

PENN TOWNSHIP
York County, Pennsylvania
Ordinance No. 681

AN ORDINANCE OF PENN TOWNSHIP, YORK COUNTY, PENNSYLVANIA, APPROVING AN AGREEMENT OF GUARANTY, GUARANTEEING THE PENN TOWNSHIP VOLUNTEER EMERGENCY SERVICES, INC. GUARANTEED REVOLVING DEMAND NOTE, SERIES OF 2008; DIRECTING EXECUTION, ACKNOWLEDGMENT AND DELIVERY OF SAID AGREEMENT ON BEHALF OF THE TOWNSHIP; APPROVING AND AUTHORIZING CERTAIN APPLICATIONS TO THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AND DIRECTING OTHER NECESSARY AND PROPER ACTION TO EFFECTUATE THE PURPOSES HEREOF.

WHEREAS, Penn Township Volunteer Emergency Services, Inc. ("PTVES") is a Pennsylvania not for profit corporation incorporated for the purpose of providing volunteer fire and emergency services to Penn Township, York County, Pennsylvania ("Township") and surrounding municipalities; and

WHEREAS, PTVES desires to plan, design and construct additions, improvements and renovations to its buildings and facilitates (the "Project"); and

WHEREAS, PTVES has authorized the issuance of a Revolving Demand Note, in an aggregate principal amount not to exceed \$1,800,000, to be designated as the Penn Township Volunteer Emergency Service Guaranteed Revolving Demand Note, Series of 2008 (the "Note"); and

WHEREAS, the proceeds from the sale and issuance of the Note are to be used for and toward payment of all costs and expenses of (1) the Project; and (2) the issuance of the Note; and

WHEREAS, as security for the Note, the Township shall guaranty the full and prompt payment and the principal of and interest on the Note when due, pursuant to the terms of the Guaranty Agreement ("Guaranty Agreement"), among the Township as Guarantor, and Manufacturer's and Traders Trust Company (the "Bank").

NOW, THEREFORE, it is hereby enacted and ordained by the Board of Commissioners of Penn Township, York County, Pennsylvania, as follows:

SECTION 1: The Township, as Guarantor, shall enter into an Agreement of Guaranty in favor of the Bank to be dated on or about February 15, 2008 (the "Guaranty Agreement"). The Guaranty shall be substantially in the form presented to the meeting and shall include covenants that the Township shall include in its budget for each fiscal year the amounts payable in respect of the Guaranty for each such year which such sums are reasonably expected to be payable by the Guarantor under the Guaranty, shall amend its budget to so provide if such sums are not reflected in its original budget, shall appropriate such amounts to the payment obligations under the Guaranty, and shall duly and punctually pay or cause to be paid such amount at the date and place and the manner stated in the Guaranty according to its true intent and meaning of the Guaranty, and for such budgeting, appropriation and payment, to the extent of the Guaranty, the Township will pledge its full faith, credit and taxing power. Such covenant shall be specifically enforceable.

SECTION 2: The Township hereby approves the application to the Pennsylvania Department of Community and Economic Development (the "Department") in compliance with the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S.A §8001, et seq. (the "Act") for approval of the execution and delivery of the Guaranty by the Township. The authority provided for herein shall include the filing of any and all documents, certifications and applications necessary to exclude sufficient self-liquidating or subsidized debt from non-electoral debt in accordance with the Act.

SECTION 3: The President or the Vice President of the Board of Commissioners and Secretary or Assistant Secretary of this Township are authorized and directed, on behalf of the Township, to (a) execute, attest, acknowledge and deliver the Guaranty and (b) certify, execute, attest, deliver to and file with the Department its Application, including, without limitation, a Borrowing Base Certificate, Debt Statement and all other documents, records and certificates.

SECTION 4: The Township hereby approves the Project for a total and estimated cost of \$1,800,000.

SECTION 5: The Township finds the life of the capital project undertaken herein to be at least twenty (20) years and at least the term of the Note. Realistic construction estimates for the Project have been obtained from professional engineers.

SECTION 6: The Board of Commissioners of Penn Township hereby approves the issuance of the obligation of PTVES in the principal amount of \$1,800,000 upon such rate of interest and other terms as set forth in a Commitment Letter of the Bank dated January 7, 2008, attached hereto as Exhibit "A". The Township hereby approves as the lease rental debt guaranteed hereunder, the debt service schedule attached hereto and incorporated herein as Exhibit "B".

SECTION 7: The proper officers of the Township are directed to make, execute and deliver all documents, instruments and writings and to do all other acts as may be necessary and proper to carry out the purposes, terms and conditions of this Ordinance and all of the undertakings of the Township under the Guaranty.

