

TOWNSHIP OF HAMILTONBAN,

Adams County, Pennsylvania

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ORDINANCE NO. 2012-02

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AN ORDINANCE

OF THIS TOWNSHIP AUTHORIZING AND DIRECTING ISSUANCE OF A GENERAL OBLIGATION NOTE OF THIS TOWNSHIP IN THE MAXIMUM PRINCIPAL AMOUNT OF \$500,000, PURSUANT TO THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, TO PROVIDE FUNDS FOR AND TOWARD PAYMENT OF COSTS OF A CAPITAL PROJECT, INCLUDING ADDITIONS AND IMPROVEMENTS TO THE TOWNSHIP'S MUNICIPAL CAMPUS AND RELATED BUILDINGS AND FACILITIES THEREON, AND THE PAYMENT OF RELATED EXPENSES; ACCEPTING A BANK LOAN PROPOSAL TO PURCHASE THE NOTE; SETTING FORTH THE TERMS OF SUCH NOTE; CREATING A SINKING FUND AND APPOINTING A SINKING FUND DEPOSITORY FOR SUCH NOTE; AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP TO SECURE THE NOTE; AND CONTAINING RELATED PROVISIONS.

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**WHEREAS**, The Board of Supervisors of the Township of Hamiltonban, Adams County, Pennsylvania (the "Township"), in contemplation of the sale and issuance of a general obligation note in the maximum principal amount of Five Hundred Thousand Dollars (\$500,000), to provide funds for and toward the Project (hereinafter defined), heretofore determined that such general obligation note: (a) should be offered for sale at private sale by negotiation; and (b) should be offered for sale at a price of not less than 100% of principal amount thereof; and

**WHEREAS**, The Board of Supervisors of this Township has obtained estimates of the costs, as "costs" is defined in the Act of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") known as the Local Government Unit Debt Act (the "Act"), of the Project (hereinafter defined) to be financed, and has determined that such costs are not less than \$500,000; and

**WHEREAS**, A proper written proposal for purchase of such general obligation note has been requested from and has been received from Farmers and Merchants Trust Company of Chambersburg (the "Bank"), which has an office in Chambersburg, Pennsylvania; and

**WHEREAS,** The Board of Supervisors of this Township duly has opened, read and considered such proposal; and

**WHEREAS,** The Board of Supervisors of this Township desires to accept such proposal of the Bank, to award the Note (hereinafter defined) to the Bank, at private sale, and to incur nonelectoral debt in the amount of \$500,000 in connection with the Project (hereinafter defined), pursuant to provisions of the Act.

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED,** by the Board of Supervisors of this Township, 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 maximum principal amount of \$500,000, to be designated generally as its "General Obligation Note, Series of 2012" (the "Note"), in accordance with the Act, to finance a capital project to be undertaken by this Township, including planning, designing and constructing additions and improvements to the Township's new municipal campus located at 4020 Bullfrog Road, Fairfield, Pennsylvania, including a new maintenance garage, salt shed and fueling station (the "Capital Projects"), and to pay related costs and expenses (collectively, the "Project").

The Township covenants that the proceeds of the Note received by the Township from the Bank shall be applied solely to payment or reimbursement of "costs," as "costs" is defined in the Act, of the Project, as that term is defined in this Ordinance; and the purposes for which such proceeds may be applied shall not be changed without the prior written consent of the Bank.

**Section 2.** The Board of Supervisors of this Township expresses its finding that it is in the best financial interests of this Township to sell the Note at private sale by negotiation and 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 brief description of the Project for which the Note shall be issued is set forth in Section 1; the useful life of the Project varies between at least three (3) years and at least twenty (20) years, with the principal payments on the Note equal to the separate cost of each capital project or facility being stated to mature prior to the end of such useful life. The first payment of principal on the Note will not be deferred beyond one year after completion of construction, which is estimated to be by the end of July, 2012.

**Section 4.** The Board of Supervisors of this Township shall and does accept a proposal of the Bank for purchase of the Note; and the Note shall be and is awarded to the Bank, in accordance with the terms and conditions of its proposal, the original of which is on file with the Secretary of this Township, at private sale and at a dollar price of \$500,000 (100% of principal amount), the Bank having submitted such proposal in accordance with provisions of the Act.

