

**PENN TOWNSHIP
York County, Pennsylvania**

ORDINANCE NO. 645

AN ORDINANCE OF PENN TOWNSHIP AUTHORIZING THE INCURRENCE OF NONELECTORAL DEBT BY THE ISSUANCE OF A GENERAL OBLIGATION NOTE, SERIES OF 2006, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,500,000 FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PLANNING, DESIGN, RENOVATION AND IMPROVEMENT OF TOWNSHIP FACILITIES, AND TO PAY ALL COSTS AND EXPENSES OF ISSUANCE OF THE NOTE; FIXING THE FORM, NUMBER, DATE, AMOUNT AND MATURITY THEREOF; PROVIDING FOR THE SALE THEREOF AT A PRIVATE SALE; PROVIDING FOR THE PAYMENT OF DEBT SERVICE THEREON; MAKING DETERMINATION OF THE USEFUL LIFE OF THE PROJECT; AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED AGREEMENTS; DESIGNATING BOND COUNSEL; AND AUTHORIZING CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE OF THE NOTE.

WHEREAS, the Township of Penn, York County, Pennsylvania (the "Local Government Unit") is a township of the first class of the Commonwealth of Pennsylvania (the "Commonwealth"), governed by its Board of Commissioners (the "Governing Body") and is granted the power by the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Act") to incur indebtedness by the issuance of general obligation notes; and

WHEREAS, the Governing Body of this Local Government Unit does authorize and direct the issuance of a general obligation note of this Local Government Unit, pursuant to this Ordinance in the maximum aggregate principal amount of One Million Five Hundred Thousand

Dollars (\$1,500,000), in accordance with the Act, to provide funds for and towards the Project, as defined below; and

WHEREAS, the Governing Body of the Local Government Unit has determined to undertake and to finance and provide funds, with proceeds of sale of the Note, capital “projects”, as such term is defined in the Act, consisting of (a) the planning, design, renovation and improvement to Township facilities, and (b) payment of related costs, fees and expenses of the foregoing and of the financing (collectively all of the foregoing being referred to as the “Projects”); and

WHEREAS, this Local Government Unit has received a proposal for the purchase of the \$1,500,000 General Obligation Note, Series of 2006 (the “Note”) from Bank of Hanover and Trust Company (the “Bank”) and desires to authorize the issuance of the Note and to accept the proposal for the purchase of the Note; and

WHEREAS, notice of the following Ordinance has been duly advertised in accordance with Section 8003 of the Act;

NOW, THEREFORE, BE AND IT HEREBY IS, Resolved that:

The Governing Body of this Local Government Unit does authorize and shall incur indebtedness pursuant to the Act, in the aggregate principal amount of \$1,500,000 by the issuance of its General Obligation Note, Series of 2006 for the purposes above recited, which recital of purposes is fully incorporated herein. The indebtedness authorized by this Ordinance is nonelectoral debt and the Note when issued will be a general obligation note of this Local Government Unit.

2. The Governing Body of this Local Government Unit expresses its finding that it is in the best financial interests of this Local Government Unit to sell the Note at private sale by negotiation and determines that the debt, of which the Note shall be evidenced, to be incurred pursuant to this Ordinance shall be non-electoral debt of this Local Government Unit.

3. A brief description of the Projects for which debt, of which the Note shall be evidence, is to be incurred is set forth in the Preamble hereof; the estimated useful life of the Projects is at least twenty-five (25) years.

4. The President and/or Vice President of the Local Government Unit and the Secretary, respectively, of this Local Government Unit, which shall include their duly qualified successors in office, if applicable, are authorized and directed: (a) to prepare, to certify and to file with the Department of Community and Economic Development (the "Department") of the Commonwealth the Debt Statement required by the Act; (b) to prepare and to file the application with the Department together with an accurate transcript of the proceedings relating to the incurring of debt of which debt the Note, upon issue, will be evidence, as required by the Act; (c) to prepare and to file, if applicable, any statements required by the Act that are necessary to qualify all or any portion of non-electoral and/or lease rental debt of this Local Government Unit that is subject to exclusion as self-liquidating or subsidized debt for exclusion from the appropriate debt limit as self-liquidating or subsidized debt; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; and (e) to take other required necessary and/or appropriate action.

Said Officers of this Local Government Unit are authorized and directed to prepare an appropriate Borrowing Base Certificate to be appended to the Debt Statement authorized herein.

5. This Local Government Unit hereby covenants with the holder from time to time of the Note outstanding pursuant to this Ordinance that this Local Government Unit (i) shall include the amount of the debt service for each fiscal year in which such sums are payable in its budget for that year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from its sinking fund the principal of and interest on the Note at the dates and places and in the manner stated in the Note, and for such budgeting, appropriation and payment in respect of the Note, this Local Government Unit hereby pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable.

