

TOWNSHIP OF BERWICK

Adams County, Pennsylvania

ORDINANCE NO. 54

AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF BERWICK AUTHORIZING AND DIRECTING ISSUANCE OF A GENERAL OBLIGATION NOTE OF THIS TOWNSHIP, IN THE PRINCIPAL AMOUNT OF \$200,000, PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT, AS AMENDED, OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, FOR THE PURPOSE OF RETIRING, TOGETHER WITH OTHER AVAILABLE FUNDS, THIS TOWNSHIP'S OUTSTANDING GENERAL OBLIGATION NOTE, SERIES OF 1999; DETERMINING THAT SAID NOTE SHALL BE SOLD AT INVITED SALE; DETERMINING THAT SUCH DEBT SHALL BE NONELECTORAL DEBT OF THIS TOWNSHIP; ACCEPTING A BID FOR PURCHASE OF SAID NOTE, AT INVITED SALE, AND AWARDING SUCH NOTE AND SETTING FORTH RELATED PROVISIONS; PROVIDING THAT SAID NOTE, WHEN ISSUED, SHALL BE A GENERAL OBLIGATION NOTE OF THIS TOWNSHIP; FIXING THE SERIES, SUBSTANTIAL FORM, DATE, MATURITY DATE, INTEREST RATE, INTEREST PAYMENT DATES, REGISTRATION PRIVILEGES, PLACE OF PAYMENT OF PRINCIPAL AND INTEREST, PREPAYMENT PROVISIONS AND TAX FREE PROVISIONS OF SAID NOTE; AUTHORIZING EXECUTION AND ATTESTATION OF SAID NOTE; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SAID NOTE AS REQUIRED BY SUCH ACT 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 SAID NOTE AS REQUIRED BY SUCH ACT; APPOINTING A SINKING FUND DEPOSITORY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT OF ALL OBLIGATIONS OF SAID NOTE WHEN DUE; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THIS TOWNSHIP TO DO AND PERFORM CERTAIN SPECIFIED, REQUIRED OR APPROPRIATE ACTS AND THINGS; SETTING FORTH THAT SAID NOTE HAS BEEN SOLD AT INVITED SALE; DECLARING THAT THE DEBT TO BE INCURRED IS WITHIN THE LIMITATION IMPOSED BY SUCH ACT UPON THE INCURRING OF SUCH DEBT BY THIS TOWNSHIP; SETTING FORTH CERTAIN COVENANTS RELATING TO THE NON-ARBITRAGE STATUS OF SAID NOTE; DESIGNATING SAID NOTE AS A QUALIFIED TAX EXEMPT OBLIGATION UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; SETTING FORTH CERTAIN COVENANTS RELATED TO PROVISIONS FOR THE RETIREMENT OF THIS TOWNSHIP'S OUTSTANDING GENERAL OBLIGATION NOTE, SERIES OF 1999; PROVIDING FOR SEVERABILITY OF PROVISIONS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HEREWITH; AND PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE.

WHEREAS, The Township of Berwick, Adams County, Pennsylvania (the "Township"), is a municipality 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. Chs. 80-82 (the "Act"), of the Commonwealth; and

WHEREAS, The Board of Supervisors of this Township heretofore issued its General Obligation Note, Series of 1999, in the principal amount of \$1,104,000 (the "Series of 1999 Note"), in accordance with provisions of the Act, for the purpose of providing funds which were used for and towards the refunding of a prior general obligation note of this Township and for and towards payment of costs of acquiring and constructing a complete sanitary sewer system for rendering sanitary sewer service in and for portions of this Township (the "Project"), which Series of 1999 Note presently remains outstanding; and

WHEREAS, The Board of Supervisors of this Township has determined to provide for the retirement of the Series of 1999 Note in order to reduce annual debt service in 2001 by extending the life of the issue, as permitted by the Act (the "Refunding Project"); and

WHEREAS, The Board of Supervisors of this Township has determined to incur nonelectoral debt in the principal amount of \$200,000, by issuance of its General Obligation Note, Series of 2001 (the "Note"), in accordance with provisions of the Act, with proceeds from the sale thereof to be applied, together with other legally

available funds of this Township, for and towards payment of costs and expenses of the Refunding Project and payment of costs and expenses of issuance of the Note, to be sold at invited sale, pursuant to the Act; and

WHEREAS, PeoplesBank, a Codorous Valley Corporation (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 Supervisors 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 \$200,000, pursuant to provisions of the • Act.

NOW, THEREFORE, BE IT ENACTED, by the Board of Supervisors of the Township of Berwick, Adams County, Pennsylvania, as follows:

Section 1. The Board of Supervisors 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 \$200,000, to be designated generally as "General Obligation Note, Series of 2001", in accordance with the Act, to provide funds which will be applied, together with other available funds of this Township, for

and towards payment of costs of the Refunding Project and payment of costs and expenses of financing, which Note the Board of Supervisors of this Township has determined shall be sold at invited sale. The purpose of the Refunding Project is to reduce annual debt service in 2001 by extending the life of the issue as permitted by the Act.

