

TOWNSHIP OF HAMILTONBAN,
Adams County, Pennsylvania

ORDINANCE NO. 2014-03

AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF THIS TOWNSHIP INCURRING NONELECTORAL DEBT TO BE EVIDENCED BY A GENERAL OBLIGATION NOTE, SERIES OF 2014, IN THE MAXIMUM PRINCIPAL AMOUNT OF FOUR HUNDRED NINETY-SIX THOUSAND FIVE HUNDRED DOLLARS (\$496,500), TO PROVIDE FUNDS FOR AND TOWARD A PROJECT OF HAMILTONBAN TOWNSHIP AUTHORITY CONSISTING OF THE ACQUISITION AND CONSTRUCTION BY SUCH AUTHORITY OF IMPROVEMENTS TO ITS PUBLIC SEWER SYSTEM, AND THE PAYMENT OF RELATED COSTS AND EXPENSES, INCLUDING COSTS, FEES AND EXPENSES OF FINANCING; SETTING FORTH THE FINDING THAT IT IS IN THE BEST FINANCIAL INTEREST OF THIS TOWNSHIP TO SELL THE NOTE AT PRIVATE SALE BY NEGOTIATION; ACCEPTING A CERTAIN PROPOSAL FOR PURCHASE OF SUCH NOTE; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF SUCH NOTE AND AUTHORIZING EXECUTION AND AUTHENTICATION THEREOF; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT OF SUCH NOTE; 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 NOTE; AUTHORIZING APPROPRIATE OFFICERS OF THIS TOWNSHIP TO TAKE CERTAIN ACTIONS AND TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH ISSUANCE OF SUCH NOTE; AUTHORIZING AND APPROVING A SUBSIDY AGREEMENT BETWEEN SAID AUTHORITY AND THIS TOWNSHIP AND PROVIDING FOR EXECUTION AND DELIVERY THEREOF; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

WHEREAS, The Township of Hamiltonban, Adams County, Pennsylvania (the "Township"), is a political subdivision (a second class township) of the Commonwealth of Pennsylvania (the "Commonwealth") and is governed by its Board of Supervisors; and

WHEREAS, Hamiltonban Township Authority (the "Authority") is a municipality authority existing under and governed by the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. Ch. 56; and

WHEREAS, The Authority, with the consent and approval of the Township, heretofore undertook the acquisition and construction of certain sanitary sewage collection, transportation, treatment and disposition system facilities, including all related and necessary facilities, required for rendering sanitary sewer service in and for the Township (the "Sewer System"); and

WHEREAS, The Township, pursuant to 53 Pa. C.S. §8005(c), has full power and authority to issue bonds or notes to provide funds for and toward the cost of, or the cost of completing, any project or combination of projects which the Township is authorized to own, acquire, subsidize, operate or lease; and

WHEREAS, The Township, at the request of the Authority, has determined to provide financing required in connection with the acquisition and construction by the Authority of improvements to its public sewer system, including a biological nutrient removal waste water treatment plant, and the payment of related costs and expenses, including costs, fees and expenses of financing (the "Project"); and

WHEREAS, The Authority has obtained a grant from the Commonwealth Financing Authority in the amount of \$496,500 (the "Grant") in connection with the Project; and

WHEREAS, This Township and the Authority have agreed to enter into a Purchase Agreement (the "Purchase Agreement") with Pennsylvania-American Water Company ("PAWC") pursuant to which PAWC will agree to purchase the Sewer System upon completion of the Project; and

WHEREAS, This Township, in connection with said financing, has determined to enter into a Subsidy Agreement, dated as of April 1, 2014 (the "Subsidy Agreement"), with the Authority, which shall provide, *inter alia*, that the Authority shall periodically pay certain sums to the Township, derived solely from the receipts and revenues from the Sewer System, and proceeds of the Grant, or sale proceeds in connection with the Purchase Agreement, for application toward the payment of the debt service on the Note (hereinafter defined) to be issued by the Township, in the amounts specified in the Subsidy Agreement (hereinafter defined); and