6. This Local Government Unit accepts the proposal for the purchase of the Note from the Bank at par with a maximum purchase price of \$1,500,000 for the Note, in accordance with the purchase commitment of the Bank, for the purchase of the Note, as presented at this meeting, together with such written amendments or modifications thereof which are made from time to time (together such instruments are herein referred to as the "Commitment") at negotiated sale, at a dollar price of \$1,500,000 (100% of principal amount) the Bank having submitted such bid or proposal in accordance with the provisions of the Act.

7. The Note, when issued, will be a general obligation note of this Local Government Unit.

8. The Note shall be registered in form, shall be numbered, shall bear the rates of interest and shall be in the denominations as is set forth in Section 9, shall be dated as of the date of delivery thereof to the Bank, and shall bear interest from the date of delivery thereof to the Bank, at the rate specified in Section 9, payable as to interest as provided in the Commitment,

and will be payable as to principal, amortized with approximately level payments of principal and interest combined as provided in the Commitment, or until any earlier date upon which the principal amount of the Note is paid in full or, in the event that the Note duly shall have been called for previous redemption, in full, and payment of the redemption price thereof shall have been called for previous redemption, in full, and payment of the redemption price thereof shall have been made or provided for, until the date fixed for redemption. The principal of the Note shall be payable, in full, upon maturity on a date which shall be specified in the Note, pursuant to the Commitment.

9. The Note shall be numbered, shall bear the rates of interest, shall be of the series, shall be of the denominations, shall mature on the date and shall require payments of interest on the outstanding principal balance of the Note, from time to time, on the dates and as set forth in Exhibit "A", which is attached hereto and made a part hereof or as set forth in the Commitment, as applicable.

10. The principal of and interest on the Note shall be payable at the principal office or at any branch office of the Bank, as paying agent, in lawful money of the United States of America.

11. The form of the Note and the form of Registration Record shall be substantially as set forth in Exhibit "B" attached hereto and made part hereof, with appropriate insertions, omissions and variations.

12. This Local Government Unit hereby covenants to establish a Sinking Fund for the payment of the Note hereby authorized, in accordance with the Act. The Sinking Fund shall be known as the "Sinking Fund, the Township of Penn, General Obligation Note, Series of 2006."

3. Bank of Hanover and Trust Company, Hanover, Pennsylvania, is hereby designated as the paying agent, Register and sinking fund depository (the "Paying Agent") for the Note and the proper officers of this Local Government Unit are hereby authorized and directed to contract with said bank for such services.

4. The Note has been sold, as set forth in this Ordinance, at negotiated sale, as permitted by the Act.

15. This Local Government covenants to make payments out of the Sinking Fund created pursuant to paragraph 12 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 the Note when due.

16. The Note shall be executed by signature of the President or Vice President of the Local Government Unit and the corporate seal of this Local Government Unit shall be imprinted thereon, attested by the signature of the Secretary of the Local Government Unit. The Note shall be authenticated by the Paying Agent. The President, Vice President or Secretary of the Local Government Unit is hereby authorized and directed to deliver said Note to the Purchaser and to receive payment therefor on behalf of this Local Government Unit after sale of said Note in the manner required by law and this Ordinance and to take all further necessary or desirable action to effect the sale and delivery of the Note.

7. The Secretary of this Local Government Unit is authorized and directed to deliver the Note, after execution and attestation thereof as provided for herein, to the Bank, at the times described and as provided in the Commitment, but only upon receipt of proper payment of the

balance due therefor, if any, and only after the Department has certified its approval pursuant to Section 8204 of the Act.

18. This Local Government Unit covenants to and with purchasers of the issue that constitutes the Note that it will make no use of the proceeds of such issue that will cause the Note to be or become an “arbitrage bond” within the meaning of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations implementing said Sections that duly have been published in the Federal Register or with any other regulations implementing said Sections, and this Local Government Unit further covenants to comply with all other requirements of the Code if and to the extent applicable to maintain continuously the Federal income tax exemption of interest on the Note.

This Local Government Unit determines that it has not issued, and does not reasonably expect to issue, tax-exempt obligations, together with all tax-exempt obligations issued and reasonably expected to be issued by “all subordinate entities” (within the meaning of Section 265(b)(3)(E) of the Code) of this Local Government Unit, which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the calendar year in which the Note will be issued, pursuant to the Commitment, and, accordingly, this Local Government Unit hereby designates the Note as a “qualified tax-exempt obligation”, as defined in Section 265(b)(3)(B) of the Code, for the purposes and effect contemplated by Section 265 of the Code.

