SHALL BE
INCONSISTENT HEREWITH.**

WHEREAS, The Township of Penn, York County, Pennsylvania (the "Township"), is a municipality (Township of the First Class) existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is a Local Government Unit, as defined in the Local Government Unit Debt Act, 53 Pa. C. S. Ch. 80-82 (the "Act"), of the Commonwealth; and

WHEREAS, The Board of Commissioners of this Township has determined to acquire and construct a public works facility, additions to its existing police facilities and renovations to the pavillion at the Penn Township Community Park (the "Projects"); and

WHEREAS, The Board of Commissioners of this Township has obtained realistic cost estimates of the Projects from registered architects, professional engineers and other persons qualified by experience; and

WHEREAS, The Board of Commissioners of this Township has determined to issue a general obligation note, to be sold at negotiated sale, pursuant to the Act, to be designated as its General Obligation Note, Series of 2003, to be dated as of the date of delivery thereof, in the principal amount of \$2,700,000 (the "Note"), with proceeds from the sale thereof to be applied for and toward payment of costs and expenses of the Projects, including costs and expenses of issuance of the Note; and

WHEREAS, Bank of Hanover and Trust Company (the "Purchaser") has submitted a bid for purchase of the Note; and such bid has been opened, read and considered as required by the Act; and

WHEREAS, The Board of Commissioners of this Township desires to accept the bid of the Purchaser, to award the Note to the Purchaser and to incur nonelectoral debt, in the principal amount of \$2,700,000 pursuant to provisions of the Act.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of Commissioners of the Township of Penn, York County, Pennsylvania, as follows:

Section 1. The Board of Commissioners of this Township hereby determines that the Note shall be sold at negotiated sale and hereby determines that negotiated sale of the Note is in the best financial interest of this Township.

Section 2. The Board of Commissioners of this Township does authorize and direct the issuance of a general obligation note of this Township, pursuant to this Ordinance, in the principal amount of \$2,700,000, to be dated as of the date of issuance and initial delivery thereof to the Purchaser, to be designated as "General Obligation Note, Series of 2003", in accordance with the Act, to provide funds for and toward payment of costs and expenses of the Projects and of costs and expenses of issuance of the Note.

Section 3. The Board of Commissioners of this Township determines that the debt, of which the Note shall be evidence, to be incurred pursuant to this Ordinance, shall be nonelectoral debt of this Township.

Section 4. The estimated useful lives of the Projects are specified to be in excess of 15 years.

Section 5. The Board of Commissioners of this Township accepts the bid of the Purchaser to purchase the Note; and the Note is awarded to the Purchaser, in accordance with terms and conditions of its bid, at a dollar price of \$2,700,000 (100% of the principal amount of the Note), the Purchaser having submitted such bid in accordance with provisions of the Act.

Section 6. The Note, when issued, will be a general obligation note of this Township.

Section 7. The Note shall be fully registrable as to principal and interest, shall be in the denomination of \$2,700,000, shall be dated as of the date of issuance and initial delivery thereof to the Purchaser and shall bear interest from the date of issuance and initial delivery thereof to the Purchaser on the outstanding principal balance at the rate 3.49% per annum (calculated on the basis of a 360 day

year), payable initially on December 15, 2003, and thereafter quarterly on March 15, June 15, September 15 and December 15 in each year, beginning March 15, 2004, until maturity on September 15, 2013, or until prepaid in full. Quarterly installments of principal and interest shall be in the amount of \$80,448.15. In the event that interest on the Note becomes includable in the gross income of the registered owner of the Note for Federal income tax purposes or in the event that the Note is determined not to be a "qualified tax-exempt obligation" under Section 265 of the Internal Revenue Code of 1986, as amended, the Note shall bear interest on the unpaid principal balance at the rate of 4.96% per annum and quarterly installments of principal and interest shall be in the amount of \$86,396.93, payable as provided in the form of Note.

Section 8. The Note is subject to optional prepayment, in whole or in part, at the option of this Township on any date, upon payment of a prepayment fee of 2% of the principal amount prepaid on or before September 15, 2008, and thereafter without payment of any prepayment fee; Provided, however, that no prepayment fee shall be payable by this Township if the prepayment is paid with internally generated funds of this Township and not with bond or note proceeds.