The Bank shall make advances of the proceeds of the Note to the Township, from time to time, on a non-revolving line of credit basis, on any date or dates through and including the day preceding the stated date of maturity of the Note, upon written request of the Township, provided

that the outstanding principal balance of the Note shall not exceed, at any time, the sum of \$500,000.

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

**Section 6.** The Note shall be in registered form and shall bear interest on the principal balance thereof outstanding at the rate, shall be of the denomination, shall mature and shall be payable as to interest on the dates as set forth in the following schedule:

<u>Interest Rate</u>	<u>Denomination</u>	<u>Maturity Date</u>	<u>Interest Payment Dates</u>
2.97% per annum, fixed	\$500,000	March 1, 2013	Monthly, with the first payment of interest due April 1, 2012

If the date fixed for any payment of principal or interest on the Note, whether an Interest Payment Date, the Maturity Date or any date fixed for redemption of the Note in whole or in part, is not a Business Day, as hereinafter defined, such payment shall be due and payable on the next following Business Day, and such extension of time shall in each case be included in any computation of payments of interest, but shall be excluded in the computation of interest for any next succeeding interest period. For the purposes of this Ordinance and the Note, the phrase "Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday in the Commonwealth of Pennsylvania.

Each amount advanced by the Bank against the stated principal amount of the Note shall bear interest from the date of such advance.

**Section 7.** The Note shall be subject to redemption prior to maturity, at the option of this Township, in whole or in part, on any date, upon payment of the outstanding principal amount thereof, together with accrued interest to the date fixed for redemption.

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 the 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 for the Note 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 the Note is the Bank or the registered owner of the Note shall have filed written waiver of notice with the Township, the 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 the Note or the portion thereof 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 the Note or the portion thereof so called for redemption, as applicable, shall cease to accrue and, if the Note shall have been called for redemption in full, it shall cease to be entitled to any benefit or security under this Ordinance, and the registered owner thereof shall have no further rights with respect to the Note, except to receive

payment of the principal of and accrued interest on the Note to the redemption date, together with any applicable redemption premium

The foregoing provisions of this Section are, however, subject to the condition that so long as the line of credit with the Bank to which this Note relates is open, this Note shall not be cancelled, nor shall such line of credit be terminated, until such line of credit may no longer be drawn upon by the Township or the Township shall declare, in writing delivered to the Bank, that no further draws shall be made by the Township against such line of credit.

**Section 8.** The principal of and interest on the Note shall be payable at the Chambersburg, Pennsylvania, office of the Bank or at any other office of the Bank, as shall be specified in the Note, in lawful money of the United States of America.

**Section 9.** The form of the Note and the form of Registration Record shall be substantially as set forth in Exhibit A attached hereto and made part hereof, with appropriate insertions and variation.

**Section 10.** The Note shall be executed in the name of and on 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 thereto, and the manual signature of the Secretary or any Assistant Secretary of this Township shall be affixed thereto in attestation thereof; and said officers are authorized to execute and to attest, as applicable, the Note, as aforesaid.

**Section 11.** This Township covenants to and with the Bank and any subsequent registered owner, from time to time, of the Note that this Township: (i) shall include the amount of the debt service for the Note, for each fiscal year of this 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 created pursuant to Section 12 hereof or any other of its revenues or funds the principal of and the interest on the Note at the dates and place 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.

**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 2012," which sinking fund shall be administered in accordance with applicable provisions of the Act.

**Section 13.** This Township appoints the Bank 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 or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Note when due.

**Section 15.** The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or any Assistant Secretary, respectively, of this Township, which shall include their duly qualified successors in office, if applicable, are authorized and directed: (a) to prepare, to certify and to file with the Department of Community and Economic Development (the "Department") of the Commonwealth the debt statement required by the Act; (b) to prepare and to file the application with the Department, together with a complete and accurate transcript of the proceedings relating to the incurring of debt, of which debt the Note, upon issue, will be evidence, as required by the Act; (c) to prepare and to file, if applicable, any statements required by the Act that are necessary to qualify all or any portion of nonelectoral and/or lease rental debt of this 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.

The Board of Supervisors of this 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 any Assistant Secretary of this Township are authorized to prepare and to execute, or to authorize the auditors of this Township to prepare and to execute, such borrowing base certificate.