The Board of Supervisors of the Township covenants as of the date of delivery of the Note to the Purchaser, from legally available funds, to contribute an amount which; together with proceeds of the Note, will be sufficient to pay costs of the Refunding Project and to pay costs and expenses of financing.

Section 2. The Board of Supervisors 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 3. A realistic estimate of the remaining useful life of the Project is specified to be in excess of 30 years.

Section 4. The Board of Supervisors 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 \$200,000 (100% of principal amount), the Purchaser having submitted such bid in accordance with provisions of the Act.

The Board of Supervisors of this Township hereby determines that invited sale of the Note is in the best financial interest of this Township.

Section 5. The Note, when issued, will be a general obligation note of this Township.

Section 6. The Note shall be fully registrable as to principal and interest, shall be in the principal amount of \$200,000, shall be dated as of the date of execution and delivery thereof to the Purchaser, shall mature in installments on October 1 of each of the years 2002 to 2011, inclusive, and shall bear interest on the principal amount thereof, from time to time outstanding, at the rate of 4.25% per annum, from the date of execution and delivery thereof, payable initially on April 1, 2002, and thereafter semiannually on April 1 and October 1 of each year, beginning October 1, 2002, until prepaid in full or until final maturity on October 1, 2011, calculated in the manner set forth in the Note.

Section 7. Payment of installments of principal on the Note shall be due and payable as follows:

<u>Payment Date</u>	<u>Installment of Principal</u>
October 1, 2002	\$16,000
October 1, 2003	\$17,000
October 1, 2004	\$18,000
October 1, 2005	\$19,000
October 1, 2006	\$20,000
October 1, 2007	\$20,000
October 1, 2008	\$21,000
October 1, 2009	\$22,000
October 1, 2010	\$23,000
October 1, 2011	\$24,000

Section 8. The outstanding principal balance of the Note is subject to prepayment prior to maturity, at the option of this Township, in whole or, from time to time, in part, on any date, upon 30 days notice to the registered owner of the Note and upon payment of the applicable prepayment price set forth in the following schedule, together with accrued interest to the date of prepayment:

<u>If Prepaid On</u> <u>Or After</u>	<u>To And</u> <u>Including</u>	<u>Prepayment Price</u> <u>(Percentage Of</u> <u>Principal Amount)</u>
October 1, 2001	September 30, 2006	101
October 1, 2006		100

Any such prepayment of principal in part shall be credited against the last installment of principal of the Note at the time payable.

Section 9. The form of the Note, including the form of registration, shall be substantially as follows, with appropriate insertions, omissions and variations:

(FORM OF NOTE)

REGISTERED

\$200,000

REGISTERED

\$200,000

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF ADAMS
TOWNSHIP OF BERWICK
General Obligation Note, Series of 2001

The TOWNSHIP OF BERWICK, Adams County, Pennsylvania (the "Township"), a municipality 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 2001 (the "Note"), the principal sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000), payable in the following installments on the following dates:

<u>Installment of Principal</u>	<u>Payable</u>
\$ 16,000	October 1, 2002
\$ 17,000	October 1, 2003
\$ 18,000	October 1, 2004
\$ 19,000	October 1, 2005
\$ 20,000	October 1, 2006
\$ 20,000	October 1, 2007

<u>Installment of Principal</u>	<u>Payable</u>
\$ 21,000	October 1, 2008
\$ 22,000	October 1, 2009
\$ 23,000	October 1, 2010
\$ 24,000	October 1, 2011

plus interest on the unpaid principal balance hereof, from the date of this Note, payable initially on April 1, 2002, and thereafter semiannually on April 1 and October 1 of each year, beginning October 1, 2002, until final maturity on October 1, 2011, or until prepaid in full, at the rate of 4.25% per annum, calculated for each applicable period by multiplying the outstanding principal balance hereof by the above rate of interest 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, premium, if any, and of interest hereon shall be made in lawful moneys of the United States of America, at the designated office of PeoplesBank, a Codorous Valley Company (the "Paying Agent" which term shall include any duly appointed alternate or successor paying agent) or at the designated office of any alternate or successor paying agent. In the event the Township shall have deposited with the Paying Agent moneys for payment of principal, premium, if any, 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 payment date, by

the Paying Agent. Payment of principal at final maturity on October 1, 2011, or upon the date of prepayment of the principal hereof and premium, if any, in full, and accrued interest appertaining hereto shall be made only upon complete surrender hereof to the Paying Agent.