SECTION 8: If any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect nor impair any remaining provision, section, sentence, clause or part of this Ordinance.

SECTION 9: It is declared that enactment of this Ordinance is necessary for the protection, benefit and preservation of the health, safety and welfare of inhabitants of the Township.

SECTION 10: All other Ordinances or parts thereof inconsistent herewith shall be and the same hereby are expressly repealed.

SECTION 11: The debt authorized hereby shall be Lease Rental Debt within the meaning of Subchapter B of Subchapter 80 of the Act.

SECTION 12: This Ordinance shall become effective in accordance with law.

ENACTED AND ORDAINED this 21 day of January 2008.

ATTEST:

PENN TOWNSHIP

Kristina J. Leger
Secretary

BY Michael R. Fouse
President, Board of Commissioners

(SEAL)



109 West Market Street, York, PA 17401
Government Banking

January 7, 2008

Jan D. Croner, Fire Chief
Penn Township Volunteer Emergency Services
20 Wayne Avenue
Hanover PA 17331

Dear Jan:

Manufacturers and Traders Trust Company ("*The Bank*") is pleased to offer to provide the following credit facility to Penn Township Volunteer Emergency Services ("*The Borrower*") as follows:

- 1) Amount of Note: Up to \$1,800,000.
- 2) Term of Note

Three years from closing. The proceeds of the Note will be available on a drawdown basis, with all outstanding principal due at maturity.

- 3) Purpose

To finance on an interim basis the construction of a new Fire and Emergency Services Building for the Borrower:

- 4) Guarantor

The Note shall be secured by the terms of a Guaranty Agreement by and among Penn Township, as guarantor, PTVES and the Bank pursuant to which the Township shall pledge its full faith credit and taxing power for the full and prompt payment of all sums due under the Note in a manner satisfactory to the bank and evidenced by the approval of the Commonwealth of Pennsylvania Department of Community and Economic Development.

- 5) Interest Rate

The note shall (subject to the following terms) bear interest on the outstanding principal balance at a taxable rate (actual/360-day basis) based on 30 Day LIBOR plus 1.50% (6.06% as of 1/7/2008), at par at par, as published on the Bloomberg Information Systems on the "US0001M Index" page beginning on the date of delivery (the "Reset Rate") for the term of the Note. Interest shall accrue on the

EXHIBIT A

principal amount of the Note from and including the first day of the Interest Period until, but not including, the last day of such Interest Period or the day the principal amount of the Note is paid in full at a rate per annum equal to the LIBOR Rate in effect on each Adjustment Date. "Interest Period" shall mean, as to the LIBOR Rate, the one-month period commencing on the date of the Note and ending on, with respect thereto, the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) of the calendar month that is one month thereafter; provided, however, that if an Interest Period should end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business day would fall in the next calendar month, in which case such Interest Period shall end in the immediately preceding Business Day. "Adjustment Date" shall mean two (2) Business Days before the last days of the Interest Period. "LIBOR" shall mean the rate obtained by dividing (i) the one-month interest period London Interbank Offered rate, fixed by the British Bankers Association for United States dollar deposits in the London Interbank Eurodollar Market at approximately 11:00 a.m. London, England time as determined by the Bank from any broker, quoting service or commonly available source utilized by the Bank by (ii) a percentage equal to 100% minus the stated maximum rate for all reserves required to be maintained against "Eurocurrency Liabilities" as specified in regulation D (or against any other category of liabilities which includes deposits by reference to which the interest rate on LIBOR Rate loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States' office of a bank to United States residents) on such date to any member bank of the Federal Reserve System. Interest at such rate shall continue to be payable on the outstanding principal balance of the Note on a quarterly basis until and upon maturity or earlier payment of the entire principal balance of the Note. Interest accruing on the Note for any period shall be determined by multiplying the outstanding principal balance thereof by the applicable rate of interest and multiplying the product thereof by a factor equal to the number of actual days in such period divided by 360. The variable rate shall not exceed 15%, which is required by law.

These interest rates are issued upon the borrowers compliance with all acts of appropriate legislation and all necessary documentation.

6) Repayment Terms

Interest on the outstanding balance will be payable quarterly, with all outstanding principal due at maturity. Payments shall be made in immediately available United States funds at any banking office of the Bank. Interest will continue to accrue until payment is actually received. If payment is not received within five days of its due date Borrower shall pay a late charge of the greater of a) \$50.00 or b) 5% of the delinquent amount

7) Reporting Covenants

The Borrower and Guarantor will be required to submit to the Bank an annual budget, when approved, and annual audited financial statements within 120 days from the close of the Borrower's and Guarantor's fiscal year.

The Borrower will furnish to the Bank a list of all properties the Borrower and its predecessor organizations owns that it intends to sell, and the status of each property, no less than quarterly.