Section 9. The principal of and interest on the Note shall be payable as provided in the form of Note hereinafter set forth.

Section 10. The form of Note shall be substantially as follows, with appropriate insertions, omissions and variations:

(FORM OF NOTE)

REGISTERED
No. 1

REGISTERED
\$2,700,000

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

General Obligation Note, Series of 2003

The TOWNSHIP OF PENN, York County, Pennsylvania (the "Township"), a municipality (Township of the First Class) existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby acknowledges itself to be indebted to and promises to pay to the registered owner of this General Obligation Note, Series of 2003 (the "Note"), the principal sum of TWO MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$2,700,000), or such lesser principal sum, as at any particular time, shall represent the unpaid balance of such principal sum, plus interest on the unpaid principal balance hereof at the applicable rate hereinafter set forth, such principal and interest to be payable at a designated office of Bank of Hanover and Trust Company (the "Paying Agent", which phrase shall include any alternate or successor paying agent), as follows:

A. For such period as the interest on this Note is not includable in the gross income of the registered owner hereof for Federal income tax purposes and this Note shall be a "qualified tax-exempt obligation" for a "financial institution", as defined in Section 265(b) of the Internal Revenue Code of 1986, as amended, (the "Code"), principal and interest at the rate of 3.49% per annum shall be payable as follows:

1. From the date hereof principal and interest payable in quarterly installments of \$80,448.15 each on March 15, June 15, September 15 and December 15 of each year, beginning December 15, 2003, to and including June 15, 2013, or until the principal balance hereof shall be prepaid in full, with each payment to be applied first to accrued interest and the remainder to reduction of the outstanding principal amount hereof; and
2. On September 15, 2013, the then outstanding balance of the principal amount hereof, if any, together with accrued interest at the rate of 3.49% per annum; or.

B. For such period as the interest on this Note is includable in the gross income of the registered owner hereof for Federal income tax purposes or this Note shall not be a "qualified tax-exempt obligation" for a "financial institution", as defined in Section 265(b) of the Code, principal and interest at the rate of 4.98% per annum shall be payable as follows:

1. From the beginning of the period set forth in this subparagraph B, principal and interest payable in quarterly installments of \$86,396.93 each, on March 15, June 15, September 15 and December 15 of each year, beginning on the applicable quarterly interest payment date to and including June 15, 2013, or until the principal balance hereof shall be prepaid in full, with each payment to be applied first to accrued interest and the remainder to reduction of the outstanding principal amount hereof; and
2. On September 15, 2013, the then outstanding balance of the principal amount hereof, if any, together with accrued interest at the rate of 4.98% per annum.

Interest accruing on this Note for any period shall be determined by multiplying the outstanding principal balance hereof by the above applicable interest rate and multiplying the product thereof by a factor equal to the number of municipal days (30 days per month) in such period divided by 360.

Payments of principal hereof and of interest hereon shall be made in lawful moneys of the United States of America, at a designated office of the Paying Agent. On the date the Township shall have deposited with the Paying Agent moneys for payment of any installment of principal and interest with respect hereto for application for such purposes on the applicable payment date, such moneys conclusively shall be deemed to have been applied for such purposes, as appropriate, as of such date of deposit.

This Note is a general obligation note of the Township, known generally as "General Obligation Note, Series of 2003", in the principal amount of \$2,700,000.

This Note is issued in accordance with provisions of the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Act"), of the Commonwealth and by virtue of a duly enacted Ordinance (the "Ordinance") of the Board of Commissioners of the Township. The Act, as such shall have been in effect when this

Note was authorized, and the Ordinance shall constitute a contract between the Township and the registered owner, from time to time, of this Note.

The principal hereof is subject to optional prepayment by the Township on any date, in whole or in part, upon payment of a prepayment fee of 2% of the principal amount prepaid on or before September 15, 2008, and thereafter without payment of any prepayment fee; Provided, however, that no prepayment fee shall be payable by the Township if the prepayment is paid with internally generated funds of the Township and not with bond or note proceeds.