WHEREAS, The Township has agreed to the issuance and sale of a general obligation note in the stated maximum principal amount of \$496,500 to provide funds for and toward the Project, and 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 the Township, in accordance with the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Act"), of the Commonwealth, has obtained realistic cost estimates for the Project (hereinafter defined) through actual bids, option agreements or professional estimates, and has determined that the costs, as defined in the Act, of the Project will be at least \$496,500; and

WHEREAS, A proper written and sealed private bid or proposal for purchase of such general obligation note (the "Proposal") has been requested from and has been received from Farmers and Merchants Trust Company of Chambersburg (the "Bank"), Chambersburg, Pennsylvania; and

WHEREAS, The Board of Supervisors of the Township desires to accept such bid or proposal of the Bank, to award the Note to the Bank, at private sale, and to incur nonelectoral debt in the amount of \$496,500, in connection with the Project, pursuant to provisions of the Act.

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 general obligation note of the Township in the stated maximum principal amount of \$496,500 to be designated generally as the "General Obligation Note, Series of 2014" (the "Note"), to provide funds for and toward payment of the costs and expenses of the Project.

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 Note at private sale by negotiation and determines that the debt to be incurred pursuant to this Ordinance and to be evidenced by the Note shall be nonelectoral debt of the Township.

Section 3. A brief description of the Project has been set forth herein, and the estimated useful life of the Project is at least 25 years. The date of estimated completion of construction of the Project is June 30, 2014.

Section 4. The Board of Supervisors of the Township does hereby accept the bid or proposal of the Bank dated February 5, 2014, for purchase of the Note (the "Proposal") under the terms and conditions therein which provide for the Note to bear interest on the outstanding principal balance thereof at a fixed rate of 2.64% per annum, and the Note shall be and is awarded to the Bank in accordance with such 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 \$496,500 (100% of principal amount), the Bank having submitted the Proposal in accordance with provisions of the Act.

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

Section 6. The Note shall be registered in form, shall bear the rate of interest and shall be in the denomination as is set forth in Section 7, shall be dated as of the date of delivery thereof to the Bank, and shall bear interest from the date of delivery thereof to the Bank, at the rate specified in Section 7, payable monthly until maturity or until any earlier date upon which the principal amount of the Note is paid in full or, in the event that the Note duly shall have been called for previous redemption, in full, and payment of the redemption price thereof shall have been made or provided for, until the date fixed for redemption. The principal of the Note shall be payable, in full, upon maturity on December 31, 2014.

Section 7. The Note shall bear interest at the rate per annum and shall be payable as to principal and interest installments, all as set forth in the Proposal and in the Note.

Section 8. A schedule setting forth the maximum principal and interest payable on the Note is attached hereto as **Exhibit A** and made a part hereof. Principal of the Note shall be advanced to this Township by the Bank, from time to time, while the Note remains outstanding, upon written request of the Township in form and substance satisfactory to the Bank and, to the extent required by the Subsidy Agreement (hereinafter defined), the Authority. The aggregate sum of all advances shall not exceed \$496,500.

Section 9. The Township hereby appoints the Bank as the paying agent for the Note and directs that the principal of and interest on the Note shall be payable at the principal office of the Bank in Chambersburg, Pennsylvania, in lawful money of the United States of America.

Section 10. The Township hereby appoints the Bank to act as registrar with respect to the Note. The Bank, by acceptance of the Note, agrees to establish and maintain on behalf of the Township a book or other record into which the Bank shall enter the name and address of the registered owner, from time to time, of the Note and shall register any transfer of ownership of the Note. 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 Note, may deem and treat the person in whose name the Note shall be registered as the absolute owner thereof for all purposes, and payment of the principal of, premium, if any, and interest on the 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 of the Note shall be valid and effectual to satisfy and discharge liability upon the Note, 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.