**Section 16.** The Note has been sold, as set forth in this Ordinance, at private sale by negotiation, as permitted by the Act.

**Section 17.** The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or any Assistant Secretary, respectively, of this Township are authorized and directed to contract with the Bank for its services as sinking fund depository in connection with the sinking fund created pursuant to Section 12 and as paying agent in connection with the Note.

**Section 18.** It is declared that the debt to be incurred hereby, together with any other indebtedness of this Township, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by this Township which is evidenced by the Note.

**Section 19.** The Secretary of this 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 proposal for purchase of the Note, but only after the Department has certified its approval pursuant to Section 8204 of the Act or the filing made with the Department in accordance with Section 15 of this Ordinance is deemed to have been approved, as provided in Section 8206 of the Act.

**Section 20.** The Township covenants to and with the Bank and any subsequent owners of the Note that it will make no use of the proceeds of the Note, or of any other obligations deemed to be part of the same issue as the Note under applicable federal tax regulations, that will cause the Note 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. This Township further covenants to and with the Bank and any subsequent owners of the Note that it will make no use of the proceeds of the Note, of the

proceeds of any other obligations deemed to be part of the same "issue" as the Note under applicable Federal tax regulations, or of any property or facilities financed with the proceeds of the Note or of any such other obligations deemed to be part of the same "issue" as the Note, that will cause the Note to be or become a "private activity bond" within the meaning of Section 141 of the Code and the Treasury Regulations implementing said Section of the Code. This Township shall comply with all other requirements of the Code, if and to the extent applicable, to maintain continuously the Federal income tax exemption of interest on the Note, and shall take no action which would adversely affect the tax-exempt status of the interest paid or payable on the Note.

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 2011 calendar year and, accordingly, the Township hereby designates the Note as a "qualified tax-exempt obligation", as defined in Section 265(b)(3)(B) of the Code, for the purposes and effect contemplated by Section 265 of the Code.

**Section 21.** Any reference in this Ordinance to an officer or member of the Board of Supervisors or other officer of this Township shall be deemed to refer also to his or her duly qualified successor in office, as applicable.

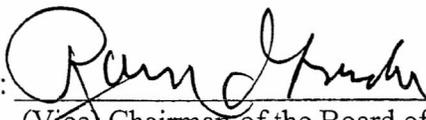
**Section 22.** In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this Township that such remainder shall be and shall remain in full force and effect.

**Section 23.** All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

**Section 24.** This Ordinance shall be effective in accordance with Section 8003 of the Act.

**DULY ENACTED AND ORDAINED**, by the Board of Supervisors of the Township of Hamiltonban, Adams County, Pennsylvania, in lawful session duly assembled, this 7<sup>th</sup> day of February, 2012.

**TOWNSHIP OF HAMILTONBAN,**  
Adams County, Pennsylvania

By:   
(Vice) Chairman of the Board of Supervisors

**ATTEST:**

  
Township Secretary

(SEAL)

**EXHIBIT A**

(FORM OF NOTE)

**TOWNSHIP OF HAMILTONBAN,  
Adams County, Pennsylvania,  
GENERAL OBLIGATION NOTE, SERIES OF 2012**

\_\_\_\_\_, 2012

The **TOWNSHIP OF HAMILTONBAN**, Adams 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 Farmers and Merchants Trust Company of Chambersburg (the "Bank"), or registered assigns, on March 1, 2013 (the "Maturity Date"), unless this General Obligation Note, Series of 2012 (the "Note"), duly shall have been called for previous redemption in full and payment of the redemption price shall have been made or provided for, the principal sum of Five Hundred Thousand Dollars (\$500,000), or such lesser particular sum as shall represent the unpaid balance of all amounts drawn and borrowed by the Township from the Bank against this Note from time to time, on a non-revolving line of credit basis, and to pay to the Bank, or registered assigns, interest on the principal balance of this Note which, from time to time, shall be outstanding and shall remain unpaid, at the fixed rate of 2.97% per annum, such interest to be payable initially on April 1, 2012, and thereafter monthly, until the Maturity Date, and on the Maturity Date (each, an "Interest Payment Date"). If any Interest Payment Date, the Maturity Date or any other date fixed for any payment of principal or interest on this Note, including any redemption date, is not a Business Day, as herein defined, such payment shall be due and payable on the next following Business Day, and such extension of time shall in each case be included in any computation of payments of interest, but shall be excluded in the computation of interest for any next succeeding interest period. As used in this Note, the phrase "Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday in the Commonwealth of Pennsylvania.

