

PENN TOWNSHIP
York County, Pennsylvania

NOTE RESOLUTION NO. 751

AUTHORIZING THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE, SERIES 2011 WITH THE TERMS SET FORTH IN THE FOREGOING AND ATTACHED CERTIFICATE AND TRANSMITTAL; APPROVING A FORM OF NOTE; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE NOTE; AUTHORIZING AND DIRECTING THE FILING OF PROCEEDINGS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; PROVIDING FOR THE PAYMENT AND SECURITY OF THE NOTE; MAKING CERTAIN FEDERAL INCOME TAX COVENANTS IN RESPECT OF THE NOTE; ACCEPTING THE PROPOSAL OF PNC BANK, NATIONAL ASSOCIATION FOR THE PURCHASE OF THE NOTE; AND REPEALING INCONSISTENT RESOLUTIONS.

WHEREAS, the above-named Municipality, duly organized and subsisting as a political subdivision of the Commonwealth of Pennsylvania (the "Local Government Unit") anticipates the receipt of both current taxes and current revenues during the fiscal year ending December 31, 2011; and

WHEREAS, the Local Government Unit desires to borrow for the purpose of meeting current expenses by issuing a note, to be repaid from, inter alia, those taxes and revenues, all in accordance with the Local Government Unit Debt Act (the "Debt Act"), as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended; and

WHEREAS, as required by Section 8126 of the Debt Act, the Chief Legislative Officer (being, as appropriate, the President or Chairman) and/or the Chief Administrative Officer (being, as appropriate, the Secretary, Chief Clerk or Manager), or their duly elected and acting successors on the Governing Body (being, as appropriate, the Board of Commissioners, the Council or the Board of Supervisors), with properly delegated authority (the "Designated Officers") of the Local Government Unit have, not more than thirty (30) days before the date on which this Note Resolution is being adopted and furthermore hereby confirm on this date, made an estimate, from taxes now levied and assessed and from other budgeted revenues, of the taxes and revenues to be received and the expenditures to be made during the period when the Note will be outstanding and have certified that estimate by a duly executed document (the "Certificate as to Collections and Expenditures"); and

WHEREAS, PNC Bank, National Association (acting either as principal for its own account, or as agent for the investment account of an unnamed principal, as it may choose) (the "Purchaser"), has submitted an acceptable proposal (the "Proposal") for the purchase of the Local Government Unit's Note;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body as follows:

Section 1 -- Authorization. The Local Government Unit hereby authorizes the issuance of a tax and revenue anticipation note in the principal amount and with the specific Terms (the "Note") stated in the foregoing and attached Certificate and Transmittal to the Department of Community and Economic Development.

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Section 2 -- Form. The Note shall be designated "Tax and Revenue Anticipation Note, Series 2011." The Note shall be in the form of a single instrument, in a denomination equal to the principal amount. The Note shall bear interest at the applicable interest rate stated in the Terms on the principal amount thereof, payable at maturity.

The Note may be subject to redemption prior to maturity, in accordance with the Terms and the Purchase Proposal as set forth by PNC Bank, National Association, (and may be subject to the receipt by the Purchaser of the Cost of Prepayment, if any, as defined in the Note) will be in registered form, without coupons, will be negotiable and dated the date of delivery, and will be payable as to principal and interest on December 31, 2011 (unless subject to earlier redemption or prepayment), upon presentation by the owner to the Local Government Unit, in the coin or currency of the United States of America that is legal tender for the payment of public and private debts at the time and place of payment.

The exact form of the Note will contain an unconditional promise to pay the principal of and interest on the Note to the owner when due, will pledge, and grant a security interest in, the collateral identified in Section 5 of this Resolution, will recite the valid issuance of the Note under the Debt Act pursuant to proper corporate authority, will prohibit personal recourse against officials of the Local Government Unit, will certify proper achievement of all conditions precedent to the issuance of the Note and will designate the Note as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Section 3 -- Execution and Delivery. The Note will be executed by the Chief Legislative Officer of the Governing Body and will have the corporate seal (or a facsimile thereof) of the Local Government Unit affixed thereto or printed thereon, duly attested by the Chief Administrative Officer. To the extent that any one signature on a Note is manual, the other signatures may be facsimile. The Designated Officers are further authorized and directed to deliver the Note to the Purchaser, upon the terms and conditions hereinafter and in the Proposal provided, receive the proceeds therefor, execute and deliver such certificates and other closing documents and take such other action as may be necessary or appropriate in order to effectuate the proper issuance, sale and delivery of the Note.

Section 4 -- Filing. The Designated Officer is hereby authorized and directed to certify and transmit copies of this Note Resolution, the Proposal and the Certificate as to Collections and Expenditures (which includes a calculation of the cumulative cash flow deficit calculated in accordance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and United States Treasury Department Regulation §1.148-6(d)(3)(iii)(B)), the contents of which are hereby approved, with the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

Section 5 -- Security. As security for payment of the Note, the Local Government Unit pledges and grants for the benefit of the owners, from time to time, of the Note, a first lien and charge on, and security interest in, all of the taxes, accounts and general intangibles, including "Total Revenues" (as defined in the Debt Act) to be received during the period that the Note will be outstanding, together with such amounts to be received during fiscal years subsequent to the year during which the Note is issued in the event that the Local Government Unit defaults on the payment of principal or interest on the Note.

