

**TOWNSHIP OF PENN,
Lancaster County, Pennsylvania**

ORDINANCE NO. 2017-__

AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF THIS TOWNSHIP INCURRING NONELECTORAL DEBT TO BE EVIDENCED BY A SERIES OF GENERAL OBLIGATION NOTES TO BE DESIGNATED AS THE GENERAL OBLIGATION NOTES, SERIES OF 2017, OF THIS TOWNSHIP, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF FOUR MILLION SEVEN HUNDRED NINETY-FIVE THOUSAND DOLLARS (\$4,795,000), TO PROVIDE FUNDS FOR AND TOWARD (1) REFUNDING THIS TOWNSHIP'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 2012, (2) REFUNDING THIS TOWNSHIP'S OUTSTANDING GENERAL OBLIGATION NOTE, SERIES OF 2014, AND (3) PAYING RELATED COSTS AND EXPENSES, INCLUDING THE COSTS OF ISSUANCE OF SUCH NOTES; SETTING FORTH THE FINDING THAT IT IS IN THE BEST FINANCIAL INTERESTS OF THIS TOWNSHIP TO SELL THE NOTES AT PRIVATE SALE UPON INVITATION; CONFIRMING ACCEPTANCE OF A CERTAIN PROPOSAL FOR PURCHASE OF SUCH NOTES; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF SUCH NOTES AND AUTHORIZING EXECUTION AND AUTHENTICATION THEREOF; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT OF SUCH NOTES; APPOINTING A PAYING AGENT AND A SINKING FUND DEPOSITORY; SETTING FORTH CERTAIN COVENANTS AND REPRESENTATIONS RELATING TO THE FEDERAL INCOME TAX STATUS OF THE INTEREST TO BE PAID ON SUCH NOTES; AUTHORIZING APPROPRIATE OFFICERS OF THIS TOWNSHIP TO TAKE CERTAIN ACTIONS AND TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH ISSUANCE OF SUCH NOTES, INCLUDING A SUPPLEMENTAL LEASE WITH NORTHWESTERN LANCASTER COUNTY AUTHORITY WITH RESPECT TO THE WATER AND SEWER SYSTEMS OF SUCH AUTHORITY; PROVIDING FOR THE RETIREMENT OF THE REFUNDED BONDS AND NOTE, UPON STATED MATURITY OR OPTIONAL REDEMPTION PRIOR TO STATED MATURITY, AS APPLICABLE AND APPROPRIATE, IN ACCORDANCE WITH THE RIGHT AND PRIVILEGE RESERVED TO THIS TOWNSHIP; AUTHORIZING RELATED ACTION; AND

**REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES
INSOFAR AS THE SAME SHALL BE INCONSISTENT HEREWITH.**

WHEREAS, The Township of Penn, Lancaster County, Pennsylvania (the “Township”), is a political subdivision (a Township of the Second Class) of the Commonwealth of Pennsylvania (the “Commonwealth”) and a “local government unit” within the meaning of the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the “Act”), and is governed by its Board of Supervisors (the “Board of Supervisors” or the “Board”); and

WHEREAS, The Board, by Ordinance duly enacted, in accordance with law, on January 17, 2012 (the “Series of 2012 Bonds Enabling Ordinance”), authorized and directed issuance of a series of bonds, in the original aggregate principal amount of \$3,570,000 and designated as the General Obligation Bonds, Series of 2012 (the “Series of 2012 Bonds”), to provide funds for and toward proper legal purposes which are set forth, in detail, in the Series of 2012 Bonds Enabling Ordinance; and

WHEREAS, The Department of Community and Economic Development (the “Department”) of the Commonwealth approved the proceedings of the Township related to the increase of bonded indebtedness by issuance of the Series of 2012 Bonds; and

WHEREAS, The Board, by Ordinance duly enacted, in accordance with law, on April 14, 2014 (the “Series of 2014 Note Enabling Ordinance”, and together with the Series of 2012 Bonds Enabling Ordinance, the “Refunded Obligations Enabling Ordinances”), authorized and directed issuance of a note, in the original principal amount of \$1,500,000 and designated as the General Obligation Note, Series of 2014 (the “Series of 2014 Note”), to provide funds for and toward proper legal purposes which are set forth, in detail, in the Series of 2014 Note Enabling Ordinance; and

WHEREAS, The Department approved the proceedings of the Township related to the increase of bonded indebtedness by issuance of the Series of 2014 Note; and

WHEREAS, The Board of the Township now has determined to refund the outstanding Series of 2012 Bonds and the outstanding Series of 2014 Note (collectively, the “Refunded Obligations”), in accordance with the refunding report for the Township (the “Refunding Report”) prepared by RBC Capital Markets LLC (the “Financial Advisor”); and

WHEREAS, Northwestern Lancaster County Authority (the “Authority”) is a municipality authority existing under and governed by the Municipality Authorities Act, 53 Pa.C.S. Ch. 56, as amended and supplemented, from time to time, of the Commonwealth; and

WHEREAS, The Authority, with the approval and consent of the Township, heretofore acquired and/or constructed certain public water works, water supply works and a water distribution system serving portions of the Township (the “Water System”), which Water System has been leased to the Township for operation and use pursuant to an Agreement of Lease, dated December 23, 2009, as amended and supplemented by a First Supplemental Agreement of Lease,

dated as of February 15, 2012, and a Second Supplemental Agreement of Lease, dated as of February 26, 2013 (collectively, the “Lease”); and