This Note, immediately upon execution and delivery hereof by the Township, shall be registered, both as to principal and interest, in the name of the Bank of Hanover and Trust Company.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Note, together with any other indebtedness of the Township, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Township.

The Township has covenanted, in the Ordinance, with the registered owner of this Note that the Township, as appropriate, shall include the amount of the debt service, for each fiscal year of the Township in which sums are payable, in its budget for that fiscal year, shall appropriate such amounts to the payment of such debt service and duly and punctually shall pay or shall cause to be paid the principal of and the interest on this Note at the dates and place and in the manner stated herein, according to the true intent and meaning hereof; and, for such budgeting, appropriation and payment, the Township has and does pledge, irrevocably, its full faith, credit and taxing power. The Act provides that the foregoing covenant of the Township shall be enforceable specifically.

The Township, in the Ordinance, has established a sinking fund with the Paying Agent, as the sinking fund depository, into which funds for the payment of the principal of and the interest on this Note shall be deposited not later than the date fixed for disbursement thereof. The Township has covenanted in the Ordinance to make payments out of such sinking fund or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of this Note.

The Township has designated under and for purposes of Section 265(b)(3) of the Code this Note as a "qualified tax-exempt obligation", as such phrase is defined in Section 265(b)(3) of the Code.

This Note is issuable only in the form of fully registered note, without coupons.

IN WITNESS WHEREOF, the TOWNSHIP OF PENN, York County, Pennsylvania, as provided by the Act and in the Ordinance, has caused this Note to be executed in its name and in its behalf by the President of its Board of Commissioners and the official seal of the Township to be affixed hereunto and the signature of the Secretary of the Township to be affixed hereunto in attestation thereof and to be delivered this day of , 2003.

TOWNSHIP OF PENN,
York County, Pennsylvania

By: _____
President of Board of
Commissioners

ATTEST:

Secretary

(SEAL)

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF BANK OF HANOVER AND TRUST COMPANY, THE PAYING AGENT, OR ANY SUCCESSOR PAYING AGENT, ACTING AS REGISTRAR IN BEHALF OF THE TOWNSHIP OF PENN, YORK COUNTY, PENNSYLVANIA.

Date of Registry	Name of Registered Owner	Registrar (By Authorized Representative)
, 2003	Bank of Hanover and Trust Company	

Loan Amortization Schedule Estimated Payments

4.96%

Payment Date	Total payment	Principal payment	Interest payment	Principal Paid Interest paid
12-15-03	86396.93	62408.43	33988.50	2647591.57
3-15-04	86396.93	53068.16	33328.77	2594523.41
6-15-04	86396.93	53377.30	33019.63	2541146.11
9-15-04	86396.93	54056.61	32340.32	2487089.50
12-15-04	86396.93	55086.62	31308.31	2432000.88
3-15-05	86396.93	56118.62	30278.41	2375882.36
6-15-05	86396.93	56159.87	30237.06	2319722.49
9-15-05	86396.93	56874.59	29522.34	2262847.90
12-15-05	86396.93	57911.45	28485.48	2204936.45
3-15-06	86396.93	58945.47	27451.45	2145990.98
6-15-06	86396.93	59886.62	27911.31	2086905.36
9-15-06	86396.93	59837.58	26559.36	2027867.78
12-15-06	86396.93	60879.52	25517.41	1966188.26
3-15-07	86396.93	61917.89	24479.04	1904270.37
6-15-07	86396.93	62151.92	24235.01	1842108.45
9-15-07	86396.93	62953.02	23443.91	1779155.43
12-15-07	86396.93	64000.33	22396.60	1715155.10
3-15-08	86396.93	64805.99	21590.94	1650349.11
6-15-08	86396.93	65393.49	21003.44	1584955.62
9-15-08	86396.93	66225.72	20171.21	1518729.90
12-15-08	86396.93	67276.66	19118.27	1451451.24
3-15-09	86396.93	68326.36	18070.57	1383124.88
6-15-09	86396.93	66794.36	17602.67	1314330.52
9-15-09	86396.93	69669.88	16727.05	1244660.64
12-15-09	86396.93	70726.73	15666.20	1173931.91
3-15-10	86396.93	71781.48	14616.45	1102150.43
6-15-10	86396.93	72378.23	14026.70	1029780.20
9-15-10	86396.93	73291.26	13105.67	956488.94
12-15-10	86396.93	74356.33	12048.60	882132.61
3-15-11	86396.93	75414.37	10982.56	806718.24
6-15-11	86396.93	76130.10	10266.83	730588.14
9-15-11	86396.93	77098.98	9297.95	653489.16
12-15-11	86396.93	78170.59	8226.34	575318.57
3-15-12	86396.93	79154.63	7242.30	496163.94
6-15-12	86396.93	80082.41	6314.52	416081.53
9-15-12	86396.93	81101.60	5295.33	334979.93
12-15-12	86396.93	82180.09	4216.84	252799.84
3-15-13	86396.93	83249.58	3147.35	169550.26
6-15-13	86396.93	84239.12	2157.81	85311.14
9-15-13	86396.87	85311.14	1085.73	.00