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 Supervisors 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 prepayment prior to maturity, at the option of the Township, in whole or, from time to time, in part, on any date, upon 30 days prior notice by the Township to the registered owner hereof and payment of the applicable prepayment price set forth in the following schedule, together with accrued interest to the date of prepayment:

<u>If Prepaid On Or After</u>	<u>To And Including</u>	<u>Prepayment Price (Percentage Of Principal Amount)</u>
October 1, 2001	September 30, 2006	101
October 1, 2006		100

Any such prepayment in part shall be credited against the last installment of principal hereof at the time payable.

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 owner, on records of the Township to be kept for that purpose at the designated office of the Paying Agent or the designated office of any successor paying agent, as applicable, such registration to be noted hereon by a duly authorized representative of the Paying Agent in behalf of the Township. After such registration, no transfer hereof shall be valid unless made by the registered owner hereof in person or by his duly authorized attorney and similarly noted upon said records and hereon. Rights of any registered owner hereof, subsequent to the initial registered owner hereof, shall not exceed rights of the predecessor registered owner hereof.

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, from time to time, of this Note that the Township, as appropriate, shall include the amount of the debt service on this Note, 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 this Note, premium, if any, and the interest thereon at the dates and place and in the manner stated herein, according to the true intent and meaning thereof; 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, premium, if any, 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 of the Internal Revenue Code of 1986, as amended (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 BERWICK, Adams 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 Chairman of its Board of Supervisors 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 September, 2001.

TOWNSHIP OF BERWICK,
Adams County, Pennsylvania

By: Chairman of
 Board of Supervisors

ATTEST:

Secretary

(SEAL)

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY
AUTHORIZED REPRESENTATIVE OF PEOPLESBANK, A
CODOROUS VALLEY CORPORATION, THE PAYING AGENT, OR
ANY SUCCESSOR PAYING AGENT, ACTING AS REGISTRAR IN
BEHALF OF THE TOWNSHIP OF BERWICK, ADAMS COUNTY,
PENNSYLVANIA

Date of Registry	Name of Registered Owner	Registrar (By Authorized Representative)
September , 2001	PeoplesBank, a Codorous Valley Corporation	•

Section 10. The Note shall be executed in the name of and in behalf of this Township by the manual signature of the Chairman or Vice Chairman of the Board of Supervisors 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 11. 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 on the Note 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, the premium, if any, and the applicable interest thereon on the dates 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 amount of the debt service on the Note for each fiscal year of this Township in which such sums are payable are as follows:

Fiscal Year Ending December 31	Amount of Debt Service
2002	\$24,570.83
2003	\$24,820.00
2004	\$25,097.50
2005	\$25,332.50
2006	\$25,525.00
2007	\$24,675.00
2008	\$24,825.00
2009	\$24,932.50
2010	\$24,997.50
2011	\$25,020.00

Section 12. There is created; pursuant to Section 8221 of the Act, a sinking fund for the Note, to be known as "Sinking Fund - General Obligation Note, Series of 2001", 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 13. This Township appoints PeoplesBank, a Codorous Valley Corporation, as the sinking fund depository with respect to the sinking fund created pursuant to Section 12.

Section 14. This Township covenants to make payments out of the sinking fund created pursuant to Section 12 hereof 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 15. The Chairman or Vice Chairman of the Board of Supervisors and the 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 or have prepared and to file, as required and if necessary, with the Department of Community and Economic Development (the "Department") of the Commonwealth, statements required by Section 8026 of the Act which are necessary to qualify any lease rental debt or nonelectoral debt of this Township, which is subject to exclusion as self-liquidating debt, for exclusion from the appropriate debt limit of this Township as self-liquidating debt; (c) to prepare, execute and file the application with 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 Section 8111 of the Act; (d) to pay or 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, including, without limiting the generality of the foregoing, executing and delivering all certificates, receipts, affidavits and other documents necessary or required in connection with delivery of the Note to the Purchaser.

Section 16. The Chairman of the Board of Supervisors and the Secretary of this Township are authorized and directed to contract with PeoplesBank, a Cordorous Valley Corporation, for its services as sinking fund depositary in connection with the sinking fund created pursuant to Section 12 and as paying agent and registrar in connection with the Note.

Section 17. 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 18. The Secretary of this Township is 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 19. 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 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 19.

Section 20. 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 2001 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.

This Township hereby represents that it is a qualified small issuer within the meaning of Section 265(b)(3)(C) of the Code.

Section 21. 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 22. The Board of Supervisors of this Township expresses its intention on the date of execution and delivery of the Note to the Purchaser to provide for the payment of the Series of 1999 Note upon maturity on October 1, 2001, including payment of all accrued interest due upon maturity of the Series of 1999 Note.

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 21st day of August, 2001.

Attest

TOWNSHIP OF BERWICK,
Adams County, Pennsylvania

Secretary

(SEAL)

By:



Chairman of Board
of Supervisors