The Local Government Unit hereby authorizes and directs the Purchaser to file a financing statement pursuant to the Uniform Commercial Code to perfect the security interest hereby created. All expenses of such filing shall be borne by the Local Government Unit.

In the event of any default on the Note or hereunder, the Local Government Unit agrees to pay the reasonable expenses of the Purchaser (including court costs and attorney's fees) incurred in collecting the amounts due.

Section 6 -- General Obligation. The Note issued pursuant to this Note Resolution shall be a general obligation of the Local Government Unit. The Local Government Unit hereby covenants with the owners from time to time of the Note that if funds are not available for the full payment of the Note within the fiscal year in which issued, then the Local Government Unit will either (1) include the amounts necessary to pay the Note in its budget for the next fiscal year, pursuant to Section 8125 of the Debt Act, to the extent then permitted by applicable law; (2) fund such amounts within the next fiscal year in accordance with Sections 8129 and 8130 of the Debt Act; or (3) provide for payment of the Note by any combination of (1) and (2), in all events, upon notice to and with the consent and agreement of the Purchaser, and provided furthermore that in such an event of default, if the Local Government Unit shall have executed and delivered certain credit, collateral and/or security application(s) or agreement(s) pursuant to Section 10 hereof, the general obligation pledge of payment made by this Section 6 shall include and encompass all amounts in addition to stated principal and interest due in respect of the Note by the terms of such credit agreements and shall conform to the manner and procedures for payment, if any, set forth therein, or provided at the direction of the Purchaser, either as owner or subrogee of the Note.

Section 7 -- Tax Covenants. (a) The Local Government Unit hereby covenants with the owners from time to time of the Note that it will make no use of the proceeds of the Note which, if such use had been reasonably expected on the date of issue of the Note, would have caused the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Regulations thereunder and that it will comply with the requirements of the Code and the Regulations throughout the term of the Note.

(b) If the principal amount of the Note, plus the principal amount of all other tax-exempt obligations issued and to be issued by the Local Government Unit, or by a subordinate governmental unit within its jurisdiction, during the calendar year in which the Note is to be issued, exceeds \$5,000,000, and if the gross proceeds of the Note are invested at a yield greater than the yield on the Note and are not expended, or deemed to have been expended pursuant to in Section 148(f)(4)(B)(iii) of the Code, within six (6) months from the date of issuance, the Local Government Unit covenants that it will rebate to the U.S. Treasury, within sixty (60) days after the maturity date of the Note, that amount of investment income on the Note proceeds which exceeds the amount which would have been earned had the Note proceeds been invested at a yield equal to the yield on the Note.

(c) The Local Government Unit hereby designates the Note as a Qualified Tax-Exempt Obligation pursuant to Section 265(b)(3) of the Code and represents and covenants that the total amount of its obligations so designated and to be designated during calendar year 2011 does not and will not exceed \$10,000,000.

Section 8 -- Award. The Note is hereby awarded and sold at private sale by negotiation to PNC Bank, National Association, at par, in accordance with the Proposal and its Terms as set forth in the foregoing and attached Certificate and Transmittal, which, as presented at this meeting, is hereby accepted and directed to be executed by the Designated Officers. The Local Government Unit shall pay the Origination Fee, if any, set forth in the Terms.

Section 9 -- Costs. All notice, filing and legal fees (except Note Counsel to the Purchaser, if any) properly incurred in connection with issuance of the Note will be paid by the Local Government Unit. The Designated Officers are hereby authorized and directed to pay all such reasonable expenses at the time of Settlement on the Note.

Section 10 -- Letters of Credit; Guaranty of Payment; Subrogation. The Local Government Unit acknowledges the right of the Purchaser to negotiate some or all of the Note to subsequent third-party owners, from time to time, and at any time, during the term of the Note. Moreover, the Local Government Unit recognizes that the Purchaser may choose, in its absolute discretion and at its own cost, to provide letters of credit, put agreements, collateral accounts and such other and similar guarantees of payment by the Purchaser to the third-party owner as may be necessary to facilitate the negotiation of the Note to the subsequent owners. In consideration of the beneficial interest rate afforded the Local Government Unit by the increased and facilitated marketability of the Note, and in such event, the Local Government Unit agrees, and the Designated Officers are hereby directed, to execute and deliver any and all credit, collateral and security application(s) and agreement(s) as may be necessary in the reasonable discretion of the Purchaser and according to its standard business practices to provide further assurance to the Purchaser of its rights, either as owner or subrogee under a guaranty arrangement, to receive payment in full of the principal of and interest on the Note (and any other amounts due in respect thereof under the term of such credit agreement) when due. In the event any payment of principal or interest or both is made to any owner of any Note by a draw on a letter of credit issued by, or other guaranty of payment made by, the Purchaser such payment will not extinguish the obligations of the Local Government Unit under such Note; the Purchaser shall become the owner/subrogee of the Note with full rights to enforce payment of the amounts due in respect of the same.

Section 11 -- Note Resolution a Contract. This Note Resolution is a contract with the owners, from time to time, of the Note.

Section 12 -- Inconsistent Actions. All prior resolutions or parts thereof inconsistent herewith are hereby repealed.

DULY ADOPTED at, and recorded in the minutes of, a properly constituted meeting of the Governing Body of the Local Government Unit held on the date set forth in the Certificate and Transmittal.

Dated: January, 2011


Secretary

PENN TOWNSHIP, YORKCOUNTY, PA


President