Loan Amortization Schedule

Estimated Payments

3.49%

Payment date	Total payment	Principal payment	Interest payment	Principal paid	Interest paid	*
12-15-03	80448.15	56626.90	23819.25	2643371.10		
3-15-04	80448.15	57128.48	23319.67	2586242.62		
6-15-04	80448.15	57381.74	23066.41	2528660.68		
9-15-04	80448.15	57893.52	22554.63	2470967.36		
12-15-04	80448.15	58649.41	21798.74	2412317.95		
3-15-05	80448.15	59400.68	21047.47	2352917.27		
6-15-05	80448.15	59462.74	20985.41	2293454.53		
9-15-05	80448.15	59993.88	20455.07	2233461.45		
12-15-05	80448.15	60744.68	19703.47	2172716.77		
3-15-06	80448.15	61491.28	18956.95	2111225.57		
6-15-06	80448.15	61618.36	18829.79	2049607.21		
9-15-06	80448.15	62167.93	18280.22	1987439.28		
12-15-06	80448.15	62915.07	17533.88	1924524.21		
3-15-07	80448.15	63656.68	16791.47	1860867.53		
6-15-07	80448.15	63851.28	16596.87	1797016.25		
9-15-07	80448.15	64420.76	16027.99	1732595.49		
12-15-07	80448.15	65163.29	15284.86	1667432.20		
3-15-08	80448.15	65738.15	14710.00	1601694.05		
6-15-08	80448.15	66162.82	14285.33	1535531.23		
9-15-08	80448.15	66752.92	13695.23	1468778.31		
12-15-08	80448.15	67498.67	12957.48	1401267.64		
3-15-09	80448.15	68221.92	12226.23	1333065.72		
6-15-09	80448.16	68558.68	11889.47	1264587.04		
9-15-09	80448.15	69170.15	11278.88	1195336.89		
12-15-09	80448.15	69902.96	10545.19	1125433.93		
3-15-10	80448.15	70628.74	9819.41	1054885.19		
6-15-10	80448.15	71040.46	9407.69	983764.73		
9-15-10	80448.15	71674.06	8774.09	912898.67		
12-15-10	80448.15	72401.73	8046.42	839688.94		
3-15-11	80448.15	73121.87	7326.28	765567.07		
6-15-11	80448.15	73611.22	6836.93	692955.85		
9-15-11	80448.15	74267.76	6188.39	616688.09		
12-15-11	80448.15	74998.11	5458.84	543697.98		
3-15-12	80448.15	75651.68	4796.47	468846.30		
6-15-12	80448.15	76273.70	4174.45	391772.60		
9-15-12	80448.15	76953.97	3494.18	314818.63		
12-15-12	80448.15	77670.84	2777.31	237147.79		
3-15-13	80448.15	78379.83	2069.12	158768.76		
6-15-13	80448.15	79032.11	1416.84	79736.65		
9-15-13	80447.81	79736.65	711.16	.00		

Section 11. The Note shall be executed in the name of and in behalf of this Township by the manual signature of the President or Vice President of the Board of Commissioners of this Township and the official seal of this Township shall be affixed thereunto and the manual signature of the Secretary or Assistant Secretary of this Township shall be affixed thereunto in attestation thereof; and said officers are authorized to execute and to attest, as applicable, the Note.