WHEREAS, The proceeds of the Series of 2012 Bonds being refunded were made available to the Authority for the payment of costs of acquisition and construction of capital improvements to the Water System; and

WHEREAS, The Board of Supervisors of the Township, in contemplation of sale and of issuance of a series of general obligation notes in the maximum aggregate principal amount of Four Million Seven Hundred Ninety-five Thousand Dollars (\$4,795,000) to provide funds for and toward the Project (hereinafter defined) heretofore determined that such general obligation notes: (a) should be offered for sale at private sale upon invitation; and (b) should be offered for sale at a price of not less than 100% of principal amount thereof; and

WHEREAS, RBC Capital Markets, acting on behalf of the Township, heretofore issued to various area financial institutions a request for proposals soliciting proposals to purchase such general obligation notes from the Township and has received and opened proposals to purchase such general obligation notes; and

WHEREAS, A proposal for purchase of such general obligation notes has been requested from and has been received from Integrity Bank, a Division of S&T Bank (the “Bank”), which the Board of Supervisors of the Township has determined is the best proposal received in response to such request for proposals; and

WHEREAS, The Board of Supervisors of the Township desires to accept such proposal of the Bank, to award the Notes (hereinafter defined) to the Bank at private sale upon invitation, and to incur nonelectoral debt in connection with the Project (hereinafter defined) pursuant to provisions of the Act; and

WHEREAS, The Board has determined to enter into a Third Supplemental Agreement of Lease, to be effective as of the date of delivery of the Notes, between the Township and the Authority (the “Supplemental Lease”), amending and supplementing the Lease, which, among other things, will make provision for the payment of such portion of the debt service on the Notes as is properly allocable to the refunding of the Series of 2012 Bonds which were issued to finance or refinance assets constituting part of the Water System.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of Supervisors of the Township, as follows:

Section 1. The Board of Supervisors of the Township, pursuant to this Ordinance and in accordance with the Act, does authorize and direct the issuance of a series of general obligation notes of the Township in the maximum aggregate principal amount of \$4,795,000 to be designated generally as the “General Obligation Notes, Series of 2017” (the “Notes”), to provide funds for and toward refunding the Township’s outstanding General Obligation Bonds, Series of 2012, and the Township’s outstanding General Obligation Note, Series of 2014 (collectively, the “Refunding Project”), and (3) paying related costs and expenses, including the costs of issuance of the Notes (all of the foregoing, collectively, the “Project”).

The Notes shall consist of two separate notes, one to be in the maximum stated principal amount of \$3,680,000, to be stated to mature on May 15, 2033, and to bear the number 2017-1 (“Note No. 1”), and the other to be in the maximum stated principal amount of \$1,115,000, to be stated to mature on May 15, 2024, and to bear the number 2017-2 (“Note No. 2”). Note No. 1 shall be issued to refund the outstanding Series of 2012 Bonds and pay related costs and expenses, including a portion of the costs of issuance of the Notes; and Note No. 2 shall be issued to refund the outstanding Series of 2014 Note and pay related costs and expenses, including a portion of the costs of issuance of the Notes.

Section 2. The Board of Supervisors of the Township expresses its finding that it is in the best financial interests of the Township to sell the Notes at private sale upon invitation and determines that the debt to be incurred pursuant to this Ordinance and to be evidenced by the Notes shall be nonelectoral debt of the Township.

Section 3. A brief description of the Project is set forth in the preamble to this Ordinance. The Refunding Project is authorized and permitted under and pursuant to 53 Pa.C.S. §8241(b)(1) (reducing total debt service over the life of the series).

The remaining useful life of the capital project financed or refinanced by the Series of 2012 Bonds is not less than eighteen (18) years, and the principal amount of Note No. 1 shall be payable in installments over a period not longer than such remaining useful life.

The remaining useful life of the capital project financed or refinanced by the Series of 2014 Note is not less than eight (8) years, and the principal amount of Note No. 2 shall be stated to mature or be payable in installments over a period not longer than such remaining useful life.

The first required payment of principal on the Notes shall be not more than two years from the date of issue thereof, as required by 53 Pa.C.S. §8142; the final maturity of Note No. 1 shall occur in the same fiscal year as the final stated maturity of the refunded Series of 2012 Bonds, *i.e.*, the fiscal year ending December 31, 2033; and the final maturity of Note No. 2 shall occur in the same fiscal year as the final stated maturity of the refunded Series of 2014 Note, *i.e.*, the fiscal year ending December 31, 2024.

Section 4. The Board of Supervisors of the Township shall and does accept the proposal of the Bank dated July 20, 2017, for purchase of the Notes (the “Proposal”), and the Notes shall be and are awarded to the Bank in accordance with the terms and conditions of the Proposal, the original of which is on file with the Secretary of the Township, at private sale, at a dollar price of \$4,795,000 (100% of principal amount), the Bank having submitted such Proposal in accordance with provisions of the Act. The Board of Supervisors of the Township does hereby authorize execution of an acceptance of the Proposal on behalf of the Township by the Chairman or Vice Chairman of the Board of Supervisors or the Secretary or Assistant Secretary of the Township.

Section 5. The Notes, when issued, will be general obligation notes of the Township.