Registration of the transfer of ownership of the Note shall be made only upon surrender of the Note to the Bank, acting as note registrar, at its principal office in Chambersburg, Pennsylvania, accompanied by a written assignment and instructions in form satisfactory to the Bank, as note registrar, duly executed by the registered owner of the 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 the Note upon the registration book or record maintained by the Bank on behalf of the Township for such purpose, shall enter the name of the transferee as registered owner of the Note upon the Note in the space provided for such purpose, and shall deliver the Note to the transferee.

Section 11. The Note shall be subject to redemption prior to maturity, at the option of the Township, as described in the form of the Note set forth in **Exhibit B**.

Section 12. The form of the Note, 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.

Section 13. The Note 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 Note, as aforesaid.

Section 14. The Township covenants to and with the registered owner, from time to time, of the Note that the Township: (i) shall include the amount of the debt service on the 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 (hereinafter defined) 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 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 Note, to be known as "Sinking Fund - General Obligation Note, Series of 2014" (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 Note 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 Note 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, including the debt evidenced by the Note, which is to be subsidized under the Subsidy Agreement hereinafter approved; (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 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 Note has been sold, as set forth in this Ordinance, at private sale by negotiation, as permitted by the Act.

Section 20. The Chairman or Vice Chairman of Board of Supervisors and the Secretary or Assistant Secretary, respectively, of the Township are 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 Note.

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 Proposal for purchase of the Note, 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 Note to the Bank by completion of the Delivery Endorsement appearing upon the Note.

Section 23. The Township shall enter into a Subsidy Agreement (the "Subsidy Agreement"), with the Authority, with respect to the Note. The Subsidy Agreement shall provide, *inter alia*, that the Authority shall periodically pay certain sums to this Township, derived from the receipts and revenues from the Sewer System, together with all appurtenant facilities and properties that the Authority has acquired or hereafter shall acquire in connection therewith, including receipts from the Grant or under the Purchase Agreement, for application toward the payment of debt service on the Note.

The Subsidy Agreement shall be substantially in the form presented to this meeting, which form is approved, together with such changes therein as shall be approved by the Solicitor and Bond Counsel for this Township and the officers of this Township executing the same, the execution and delivery thereof by such officers to constitute conclusive evidence of such approval.

The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary, respectively, of the Township are authorized and directed to execute, to attest and to seal, as appropriate, and to deliver the Subsidy Agreement.

Section 24. The Township covenants to and with the Bank and 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, and 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 Note and to take no action which would adversely affect the tax-exempt status of the interest paid or payable on the Note.

Any of the Chairman or Vice Chairman of the Board of Supervisors or the Secretary or Assistant Secretary of the Township is authorized to execute and deliver on behalf of the Township upon issuance and delivery of the Note a tax compliance certificate or agreement which, among other things, confirms that the Township reasonably expects: (1) at least 85% of the proceeds of the loan evidenced by the Note will be allocated to expenditures for the Project by the end of the 3-year period following issuance of the Note, (2) a binding obligation to a third party to expend at least 5% of the face amount of the Note on the Project will be incurred within 6 months following

the issuance of the Note (or, if applicable, such an obligation has already been incurred); and (3) the Project will be completed and the proceeds of the Note will be used to pay costs of the Project with due diligence.

The Township covenants with the Bank and subsequent registered owners of the Note that it will not make, nor shall it permit, any 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, or of the property or facilities financed or refinanced with proceeds of the Note, or of any such other obligations, that will cause the Note to be or become a "private activity bond," within the meaning of Section 141 of the Code.

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 2014 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 25. Until the principal of and all interest accrued on the Note is no longer outstanding, this Township covenants to and with the Bank that this Township shall do the following:

- (a) Annually furnish the Bank with a copy of each of the audited financial statements of the Township and the Authority; and
- (b) Maintain a deposit relationship with the Bank.

Section 26. 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.