Section 12. This Township covenants to and with the registered owner, from time to time, of the Note pursuant to this Ordinance, that this Township, as appropriate, shall include the amount of the debt service for each fiscal year of this Township in which such sums are payable in its budget for that fiscal year, shall appropriate such amounts to the payment of such debt service and duly and punctually shall pay or shall cause to be paid the principal of the Note and the applicable interest thereon on the dates and at the place and in the manner stated in the Note, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, this Township shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Act, the foregoing covenant of this Township shall be enforceable specifically.

The amounts of the maximum estimated debt service on the Note for each fiscal year of this Township in which such sums are payable are as follows:

<u>Fiscal Year Ending December 31</u>	<u>Amount of Debt Service</u>
2003	\$ 86,396.93
2004	\$345,587.72
2005	\$345,587.72
2006	\$345,587.72
2007	\$345,587.72
2008	\$345,587.72
2009	\$345,587.72
2010	\$345,587.72
2011	\$345,587.72
2012	\$345,587.72
2013	\$259,190.73

Section 13. There is created, pursuant to Section 1001 of the Act, a sinking fund for the Note, to be known as "Sinking Fund - General Obligation Note, Series of 2003" which sinking fund shall be administered in accordance with applicable provisions of the Act and into which funds shall be deposited for prompt and full payment of all obligations of the Note when due.

Section 14. This Township appoints Bank of Hanover and Trust Company as the sinking fund depository with respect to the sinking fund created pursuant to Section 13.

Section 15. This Township covenants to make payments out of the sinking fund created pursuant to Section 13 or out of any other of its revenues or

funds, at such times and in the annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Note when due.

Section 16. The President or Vice President of the Board of Commissioners and the Secretary or Assistant Secretary of this Township, which shall include their duly qualified successors in office, if applicable, are authorized and directed: (a) to prepare, to verify and to file the debt statement required by Section 8110 of the Act; (b) to prepare, execute and file the application with the Department of Community and Economic Development (the "Department"), together with a complete and accurate transcript of proceedings relating to the incurring of debt, of which debt the Note, upon issue, will be evidence, as required by the Act; (c) to pay or cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; and (d) to take other required, necessary and/or appropriate action, including execution and delivery of any required closing certificates and other documents.

Section 17. The President or Vice President of the Board of Commissioners and the Secretary or Assistant Secretary of this Township are authorized and directed to contract with Bank of Hanover and Trust Company for its services as sinking fund depositary in connection with the sinking fund created

pursuant to Section 13 and as paying agent and registrar in connection with the Note.

Section 18. It is declared that the debt to be incurred hereby is within the limitation imposed by the Act upon the incurring of such debt by this Township.

Section 19. Proper officers of this Township are authorized and directed to deliver the Note, upon execution and attestation thereof as provided for herein, to the Purchaser, but only upon receipt of proper payment of the balance due therefor, and only after the Department has certified its approval pursuant to Section 8204 of the Act.

Section 20. This 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 Sections 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.

This 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 on the Note will remain excludible from gross income under the Internal Revenue Code of 1986, as amended.

Reference in this Ordinance to the Internal Revenue Code of 1986, as amended, herein shall mean and include 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.

This Township shall follow the advice of counsel with respect to any such investments, expenditures and the filing of reports and related actions in order to assure compliance with the provisions of this Section 20.

Section 21. This 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.

This 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 2003 will not exceed \$10,000,000, within the meaning of 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.

Section 22. This 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 (note) within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended.

Section 23. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this Township that such remainder shall be and shall remain in full force and effect.

Section 24. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

Section 25. This Ordinance shall become effective in accordance with Section 8003 of the Act.

DULY ENACTED AND ORDAINED this 15th day of September, 2003.

TOWNSHIP OF PENN,
York County, Pennsylvania

By: Charles A Stauffer
President of Board of
Commissioners

ATTEST:

Kristen J. Hodges
Secretary

(SEAL)