Section 6. The Notes shall be in such forms as are authorized and approved in **Error! Reference source not found.** of this Ordinance, shall be dated as of the date of delivery thereof to

the Bank, and shall bear interest at such rate or rates and be payable as to principal and interest as set forth in **Error! Reference source not found.** of this Ordinance. The first payment of interest on the Notes shall be due on November 15, 2017, and the first payment of principal with respect to each of the Notes shall be due on May 15, 2018.

Section 7. Note No. 1 shall bear interest at the fixed rate of 2.55% per annum for a period of approximately 10 years, ending on August 15, 2027, and then at a floating rate equal to the Prime Rate (as defined in Note No. 1), but not to exceed 3.50%, per annum, and shall be payable as to principal and interest in installments, all as set forth in the accepted Proposal and in Note No. 1, the form of which shall be substantially as approved in Section 12 of this Ordinance. Section 7.

Note No. 2 shall bear interest at the fixed rate of 2.15% per annum and shall be payable as to principal and interest in installments, all as set forth in the accepted Proposal and in Note No. 2, the form of which shall be substantially as approved in Section 12 of this Ordinance.

Interest on each of the Notes shall be calculated on a daily basis on the unpaid principal balance of such Note, for the actual number of days that the principal balance shall be outstanding, using a factor that assumes a 360-day year comprised of twelve 30-day months.

Section 8. The Township hereby appoints the Bank as the paying agent for the Notes and directs that the principal of, redemption premium, if any, and interest on the Notes shall be payable at the principal office of the Bank in Indiana, Pennsylvania, or at any other office of the Bank, in lawful money of the United States of America.

Section 9. The Township hereby appoints the Bank to act as registrar with respect to the Notes. The Bank, by acceptance of the Notes, agrees to establish and maintain on behalf of the Township a book or other record (the "Registration Book") into which it shall enter the name and address of the registered owner, from time to time, of the Notes (initially, the Bank) and shall register any transfer of ownership of the Notes. Such book or other record shall be open to inspection by the Township or its duly authorized agents during normal banking business hours of the Bank.

The Township and the Bank, acting as registrar and paying agent for the Notes, may deem and treat the Bank or such other person in whose name a Note shall be registered on the Registration Book as the absolute owner thereof for all purposes, and payment of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order of the registered owner or the legal representative of such registered owner, but registration of a transfer of ownership may be made as herein provided. All payments made to or upon the order of the registered owner(s) of the Notes shall be valid and effectual to satisfy and discharge liability upon the Notes, to the extent of the sum or sums so paid, and neither the Township nor the Bank, as paying agent, shall be affected by any notice to the contrary.

Section 10. Registration of the transfer of ownership of any of the Notes shall be made only upon surrender of such Note to the Bank, acting as registrar, at its principal office in Indiana, Pennsylvania, accompanied by a written assignment and instructions in form satisfactory to the Bank, as registrar, duly executed by the registered owner of such Note or the attorney-in-fact or

legal representative of such registered owner. The Bank, as note registrar, shall record the transfer of ownership of such Note upon the Registration Book, shall enter the name of the transferee as registered owner of such Note upon such Note in the space provided for such purpose, and shall deliver such Note to the transferee.

Section 11. Each of the Notes shall be subject to redemption or prepayment in whole or in part, as described in the form of such Note set forth in Exhibit A or Exhibit B attached to this Ordinance, as applicable.

Section 12. The form of Note No. 1, including the form of Redemption Record, the form of Registration Record, the form of Delivery Endorsement and the form of Assignment of ownership, shall be substantially as set forth in Exhibit A, which is attached hereto and made part hereof, together with such changes thereto not inconsistent with the terms of this Ordinance that shall be approved by the officer of the Township who shall execute and deliver such Note on behalf of the Township, in consultation with legal counsel to the Township, such officer's execution and delivery of such Note to constitute conclusive evidence of such approval.

The form of Note No. 2, including the form of Redemption Record, the form of Registration Record, the form of Delivery Endorsement and the form of Assignment of ownership, shall be substantially as set forth in Exhibit B, which is attached hereto and made part hereof, together with such changes thereto not inconsistent with the terms of this Ordinance that shall be approved by the officer of the Township who shall execute and deliver such Note on behalf of the Township, in consultation with legal counsel to the Township, such officer's execution and delivery of such Note to constitute conclusive evidence of such approval.

Section 13. Each of the Notes shall be executed in the name of and on behalf of the Township by the manual signature of the Chairman or Vice Chairman of the Board of Supervisors, and the official seal of the Township and the manual signature of the Secretary or Assistant Secretary of the Township shall be affixed thereto in attestation thereof; and said officers are authorized to execute and to attest, as applicable, the Notes, as aforesaid.

Section 14. The Township covenants to and with the registered owner(s), from time to time, of the Notes that the Township: (i) shall include the amount of the debt service on the Notes, for each fiscal year of the Township 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 the Sinking Fund (hereinafter defined) or any other of its revenues or funds the principal of and the interest on the Notes at the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the Township shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Act, the foregoing covenant of the Township shall be enforceable specifically.

Section 15. There is created, pursuant to the Act, a sinking fund for the Notes, to be known as "Sinking Fund - General Obligation Notes, Series of 2017" (the "Sinking Fund"), which sinking fund shall be administered in accordance with applicable provisions of the Act.

Section 16. The Township appoints the Bank to act as the sinking fund depository with respect to the Sinking Fund.

Section 17. The Township covenants to make payments out of the 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 the Notes when due.