19. Stock and Leader, York, Pennsylvania, is hereby appointed Bond Counsel with respect to the Note.

20. The proper officers of this Local Government Unit are hereby authorized and directed to take all other action and enter into any additional agreements required by the Act or

this Ordinance in connection with the issuance of the Note and to pay, on behalf of this Local Government Unit, the costs of issuance of the Note.

21 All ordinances or parts of ordinances insofar as they conflict with this Ordinance are hereby repealed.

22. The original Commitment and the terms and provisions thereof, together with all written amendments and modifications thereof, executed and delivered by the Local Government Unit and the Bank, from time to time, shall constitute contractual terms and provisions of and governing the Note during the term thereof and shall survive execution and delivery of the Note.

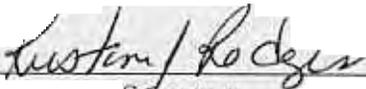
23. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this Local Government Unit that such remainder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

ADOPTED this 17th day of July 2006.

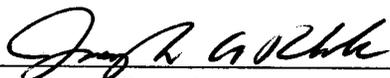
Attest:

TOWNSHIP OF PENN

BY


Secretary

BY


President

TOWNSHIP OF PENN
 YORK COUNTY, PENNSYLVANIA
 GENERAL OBLIGATION NOTE, SERIES OF 2006

1,500,000 Amount of Proceeds

Rate Period Semiannual

Nominal Annual Rate. 4.430 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
Loan	08/30/2006	,500,000.00			
2 Payment	02/28/2007	93,660.67	20	Semiannual	08/31/2016

AMORTIZATION SCHEDULE - U.S. Rule (no compounding), 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	08/30/2006				,500,000.00
2006 Totals		0.00	0.00	0.00	
1	02/28/2007	93,660.67	33,409.58	60,251.09	1,439,748.91
2	08/31/2007	93,660.67	31,890.44	61,770.23	1,377,978.68
2007 Totals		87,321.34	65,300.02	122,021.32	
3	02/29/2008	93,660.67	30,522.23	63,138.44	1,314,840.24
4	08/31/2008	93,660.67	29,123.71	64,536.96	1,250,303.28
2008 Totals		187,321.34	59,645.94	127,675.40	
5	02/28/2009	93,660.67	27,694.22	65,966.45	1,184,336.83
6	08/31/2009	93,660.67	26,233.06	67,427.61	1,116,909.22
2009 Totals		187,321.34	53,927.28	133,394.06	
7	02/28/2010	93,660.67	24,739.54	68,921.13	,047,988.09
8	08/31/2010	93,660.67	23,212.94	70,447.73	977,540.36
2010 Totals		187,321.34	47,952.48	139,368.86	

	<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
9	02/28/201	93,660.67	21,652.52	72,008.15	905,532.21
10	08/31/201	93,660.67	20,057.54	73,603.13	831,929.08
201	Totals	187,321.34	41,710.06	145,611	
11	02/29/2012	93,660.67	18,427.23	75,233.44	756,695.64
12	08/31/2012	93,660.67	16,760.81	76,899.86	679,795.78
2012	Totals	187,321.34	35,188.04	152,133.30	
13	02/28/2013	93,660.67	15,057.48	78,603.19	601,192.59
14	08/31/2013	93,660.67	13,316.42	80,344.25	520,848.34
2013	Totals	187,321.34	28,373.90	158,947.44	
15	02/28/2014	93,660.67	11,536.79	82,123.88	438,724.46
16	08/31/2014	93,660.67	9,717.75	83,942.92	354,781.54
2014	Totals	87,321.34	21,254.54	166,066.80	
17	02/28/2015	93,660.67	7,858.41	85,802.26	268,979.28
18	08/31/2015	93,660.67	5,957.89	87,702.78	181,276.50
2015	Totals	187,321.34	13,816.30	73,505.04	
19	02/29/2016	93,660.67	4,015.27	89,645.40	91,631.10
20	06/31/2016	93,660.67	2,029.57	91,631.10	0.00
2016	Totals	187,321.34	6,044.84	181,276.50	
	Grand Totals	,873,213.40	373,213.40	,500,000.00	

EXHIBIT "A"

**PENN TOWNSHIP
YORK COUNTY, PENNSYLVANIA**

GENERAL OBLIGATION NOTE, SERIES OF 2006

The Township of Penn, York County, Pennsylvania (the "Township"), in consideration for loans made up to the maximum principal amount of \$1,500,000 pursuant to a commitment letter dated July 10, 2006 (the "Commitment") between the Township and the Bank (hereinafter defined), for value received, promises to pay to the order of Bank of Hanover and Trust Company (the "Bank"), the principal amount of \$1,500,000, together with interest on the outstanding principal balance on the basis of a 360-day year, by making semi-annual payments of principal and interest on February 28 and August 31 commencing February 28, 2007 in accordance with the schedule attached hereto, incorporated herein and marked Exhibit "A" and the terms of the Commitment incorporated herein by reference. Interest shall accrue on the outstanding principal balance at the annual rate of four and forty-three one hundredths (4.43%) percent.