8) Other Covenants:

The Borrower covenants that:

1. The Borrower has a written agreement to provide Fire Protection services to Penn Township, and this agreement will remain in full force and effect for the term of the Notes.
2. The Borrower is in full compliance with its Articles of Association or Incorporation, and its Bylaws with respect to the Credit Facilities described herein, and will provide copies of such documents to the Bank.
3. The Borrower will maintain adequate insurance (Hazard, Fire, E&O, Contingent Liability, Public Liability, Business Interruption, Worker's Compensation, etc.) at all times.
6. Make all necessary repairs, renewals, replacements and improvements in order to maintain adequate service.
7. Comply with all applicable Local, State and Federal Regulations with regard to both the Project and the financing, including Sections 147 (f), 150 and 265(b) of the Internal revenue Code.
8. Bank hereby reserves the right to place signs on the site of the project identifying M&T Bank as the financing institution, and to issue publicity releases to that effect. In the event any publicity is released by the Borrower regarding the Project, M&T Bank will be identified as the source of the financing.

9) Fees and Expenses

The Borrower shall pay all Attorneys' fees and expenses of its Solicitor and Bond Counsel. The Borrower agrees to indemnify the Bank against any and all claims that may be incurred in connection with this borrowing.

10) Prepayment

The Borrower pay prepay the Note at any time, with 30 days notice, without premium or penalty, together with payment of accrued interest as of the prepayment date.

11) Preparation of Documents

The bank shall be listed as "**Manufacturers and Traders Trust Company**" in all documentation prepared by the borrowers legal counsel. In addition to any other documents that may be required by the Bank and its Counsel, the following documents shall be delivered in a satisfactory form to the bank:

- A) Original Executed Commitment Letter
- B) Original Executed Guaranteed Notes
- C) Original Executed Guaranty Agreement, together with an Ordinance of the Township relating to the Guaranty Agreement
- D) Original Executed Secretary's Certificate
- E) Copies of all appropriate advertising as required by the (DCED)
Pennsylvania Department of Community and Economic Development
- G) Copy of the appropriate DCED Approval
- H) Original Executed Legal Opinion Letter as noted
- I) Debt Statement Pursuant to Section 8110 as required
- J) Borrowing Base Certificate under Section 8002 as required

12) Acceptance

This commitment letter must be signed and delivered to the Bank no later than the close of business on 1/31/2008. Unless extended in writing by the Bank, closing must take place by 2/28/2008.

This offer is contingent upon the successful delivery of documents satisfactory to the Bank and Bank Counsel and the Bank reserves the right to withdraw this offer of financing if the provisions of this offer are not fulfilled. Furthermore, the terms and condition of this letter shall survive the closing and successful execution of the Note.

On behalf of Manufacturers and Traders Trust Company, we are proud to partner with the communities we serve in sound municipal financial management. We look forward to working together. Should you have any questions, please do not hesitate to contact me at (717) 852-2090.

Sincerely,



J. Richard Cooper
Assistant Vice President

Accepted and approved this _____ day of _____, 2008.

Penn Township Volunteer Emergency Services Inc.

By: _____

Title:

SECRETARY'S CERTIFICATE

The undersigned, Secretary of PENN TOWNSHIP VOLUNTEER EMERGENCY SERVICES, INC., a Pennsylvania corporation (the "Corporation"), hereby certifies that at a duly held meeting of the Board of Directors of the Corporation duly called for the purpose and held on _____, 20 ____, at which meeting a quorum of the Directors of the corporation were present and voting throughout, the following resolution was adopted:

"Resolved: That the Corporation be, and on behalf of the Corporation, the President and Secretary acting together are authorized and empowered:

To borrow, from time to time, from Manufacturers and Traders Trust Company ("Bank"), such sum or sums of money as said officer(s) may deem necessary or advisable for the purpose of this Corporation, including without limitation, \$1,800,000.00 evidenced by that certain Revolving Demand Note, dated January __, 2008, by PENN TOWNSHIP VOLUNTEER EMERGENCY SERVICES, INC. in favor of the Bank in the original principal amount of \$1,800,000.00;

To mortgage, pledge, hypothecate, sell, assign and transfer to Bank and to grant to Bank security interests in, as security for money borrowed and for all other obligations of this Corporation to Bank, all property of this Corporation, whether real, personal, or of whatever kind or nature and wherever situated, and whether now owned or hereafter acquired or arising;