Section 18. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary, respectively, of the Township are authorized and directed: (a) to prepare, to certify and to file the debt statement required by the Act; (b) to prepare and to file the application with the Pennsylvania Department of Community and Economic Development (the "Department"), together with a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Notes upon issuance thereof, 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 nonelectoral and/or lease rental debt of the Township 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, including execution and delivery of such other agreements on behalf of the Township as may be required to satisfy the terms and conditions of the accepted Proposal, upon advice of the Solicitor.

The Board of Supervisors of the Township authorizes and directs that an appropriate borrowing base certificate for the Township be prepared for filing with the Department as required by the Act. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary of the Township are authorized to prepare and to execute, or to authorize the auditors of the Township to prepare and to execute, such borrowing base certificate.

Section 19. The Notes have been sold, as set forth in this Ordinance, at private sale upon invitation, as permitted by the Act.

Section 20. The Chairman or Vice Chairman of Board of Supervisors or the Secretary of the Township is each authorized and directed to contract with the Bank for its services as sinking fund depository in connection with the Sinking Fund and as paying agent and registrar in connection with the Notes. The Bank shall impose no fee or other charge for services as Note paying agent and sinking fund depository except as may be required by the terms of the accepted Proposal.

Section 21. It is declared that the debt to be incurred hereby, together with any other indebtedness of the Township, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by the Township.

Section 22. The Secretary or Assistant Secretary of the Township is authorized and directed to deliver the Note, after execution and attestation thereof as provided for herein, to the Bank, as provided in the accepted proposal for purchase of the Notes, but only after the Department has certified its approval pursuant to the Act or such approval shall be presumed to have been given, as provided in the Act. The Secretary or Assistant Secretary of the Township is

further authorized and directed to certify the date of initial delivery of the Notes to the Bank by completion of the Delivery Endorsement appearing upon the Notes.

Section 23. The Township covenants to and with the Bank and subsequent owners of the Notes that it will make no use of the proceeds of the Notes, or of any other obligations deemed to be part of the same issue as the Notes under applicable federal tax regulations, that will cause any of the Notes to be or become an “arbitrage bond” (or note) 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.

The Township covenants with the Bank and subsequent registered owners of the Notes that it will not make, nor shall it permit, any use of the proceeds of the Notes, or of any other obligations deemed to be part of the same issue as the Notes under applicable federal tax regulations, or of the property or facilities financed or refinanced with proceeds of the Notes, or of any other obligations deemed to be part of the same issue as the Notes under applicable federal tax regulations, that will cause any of the Notes to be or become a “private activity bond,” within the meaning of Section 141 of the Code.

The Township 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 Notes and to take no action which would adversely affect the tax-exempt status of the interest paid or payable on the Notes.

The Township determines that it has not issued, and does not reasonably expect to issue, tax-exempt obligations that, together with all tax-exempt obligations issued and reasonably expected to be issued by all entities which issue obligations on behalf of the Township and all “subordinate entities” (within the meaning of Section 265(b)(3)(E) of the Code) of the Township, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the 2017 calendar year and, accordingly, the Township hereby designates each of the Notes 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.

Section 24. Until the principal of and all interest accrued on the Notes shall have been paid and the Notes are no longer outstanding, the Township covenants to and with the Bank that the Township shall annually furnish the Bank with a copy of the Township’s adopted budget and audited financial statements for each fiscal year.

Section 25. Proper officers of the Township are authorized and directed to authorize payment, upon issuance and delivery of the Notes to the Bank, from proceeds of the Notes or from funds of the Township available for the purpose, of all costs and expenses associated with issuance of the Notes, including the fees and expenses of the Township’s financial advisor, solicitor and bond counsel and the Bank’s origination fee and counsel fees, in accordance with the terms of the accepted Proposal.

Section 26. This Township does determine to provide for retirement of the outstanding Series of 2012 Bonds upon optional redemption thereof prior to stated maturities, in accordance

with the right and privilege reserved to this Township in the Series of 2012 Bonds and in the Series of 2012 Bonds Enabling Ordinance.

The date fixed for redemption of the Series of 2012 Bonds shall be August 24, 2017 (the "Series of 2012 Bonds Redemption Date"); provided, however, that the exercise by the Board of its election to redeem the outstanding Series of 2012 Bonds, as embodied in the foregoing provisions of this Section, is subject to consummation of the sale and issuance of the Notes to the Bank. The officers and agents of this Township are hereby authorized and directed to take all such actions as may be necessary and appropriate to accomplish the redemption and retirement of the refunded Series of 2012 Bonds and, without limiting the generality of the foregoing sentence, the Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Township and any Assistant Secretary of the Township is each individually authorized and directed to instruct Fulton Bank, N.A., or its successor, as paying agent for the Series of 2012 Bonds, to issue, promptly following enactment of this Ordinance, a proper notice of redemption to effect the redemption of the outstanding Series of 2012 Bonds on the Series of 2012 Bonds Redemption Date.

Section 27. This Township does determine to provide for retirement of the outstanding Series of 2014 Note by optional redemption thereof prior to stated maturity, in accordance with the right and privilege reserved to this Township in the Series of 2014 Note and in the Series of 2014 Note Enabling Ordinance.