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

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 outstanding principal amount hereof, together with accrued interest to the date fixed for redemption.

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 note 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 such 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.

The foregoing provisions of this Note are, however, subject to the condition that so long as the line of credit with the Bank to which this Note relates is open, this Note shall not be cancelled, nor shall such line of credit be terminated, until such line of credit may no longer be drawn upon by the Township or the Township shall declare, in writing delivered to the Bank, that no further draws shall be made by the Township against such line of credit.

This Note is issued in accordance with provisions of the Act of the General Assembly of the Commonwealth known as the Local Government Unit Debt Act (the "Act"), and by virtue of a duly 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 or registered owners, from time to time, of this Note.

It hereby is certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Note, together with any other indebtedness of the Township, is not in excess of any applicable limitation imposed by the Act upon the incurring of the debt of the Township which is evidenced by this Note.

The Township has covenanted, in the Ordinance, to and with registered owners, from time to time, of this Note, outstanding, from time to time, pursuant to the Ordinance, that the Township: (i) shall include the amount of the debt service for this Note, for each fiscal year of the Township in which such sums are payable, in its budget for that 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 the interest on this Note at the dates and place and in the manner stated herein, according to the true intent and meaning hereof; and, for such budgeting, appropriation and payment, the Township has pledged and does pledge, irrevocably, its full faith, credit and taxing power. The Act provides that the foregoing covenant of the Township shall be enforceable specifically.

The Township, in the Ordinance, has established a sinking fund with the Bank, as the sinking fund depository, into which funds for the payment of the principal of and the interest on this Note shall be deposited not later than the date fixed for the disbursement thereof. The Township has covenanted, in the Ordinance, to make payments out of such sinking fund or out of any other of its revenues or funds, at such times in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of this Note.

*This Note has been 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).*

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

IN WITNESS WHEREOF, the TOWNSHIP OF HAMILTONBAN, Adams 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 the Board of Supervisors of the Township and the official seal of the Township to be affixed hereto and the manual signature of the Secretary of the Township to be affixed hereto in attestation thereof, all as of the date set forth above.

TOWNSHIP OF HAMILTONBAN,  
Adams County, Pennsylvania

By:   
(Vice) Chairman of the Board of Supervisors

ATTEST:

  
\_\_\_\_\_  
Township Secretary

(SEAL)

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**REGISTRATION RECORD**

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF FARMERS AND MERCHANTS TRUST COMPANY OF CHAMBERSBURG, CHAMBERSBURG, PENNSYLVANIA, THE PAYING AGENT, OR OF ANY SUCCESSOR PAYING AGENT, ACTING AS REGISTRAR, ON BEHALF OF THE TOWNSHIP OF HAMILTONBAN, ADAMS COUNTY, PENNSYLVANIA.

Date of Registry	Name of Registered Owner	Registrar (Authorized Representative)
March __, 2012	Farmers and Merchants Trust Company of Chambersburg	

CERTIFICATE

I, the undersigned, Secretary of the Township of Hamiltonban, Adams County, Pennsylvania (the "Township"), certify that: the foregoing is a true and correct copy of an Ordinance which duly was enacted by affirmative vote of a majority of all members of the Board of Supervisors of the Township, in accordance with law, at a meeting duly held on February 7, 2012, at which meeting a quorum was present; said Ordinance has been certified and recorded by me, as Secretary of the Township, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 2012-02; the total number of members of the Board of Supervisors of the Township is five (5); the vote of the 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:

Robert L. Gordon	-	Yea	
Coleen N. Reamer	-	Yea	
James E. Grinder	-	Yea	
Harry Rood	-	Yea	
Douglas Woerner	-	Yea	;

said Ordinance has been advertised, as required by law, in a newspaper of general circulation in the Township; 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. Ch. 7, by advertising said meeting, by posting prominently a notice of said meeting at the principal office of the Township or at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting, all in accordance with such Act.

**IN WITNESS WHEREOF**, I set my hand and affix the official seal of the Township, this 7<sup>th</sup> day of February, 2012.



\_\_\_\_\_  
Township Secretary

(SEAL)