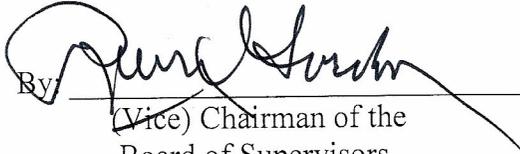
Section 27. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the Township that such remainder shall be and shall remain in full force and effect.

Section 28. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

Section 29. This Ordinance shall be effective in accordance with 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 4th day of March, 2014.

TOWNSHIP OF HAMILTONBAN,
Adams County, Pennsylvania

By 
(Vice) Chairman of the
Board of Supervisors

ATTEST:


(Assistant) Secretary of the Township

(SEAL)

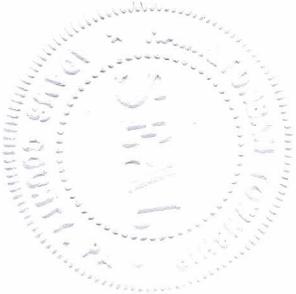


EXHIBIT A

GENERAL OBLIGATION NOTE, SERIES OF 2014
PRINCIPAL AND INTEREST PAYMENTS

Compound Period: Monthly

Nominal Annual Rate: 2.640 %

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	04/01/2014	496,500.00	1		
2	Payment	05/01/2014	Interest Only	8	Monthly	12/01/2014
3	Payment	12/31/2014	497,577.34	1		

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	04/01/2014				496,500.00
1	05/01/2014	1,092.30	1,092.30	0.00	496,500.00
2	06/01/2014	1,092.30	1,092.30	0.00	496,500.00
3	07/01/2014	1,092.30	1,092.30	0.00	496,500.00
4	08/01/2014	1,092.30	1,092.30	0.00	496,500.00
5	09/01/2014	1,092.30	1,092.30	0.00	496,500.00
6	10/01/2014	1,092.30	1,092.30	0.00	496,500.00
7	11/01/2014	1,092.30	1,092.30	0.00	496,500.00
8	12/01/2014	1,092.30	1,092.30	0.00	496,500.00
9	12/31/2014	<u>497,577.34</u>	<u>1,077.34</u>	<u>496,500.00</u>	0.00
2014 Totals		<u>506,315.74</u>	<u>9,815.74</u>	<u>496,500.00</u>	
Grand Totals		506,315.74	9,815.74	496,500.00	

EXHIBIT B

(FORM OF NOTE)

TOWNSHIP OF HAMILTONBAN,
Adams County, Pennsylvania

GENERAL OBLIGATION NOTE, SERIES OF 2014

NO. 1

\$496,500.00

Date: _____, 2014

The Township of Hamiltonban, Adams County, Pennsylvania (the "Township"), a political subdivision 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 December 31, 2014, unless this General Obligation Note, Series of 2014 (the "Note"), duly shall have been called for previous redemption and payment of the redemption price shall have been made or provided for, the maximum principal amount of Four Hundred Ninety-six Thousand Five Hundred Dollars (\$496,500), or such lesser particular sum as shall represent the unpaid balance of such maximum principal sum, from time to time, on a draw-down basis, and to pay interest on the principal amount hereof which, from time to time, shall be outstanding and shall remain unpaid, at the fixed rate of Two and Sixty-four Hundredths per centum (2.64%), per annum, from the date hereof, payable initially on April 1, 2014, and thereafter on the first day of each month, through and including December 1, 2014, and upon maturity, or until any earlier date upon which the principal amount hereof is paid in full, or, in the event that this Note duly shall have been called for previous redemption, in full, and payment of the redemption price shall have been made or provided for, until the date fixed for redemption.