The date fixed for redemption of the outstanding Series of 2014 Note shall be August 24, 2017; provided, however, that the exercise by the Board of Supervisors of its election to redeem the outstanding Series of 2014 Note, as embodied in the foregoing provisions of this Section, is subject to consummation of the sale and issuance of the Notes to the Bank, and the date fixed for redemption of the Series of 2014 Note may be postponed with the consent of the Bank, as holder of the Series of 2014 Note. The officers and agents of this Township are hereby authorized and directed to take all such actions as may be necessary and appropriate to accomplish the redemption and retirement of the refunded Series of 2014 Note and, without limiting the generality of the foregoing statement, the Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Township and any Assistant Secretary of the Township is each individually authorized and directed to instruct Integrity Bank, a Division of S&T Bank, as paying agent for the Series of 2014 Note, to issue a proper, conditional notice of redemption to effect the redemption of the outstanding Series of 2014 Note.

Section 28. The officers and agents of this Township are hereby authorized and directed to take all such actions as may be necessary and appropriate to accomplish the redemption and retirement of the Refunded Obligations in accordance with this Ordinance.

Section 29. This Township shall execute and deliver the Supplemental Lease coincident with the issuance of the Notes, such Supplemental Lease to be substantially in the form presented to the Board at the meeting at which this Ordinance is enacted, which form is hereby approved.

Section 30. The Chairman or Vice Chairman of the Board and the Secretary or Assistant Secretary of this Township, as applicable, are authorized and directed to execute, to attest, to acknowledge and to deliver, on behalf of this Township, the Supplemental Lease, substantially in the form approved in Section 29, together with such changes as are approved by the officer of this

Township executing the same, in consultation with the Solicitor and Bond Counsel to this Township, the approval of such officer to be deemed conclusively to have been given upon his or her execution and delivery of the Supplemental Lease. A copy of the Supplemental Lease shall be filed with the Secretary of this Township and shall be made available for inspection at reasonable times by interested persons requesting such inspection.

Section 31. Any reference in this Ordinance to an officer or member of the Board of Supervisors or other officer of the Township shall be deemed to refer also to his or her duly qualified successor in office, as applicable.

Section 32. 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 the Township that such remainder shall be and shall remain in full force and effect.

Section 33. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

Section 34. This Ordinance shall be effective in accordance with the Act.

[SIGNATURE PAGE FOLLOWS]

DULY ENACTED AND ORDAINED, by the Board of Supervisors of the Township of Penn, Lancaster County, Pennsylvania, in lawful session duly assembled, this 24th day of July, 2017.

TOWNSHIP OF PENN,
Lancaster County, Pennsylvania

By: _____
(Vice) Chairman of the Board of Supervisors

ATTEST:

Secretary of the Township

(SEAL)

EXHIBIT A

(FORM OF NOTE NO. 1)

No. 2017-1

\$3,680,000

TOWNSHIP OF PENN,
Lancaster County, Pennsylvania
GENERAL OBLIGATION NOTE, SERIES OF 2017

Date: _____, 2017

The **TOWNSHIP OF PENN**, Lancaster County, Pennsylvania (the “Township”), a political subdivision (a Township of the Second Class) of the Commonwealth of Pennsylvania (the “Commonwealth”), promises to pay to the order of INTEGRITY BANK, A DIVISION OF S&T BANK the “Bank”), Indiana, Pennsylvania, or registered assigns (the Bank or such other person in whose name ownership of this Note is registered on the books of the Township kept for such purpose by the Bank, as registrar, is hereinafter referred to as the “Registered Owner”), the principal sum of THREE MILLION SIX HUNDRED EIGHTY THOUSAND DOLLARS (\$3,680,000.00), such principal sum to be paid in installments as herein provided, and to pay interest on the principal amount hereof that, from time to time, shall be outstanding and shall remain unpaid, such interest to be calculated initially and during the period ending on August 15, 2027, at the fixed rate of Two and Fifty-five Hundredths Per Centum (2.55%) per annum, and thereafter at a floating rate per annum equal to the Prime Rate per annum, but not to exceed 3.50% per annum, until the remaining principal balance of this Note is paid in full.

On November 15, 2017, the Township shall pay only interest accrued on the outstanding principal balance of this Note at the applicable interest rate as aforesaid; thereafter, on May 15 and November 15 of each year, until the outstanding principal amount hereof and all interest accrued on this Note has been paid in full, the Township shall pay interest accrued on the outstanding principal balance of this Note at the applicable interest rate as aforesaid. The principal of this Note shall be payable in annual installments, on May 15 of each of the years 2018 through 2033, with the amount of each such principal installment to be as set forth in the principal payment schedule attached to this Note as **Schedule A**.

Notwithstanding any other provisions hereof, the entire unpaid balance of principal and all accrued and unpaid interest on this Note shall be due and payable on May 15, 2033, if not sooner paid.

Interest on this Note shall be calculated on a daily basis on the unpaid principal balance of this Note, for the actual number of days that the principal balance shall be outstanding, using a factor that assumes a 360-day year comprised of twelve 30-day months.

For all purposes of this Note, the phrase “Prime Rate ” shall mean the commercial loan interest index known as the “Prime Rate” published in the “Money Rates” section of the daily edition of *The Wall Street Journal*, as such Prime Rate may change from time to time, but if *The Wall Street Journal* is no longer published or publication thereof is suspended for any reason, or if the said “Prime Rate” is no longer quoted therein, the Registered Owner of this Note shall have the right, exercising reasonable judgment, to substitute a comparable per annum interest rate as the

EXHIBIT A (CONT'D)

Prime Rate, giving written notice thereof to the Township. The effective date of any change in such Prime Rate shall be the effective date of a corresponding change in any interest rate borne by this Note which is determined by reference to such Prime Rate.