To make, execute, seal, acknowledge and deliver, in the name of this Corporation, promissory notes, loan agreements, credit agreements, construction loan agreements, financing agreements, security agreements, mortgages, deeds of trust, deeds to secure debt, guaranties, and all other instruments, documents and agreements required by Bank (collectively, the "Loan Documents") in connection with, or to give effect to, the foregoing resolutions or any of the powers and authority therein granted and to continue, extend, modify or amend the same from time to time, all such Loan Documents to be in such form and on such terms and conditions as all of the said officer(s) shall, by his, her or their execution and delivery thereof, deem satisfactory; hereby ratifying, approving and confirming all that all of the said officer(s) has done or may do respecting any of the foregoing; and that the Board of Directors may, from time to time, delegate the authority hereinbefore granted to such additional officer(s) or agents of this Corporation as the Board of Directors may determine; and

That all resolutions relative to the authority of any officer or other agent to act on behalf of the Corporation in any dealing or transaction with the Bank shall remain in full force and effect until written notice of modification thereof shall be received by Bank and that the Bank may conclusively rely on the signatures of the officers or agents designated in such resolutions until notified in writing by the Secretary of the Corporation of any change in such officers or agents and thereafter the Bank may conclusively rely on the signatures of the successors in office."

I further certify that the foregoing resolutions have not been altered, amended or rescinded but remain in full force and effect and that the persons currently authorized and empowered to act thereunder and their specimen signatures are as follows:

President

Walter Sparks

Secretary

Diane Alwine

WITNESS my hand and the seal of the Corporation this January ____, 2008.

Diane Alwine, Secretary

10/18

DISCLOSURE FOR CONFESSION OF JUDGMENT

Bank: Manufacturers and Traders Trust Company
One M&T Plaza (Attn: Office of General Counsel)
Buffalo, New York
14203

The Undersigned has executed, and/or is executing, on or about the date hereof or will in the future execute, the following document(s) under which the undersigned is obligated to Bank.

That certain Revolving Demand Note, dated January ____, 2008 by PENN TOWNSHIP VOLUNTEER EMERGENCY SERVICES, INC. in favor of the Bank in the original principal amount of \$1,800,000.00.

A. THE UNDERSIGNED ACKNOWLEDGES AND AGREES THAT THE ABOVE DOCUMENT(S) CONTAIN(S) PROVISIONS UNDER WHICH THE BANK MAY ENTER JUDGMENT BY CONFESSION AGAINST THE UNDERSIGNED. BEING FULLY AWARE OF ITS RIGHTS TO PRIOR NOTICE AND A HEARING ON THE VALIDITY OF ANY JUDGMENT OR OTHER CLAIMS THAT MAY BE ASSERTED AGAINST IT BY THE BANK THEREUNDER BEFORE JUDGMENT IS ENTERED, THE UNDERSIGNED HEREBY FREELY, KNOWINGLY, AND INTELLIGENTLY WAIVES THESE RIGHTS AND EXPRESSLY AGREES AND CONSENTS TO THE BANK'S ENTERING JUDGMENT AGAINST IT BY CONFESSION PURSUANT TO THE TERMS THEREOF.

B. THE UNDERSIGNED ALSO ACKNOWLEDGES AND AGREES THAT THE ABOVE DOCUMENT(S) CONTAIN(S) PROVISIONS UNDER WHICH THE BANK MAY, AFTER ENTRY OF JUDGMENT AND WITHOUT EITHER NOTICE OR A HEARING, FORECLOSE UPON, ATTACH, LEVY, TAKE POSSESSION OF OR OTHERWISE SEIZE PROPERTY OF THE UNDERSIGNED IN FULL OR PARTIAL PAYMENT OF JUDGMENT. BEING FULLY AWARE OF ITS RIGHTS AFTER JUDGMENT IS ENTERED (INCLUDING THE RIGHT TO MOVE TO OPEN OR STRIKE THE JUDGMENT), THE UNDERSIGNED HEREBY FREELY, KNOWINGLY AND INTELLIGENTLY WAIVES ITS RIGHTS TO NOTICE AND A HEARING AND EXPRESSLY AGREES AND CONSENTS TO THE BANK'S TAKING SUCH ACTIONS AS MAY BE PERMITTED UNDER APPLICABLE STATE AND FEDERAL LAW WITHOUT PRIOR NOTICE TO THE UNDERSIGNED.

C. The Undersigned certifies that a representative of the Bank specifically called the confession of judgment provisions in the above documents to the attention of the undersigned, and/or that the undersigned was represented by legal counsel in connection with the above documents.

D. The Undersigned hereby certifies: that its annual income exceeds \$10,000; that all references to the "Undersigned" above refer to all persons and entities signing below; and that the Undersigned received a copy hereof at the time of signing.

DATED: January ____, 2008

PENN TOWNSHIP VOLUNTEER EMERGENCY SERVICES,
INC.

By: _____
Walter Sparks, President

By: _____
Diane Alwine, Secretary