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

If an Event of Taxability (as described below) shall occur, the interest rate applied to the outstanding principal balance of this Note shall, effective as of and after the date of occurrence of such event, be increased to 4.0%. For purposes of this paragraph, an "Event of Taxability" shall be deemed to have occurred on the date the Bank receives notice from the United States Internal Revenue Service (the "IRS") that the IRS has determined:

(a) that interest payable on this Note is includable in the gross income of the Bank for federal income tax purposes; or

(b) that this Note does not qualify as a "qualified tax-exempt obligation," within the meaning of the Code (hereinafter defined).

This Note is subject to redemption prior to maturity, at the option of the Township, as a whole, on any date, upon payment of the principal amount hereof, together with accrued interest to the date fixed for redemption. The Township, at its option, from time to time, on any date, may redeem any part of the principal of this Note, by payment of the amount selected for such redemption.

Any redemption, as hereinbefore authorized, in whole, shall be upon written notice addressed to the registered owner hereof at the time of such redemption, as such registered owner and address shall appear upon books of the Township to be kept by the Bank for such purpose, by deposit of such written notice in the United States mail at least ten (10) days prior to the date designated for redemption. On the date designated for redemption, notice having been given as aforesaid, and money for payment of the principal and accrued interest being held by the Bank, interest hereon or on any part of the principal hereof so called for redemption, as applicable, shall cease to accrue. If the principal of this Note shall have been called for redemption in full, this Note shall cease to be entitled to any benefit or security under the Ordinance (hereinafter defined) authorizing issuance of this Note, and the registered owner of this Note shall have no rights with respect to this Note except to receive payment of the principal of and accrued interest to the redemption date.

This Note is issued in accordance with provisions of the Act of the General Assembly of the Commonwealth known as the Local Government Unit Debt Act (the "Act"), and by virtue of a duly enacted ordinance (the "Ordinance") 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.

[Signature Page Follows]

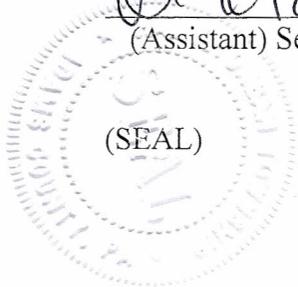
IN WITNESS WHEREOF, the TOWNSHIP OF HAMILTONBAN, Adams County, Pennsylvania, as provided by the Act and in the Ordinance, has caused this Note to be executed in its name and on its behalf by the manual signature of the Chairman or Vice Chairman of its Board of Supervisors and the official seal of the 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 HAMILTONBAN,
Adams 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 Farmers and Merchants Trust Company of Chambersburg, this ___ day of _____, 2014.


(Assistant) Secretary of the Township of
Hamiltonban, Adams County, Pennsylvania

REDEMPTION RECORD

(PRINCIPAL PAID IN ADVANCE OF DUE DATE)

REGISTRATION RECORD

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

Date of Registry	Name of Registered Owner	Registrar's Authorized Representative
/2014	Farmers and Merchants Trust Company of Chambersburg	

CERTIFICATE

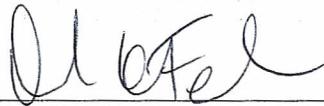
I, the undersigned, (Assistant) Secretary of the Township of Hamiltonban, Adams County, Pennsylvania (the "Township"), certify that: the foregoing is a true and correct copy of an Ordinance that duly was enacted by affirmative vote of a majority of all members of the Board of Supervisors of the Township, in accordance with law, at a meeting duly held on March 4, 2014 at which meeting a quorum was present; said Ordinance has been certified and recorded by me, as (Assistant) Secretary of the Township, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 2014-03; 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 -
LuAnn Dille	Yea -
J. Edward Deardorff	Yea -
Douglas Woerner	Yea - ;

said Ordinance has been advertised, as required by law, in a newspaper of general circulation in the Township and a copy thereof was made available for public inspection as required by the Pennsylvania Local Government Unit Debt Act; 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. Chapter 7, by advertising the time and place of 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 such meeting prior to enactment of said Ordinance, all in accordance with such Act.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Township, this 4th day of March, 2014.



(Assistant) Secretary of the Township