The principal, redemption premium, if any, and interest with respect to this Note shall be payable, when due, at the principal office of the Bank in Indiana, Pennsylvania, or at any other office of the Bank, in lawful money of the United States of America.

Whenever any payment to be made on this Note is stated to be due on a day that is a Saturday, a Sunday, a legal holiday, a day on which the Bank is closed, or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to remain closed, then the date for payment of the amount then due and payable on this Note shall be the next succeeding day that is not a Saturday, a Sunday, a legal holiday, a day on which the Bank is closed, or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to remain closed, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

This Note is subject to redemption prior to maturity, at the option of the Township, as a whole or in part, on any date, upon payment of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium or penalty. Any partial redemption of the outstanding principal amount of this Note shall be applied to such installment(s) of principal due on this Note and in such amount(s) as the Township may designate in writing to the registered owner of this Note at the time of redemption or, if no such designation is made, shall be applied to the last (by date) installment(s) of principal due on this Note.

Payment of the redemption price of this Note shall be made to the Registered Owner, but if this Note is called for redemption as a whole, only upon surrender of this Note to the Bank, acting as paying agent, at its principal office in Indiana, Pennsylvania, or if this Note is called for redemption only in part, only upon presentation of this Note to the Bank, acting as paying agent, at such office, for notation hereon of the amount of principal redeemed at the place provided on this Note for such purpose.

Any redemption, as hereinbefore authorized, shall be upon written notice deposited, postage prepaid, in the United States mail not less than five (5) days prior to the date selected for redemption and addressed to the person in whose name ownership of this Note is registered on the business day next preceding the date of mailing of the notice on the registration book of the Township kept by the Bank, acting as registrar on behalf of the Township, at the address of such owner as shown on such registration book; provided, however, that if the registered owner of this Note is the Bank or the registered owner shall file written waiver of notice with the Township, this Note may be redeemed on the redemption date without necessity of such notice by mail. On the date designated for redemption, money for payment of the principal, premium, if any, and accrued interest due on this Note or the portion hereof so called for redemption, as applicable, being held by the Bank, acting as paying agent, and notice of redemption having been given or waived as aforesaid, interest on this Note or the portion hereof so called for redemption, as applicable, shall cease to accrue and, if this Note shall have been called for redemption in full, it shall cease to be entitled to any benefit or security under the Ordinance (hereinafter defined), and the registered

EXHIBIT A (CONT'D)

owner or any other holder hereof shall have no further rights with respect to this Note, except to receive payment of the principal of and accrued interest hereon to the redemption date, together with any applicable redemption premium, if any.

This Note is one of a series of general obligation notes of the Township in the original aggregate principal amount of \$4,795,000. known as the Township's "General Obligation Notes, Series of 2017" (the "Notes"), issued in accordance with provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Act"), 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 the Notes were authorized, and the Ordinance shall constitute a contract between the Township and the Registered Owner, 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 the Notes or in creation of the debt of which the Notes are 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 the Notes, 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 the Notes.

The Township has covenanted, in the Ordinance, to and with registered owners, from time to time, of each of the Notes that the Township: (i) shall include the amount of the debt service for the Notes, for each fiscal year of the Township 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 the sinking fund established under the Ordinance or any other of its revenues or funds the principal of and interest on the Notes at the dates and place and in the manner stated in the Notes, according to the true intent and meaning of the Notes; 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, as the sinking fund depository, into which funds for the payment of the principal of and the interest on the Notes 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 the Notes.

This Note has been 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 Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

Ownership of 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 of the Bank, but only upon notation of such transfer of ownership hereon and on the records of the Township to be kept

EXHIBIT A (CONT'D)

for that purpose at the principal office of the Bank by a duly authorized representative of the Bank acting as registrar for this Note on behalf of the Township. The Township and the Bank, as paying agent for this Note, may deem and treat the person, from time to time, in whose name ownership of 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.

IN WITNESS WHEREOF, the TOWNSHIP OF PENN, Lancaster County, Pennsylvania, as provided by the Act and in the Ordinance, has caused this Note to be executed in its name and on its behalf by the manual signature of the Chairman or the Vice Chairman of its Board of Supervisors and the official seal of the Township to be affixed hereto and the manual signature of the Secretary or Assistant Secretary of the Township to be affixed hereto in attestation thereof, all as of the date first above written.

TOWNSHIP OF PENN, Lancaster County,
Pennsylvania

By: _____
(Vice) Chairman of the Board of Supervisors

ATTEST:

(Assistant) Secretary of the Township

(SEAL)

DELIVERY ENDORSEMENT

I, the undersigned, certify that this Note was initially delivered to Integrity Bank, a Division of S&T Bank, this _____ day of August, 2017.