The principal of and interest on this Note shall be payable at the principal office or at any branch office of the Bank, in lawful money of the United States of America.

The outstanding principal of this Note shall be subject to prepayment or redemption prior to maturity, at the option of the Township, as a whole upon written Notice, as hereinafter specified; provided, however, that together with such principal prepaid or redeemed, the Township shall pay to the Bank, as consideration for making such prepayment or redemption, a premium equal to two (2.0%) percent of the principal to be prepaid or redeemed. The obligation to pay a prepayment penalty shall expire on _____, 2011 and shall not apply if the Note is prepaid or redeemed with internally guaranteed funds.

Any prepayment or redemption of principal shall be upon written notice addressed to the registered owner thereof at the time of such prepayment or redemption, as such registered owner

and address shall appear on the books of the Township to be kept by the Bank, as paying agent, for such purpose, by providing such written notice by the United States mail, by telefax or by electronic communication received by the Bank on or before thirty (30) days prior to the date designated for prepayment or redemption.

On the date designated for such prepayment or redemption, notice, if required, having been given as aforesaid, and money for payment of the principal (and, if applicable, accrued interest) being held by the Bank, as paying agent, interest on the principal of this Note so called for prepayment or redemption shall cease to accrue.

If the principal of this Note has been prepaid or redeemed, this Note shall cease to be entitled to any benefit or security under this Ordinance, and the registered owner of this Note shall have no rights with respect to this Note, except to receive payment of the principal of and accrued interest on this Note to the prepayment or redemption date.

This Note is issued in accordance with provisions of the Act of the General Assembly of the Commonwealth known as the Local Government Unit Debt Act (the "Act"), and by virtue of a duly adopted Ordinance (the "Ordinance" of the Governing Body of the Township. The Act, as such shall have been in effect when this Note was authorized, and the Ordinance and the Commitment, as defined and described therein, shall constitute a contract between the Township and the registered owner or registered owners, from time to time, of this Note.

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 applicable

limitation imposed by the Act upon the incurring of the debt of the Township which is evidenced by this Note.

The Township has covenanted, in the Ordinance, to and with registered owners, from time to time, of this Note, outstanding, from time to time, pursuant to the Ordinance, that the Township: (i) shall include the amount of the debt service for this Note, for each fiscal year of the Township in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal of this Note and the interest thereon 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 pledged 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 Bank, 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 the 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 in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of this Note.

This Note has been and is hereby designated by the Township as a “qualified tax-exempt obligation”, as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes and effect contemplated by Section 265 of the (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

Terms, provisions and covenants set forth in this Note shall have priority over inconsistent terms, provisions and covenants set forth in the Ordinance and the Commitment, and terms, provisions and covenants set forth in the Commitment shall have priority over inconsistent terms, provisions and covenants set forth in the Ordinance.

This Note is transferable by the Bank, or by any subsequent registered owner in person or by his attorney duly authorized, in writing, at the principal office or at any branch office of the Bank, but only upon notation of such registration hereon and on the records of the Township to be kept for that purpose at the principal office or at any branch office of the Bank by a duly authorized representative of the Bank acting in behalf of the Township. The Township and the Bank may deem and treat the person, from time to time, in whose name this Note shall be registered as the absolute owner hereof for the purpose of receiving payment hereof and of interest due hereon, for the purpose of redemption hereof prior to maturity and for all other purposes.

[INTENTIONALLY LEFT BLANK]

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 manual signature of the President of the Board of Commissioners and the official seal of the Township to be affixed hereto and the manual signature of the Secretary of the Township to be affixed hereto in attestation thereof, all this day of August, 2006.

TOWNSHIP OF PENN
York County, Pennsylvania

By: _____
President, 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 OF 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 (Authorized Representative)
2006	<u>Bank of Hanover and Trust</u> <u>Company</u>	<u>Bank of Hanover and Trust</u> <u>Company</u>

TOWNSHIP OF PENN
 YORK COUNTY, PENNSYLVANIA
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