(Assistant) Secretary of the Township of Penn,
Lancaster County, Pennsylvania

EXHIBIT A

SCHEDULE A
(PRINCIPAL PAYMENT SCHEDULE)

Township of Penn, Lancaster County, Pennsylvania
General Obligation Note, Series of 2017, No. 2017-1

<u>Principal Payment Date</u>	<u>Principal Payment Amount</u>
May 15, 2018	
May 15, 2019	
May 15, 2020	
May 15, 2021	
May 15, 2022	
May 15, 2023	
May 15, 2024	
May 15, 2025	
May 15, 2026	
May 15, 2027	
May 15, 2028	
May 15, 2029	
May 15, 2030	
May 15, 2031	
May 15, 2032	
May 15, 2033	

EXHIBIT A

REDEMPTION RECORD
(PRINCIPAL PAID IN ADVANCE OF DUE DATE)

<u>AMOUNT</u>	<u>DATE</u>	<u>PRINCIPAL BALANCE</u>	<u>AUTHORIZED OFFICER</u>
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REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF INTEGRITY BANK, A DIVISION OF S&T BANK, OR ITS SUCCESSOR, ACTING AS REGISTRAR ON BEHALF OF THE TOWNSHIP OF PENN, LANCASTER COUNTY, PENNSYLVANIA.

DATE OF
REGISTRY
/ /2017

NAME OF REGISTERED OWNER
Integrity Bank, A Division of S&T Bank

REGISTRAR'S
AUTHORIZED
REPRESENTATIVE

EXHIBIT B (CONT'D)

(FORM OF NOTE NO. 2)

No. 2017-2

\$1,115,000

TOWNSHIP OF PENN,
Lancaster County, Pennsylvania
GENERAL OBLIGATION NOTE, SERIES OF 2017

Date: _____, 2017

The **TOWNSHIP OF PENN**, Lancaster County, Pennsylvania (the "Township"), a political subdivision (a Township of the Second Class) of the Commonwealth of Pennsylvania (the "Commonwealth"), promises to pay to the order of INTEGRITY BANK, A DIVISION OF S&T BANK the "Bank"), Indiana, Pennsylvania, or registered assigns (the Bank or such other person in whose name ownership of this Note is registered on the books of the Township kept for such purpose by the Bank, as registrar, is hereinafter referred to as the "Registered Owner"), the principal sum of ONE MILLION ONE HUNDRED FIFTEEN THOUSAND DOLLARS (\$1,115,000.00), such principal sum to be paid in installments as herein provided, and to pay interest on the principal amount hereof that, from time to time, shall be outstanding and shall remain unpaid, such interest to be calculated at the fixed rate of Two and Fifteen Hundredths Per Centum (2.15%) per annum.

On November 15, 2017, the Township shall pay only interest accrued on the outstanding principal balance of this Note at the applicable interest rate as aforesaid; thereafter, on May 15 and November 15 of each year, until the outstanding principal amount hereof and all interest accrued on this Note has been paid in full, the Township shall pay interest accrued on the outstanding principal balance of this Note at the applicable interest rate as aforesaid. The principal of this Note shall be payable in annual installments, on May 15 of each of the years 2018 through 2024, with the amount of each such principal installment to be as set forth in the principal payment schedule attached to this Note as **Schedule A**.

Notwithstanding any other provisions hereof, the entire unpaid balance of principal and all accrued and unpaid interest on this Note shall be due and payable on May 15, 2024, if not sooner paid.

Interest on this Note shall be calculated on a daily basis on the unpaid principal balance of this Note, for the actual number of days that the principal balance shall be outstanding, using a factor that assumes a 360-day year comprised of twelve 30-day months.

The principal, redemption premium, if any, and interest with respect to this Note shall be payable, when due, at the principal office of the Bank in Indiana, Pennsylvania, or at any other office of the Bank, in lawful money of the United States of America.

Whenever any payment to be made on this Note is stated to be due on a day that is a Saturday, a Sunday, a legal holiday, a day on which the Bank is closed, or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to remain closed, then the date for payment of the amount then due and payable on this Note shall be the next succeeding day that is not a Saturday, a Sunday, a legal holiday, a day on which

EXHIBIT B (CONT'D)

the Bank is closed, or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to remain closed, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

This Note is subject to redemption prior to maturity, at the option of the Township, as a whole or in part, on any date, upon payment of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium or penalty. Any partial redemption of the outstanding principal amount of this Note shall be applied to such installment(s) of principal due on this Note and in such amount(s) as the Township may designate in writing to the registered owner of this Note at the time of redemption or, if no such designation is made, shall be applied to the last (by date) installment(s) of principal due on this Note.

Payment of the redemption price of this Note shall be made to the Registered Owner, but if this Note is called for redemption as a whole, only upon surrender of this Note to the Bank, acting as paying agent, at its principal office in Indiana, Pennsylvania, or if this Note is called for redemption only in part, only upon presentation of this Note to the Bank, acting as paying agent, at such office, for notation hereon of the amount of principal redeemed at the place provided on this Note for such purpose.

Any redemption, as hereinbefore authorized, shall be upon written notice deposited, postage prepaid, in the United States mail not less than five (5) days prior to the date selected for redemption and addressed to the person in whose name ownership of this Note is registered on the business day next preceding the date of mailing of the notice on the registration book of the Township kept by the Bank, acting as registrar on behalf of the Township, at the address of such owner as shown on such registration book; provided, however, that if the registered owner of this Note is the Bank or the registered owner shall file written waiver of notice with the Township, this Note may be redeemed on the redemption date without necessity of such notice by mail. On the date designated for redemption, money for payment of the principal, premium, if any, and accrued interest due on this Note or the portion hereof so called for redemption, as applicable, being held by the Bank, acting as paying agent, and notice of redemption having been given or waived as aforesaid, interest on this Note or the portion hereof so called for redemption, as applicable, shall cease to accrue and, if this Note shall have been called for redemption in full, it shall cease to be entitled to any benefit or security under the Ordinance (hereinafter defined), and the registered owner or any other holder hereof shall have no further rights with respect to this Note, except to receive payment of the principal of and accrued interest hereon to the redemption date, together with any applicable redemption premium, if any.

This Note is one of a series of general obligation notes of the Township in the original aggregate principal amount of \$4,795,000. known as the Township's "General Obligation Notes, Series of 2017" (the "Notes"), issued in accordance with provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Act"), 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 the Notes were authorized, and the Ordinance shall constitute a contract between the Township and the Registered Owner, from time to time, of this Note.

EXHIBIT B (CONT'D)

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 the Notes or in creation of the debt of which the Notes are 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 the Notes, 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 the Notes.

The Township has covenanted, in the Ordinance, to and with registered owners, from time to time, of each of the Notes that the Township: (i) shall include the amount of the debt service for the Notes, for each fiscal year of the Township 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 the sinking fund established under the Ordinance or any other of its revenues or funds the principal of and interest on the Notes at the dates and place and in the manner stated in the Notes, according to the true intent and meaning of the Notes; 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, as the sinking fund depository, into which funds for the payment of the principal of and the interest on the Notes 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 the Notes.

This Note has been 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 Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

Ownership of 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 of the Bank, but only upon notation of such transfer of ownership hereon and on the records of the Township to be kept for that purpose at the principal office of the Bank by a duly authorized representative of the Bank acting as registrar for this Note on behalf of the Township. The Township and the Bank, as paying agent for this Note, may deem and treat the person, from time to time, in whose name ownership of 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.

IN WITNESS WHEREOF, the TOWNSHIP OF PENN, Lancaster County, Pennsylvania, as provided by the Act and in the Ordinance, has caused this Note to be executed in its name and on its behalf by the manual signature of the Chairman or the Vice Chairman of its Board of Supervisors and the official seal of the Township to be affixed hereto and the manual signature of

EXHIBIT B (CONT'D)

the Secretary or Assistant Secretary of the Township to be affixed hereto in attestation thereof, all as of the date first above written.

TOWNSHIP OF PENN, Lancaster County,
Pennsylvania

By: _____
(Vice) Chairman of the Board of Supervisors

ATTEST:

(Assistant) Secretary of the Township

(SEAL)

DELIVERY ENDORSEMENT

I, the undersigned, certify that this Note was initially delivered to Integrity Bank, A Division of S&T Bank, this _____ day of August, 2017.

(Assistant) Secretary of the Township of Penn,
Lancaster County, Pennsylvania

EXHIBIT B (CONT'D)

SCHEDULE A
(PRINCIPAL PAYMENT SCHEDULE)

Township of Penn, Lancaster County, Pennsylvania
General Obligation Note, Series of 2017, No. 2017-2

<u>Principal Payment Date</u>	<u>Principal Payment Amount</u>
May 15, 2018	
May 15, 2019	
May 15, 2020	
May 15, 2021	
May 15, 2022	
May 15, 2023	
May 15, 2024	

EXHIBIT B (CONT'D)

REDEMPTION RECORD
(PRINCIPAL PAID IN ADVANCE OF DUE DATE)

<u>AMOUNT</u>	<u>DATE</u>	<u>PRINCIPAL BALANCE</u>	<u>AUTHORIZED OFFICER</u>
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REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF INTEGRITY BANK, A DIVISION OF S&T BANK, OR ITS SUCCESSOR, ACTING AS REGISTRAR ON BEHALF OF THE TOWNSHIP OF PENN, LANCASTER COUNTY, PENNSYLVANIA.

DATE OF
REGISTRY
/ /2017

NAME OF REGISTERED OWNER
Integrity Bank, a Division of
S&T Bank

REGISTRAR'S
AUTHORIZED
REPRESENTATIVE

CERTIFICATE

I, the undersigned, Secretary of the Township of Penn, Lancaster County, Pennsylvania (the "Township"), certify that: the foregoing is a true and correct copy of an Ordinance which duly was enacted by the Board of Supervisors of the Township, in accordance with law, at a meeting duly held on July 24, 2017; said Ordinance duly has been recorded in the ordinance book of the Township; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 2017-_____ ; the total number of members of the Board of Supervisors of the Township is five (5); the vote of members of the Board of Supervisors of the Township, upon enactment of said Ordinance, the yeas and nays having been called, duly was recorded by me, as Secretary, as follows:

Ben Bruckhart - ;
Jill Groff - ;
Ronald H. Krause - ;
Richard Landis - ;
Dick Shellenberger - ;

a Notice with respect to the proposed enactment of said Ordinance has been published, as required by law, in a daily newspaper of general circulation in the Township; said Ordinance was available for inspection by any interested citizen requesting the same in accordance with the requirements of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth") and such notice; and said Ordinance has not been amended, altered or repealed, as of the date of this Certificate.

I further certify that the Board of Supervisors of the Township met the advance notice and public comment requirements of the Sunshine Act, 65 Pa.C.S. §701 et seq., of the Commonwealth, by advertising the time and place of said meeting, by posting prominently a notice of said meeting at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Township, this 24th day of July, 2017.

Secretary of the Township of Penn, Lancaster
County, Pennsylvania

(SEAL)