

**TOWNSHIP OF WASHINGTON
COUNTY OF FRANKLIN
COMMONWEALTH OF PENNSYLVANIA**

ORDINANCE NO. 256

ENACTED: JUNE 1, 2016

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF WASHINGTON, FRANKLIN COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A GENERAL OBLIGATION NOTE, SERIES OF 2016 OF THE TOWNSHIP IN THE AGGREGATE PRINCIPAL AMOUNT OF TWO MILLION FOUR HUNDRED THOUSAND DOLLARS (\$2,400,000) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA. C.S. CHAPTERS 80-82, AS AMENDED AND SUPPLEMENTED (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE TOWNSHIP; DETERMINING THAT SUCH NOTE SHALL EVIDENCE NONELECTORAL DEBT OF THE TOWNSHIP; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS TO FINANCE A PROJECT OF THE TOWNSHIP WHICH CONSISTS OF, AMONG OTHER THINGS: (1) THE CURRENT REFUNDING OF THE TOWNSHIP'S GENERAL OBLIGATION BOND SERIES OF 2011; (2) THE DESIGN, ACQUISITION, CONSTRUCTION AND INSTALLATION OF VARIOUS CAPITAL IMPROVEMENTS TO THE TOWNSHIP'S STREETS, ROADWAYS, FACILITIES AND SYSTEMS; AND (3) THE PAYMENT OF THE COSTS AND EXPENSES OF ISSUING THE NOTE; SETTING FORTH A REASONABLE ESTIMATE OF THE USEFUL LIVES OF THE PROJECTS TO BE FINANCED; ACCEPTING A COMMITMENT FOR THE PURCHASE OF SUCH NOTE AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH NOTE, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE TOWNSHIP; FIXING THE FORM, NUMBER, DATE, INTEREST AND MATURITY THEREOF AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTE; AUTHORIZING SPECIFIED OFFICERS OF THE TOWNSHIP TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE NOTE, IF NECESSARY; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTE EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTE; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTE TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWNSHIP IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH NOTE, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE TOWNSHIP TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE NOTE, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL

AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH NOTE, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE TOWNSHIP, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE TOWNSHIP TO DELIVER THE NOTE UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE TOWNSHIP FROM TAKING ACTIONS WHICH WOULD CAUSE THE NOTE TO BECOME AN "ARBITRAGE BOND," OR "PRIVATE ACTIVITY BOND" AS THOSE TERMS ARE USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; DESIGNATING THE NOTE AS A "QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(b) OF THE CODE; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INSOFAR AS THE SAME SHALL BE INCONSISTENT HEREWITH.

WHEREAS, the Township of Washington, Franklin County, Pennsylvania (the "Township"), was incorporated under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, it is necessary that the indebtedness of the Township be increased for the purposes of providing funds to fund a project which consists of, among other things, (1) the current refunding of the Township's General Obligation Bond, Series of 2011 (the "2011 Bond"); (2) the design, acquisition, construction and installation of various capital improvements to the Township's streets, roadways, facilities and systems; and (3) paying the costs of issuance of the Note (hereinafter defined) (the "Project"); and

WHEREAS, the proposed increase of debt, together with its nonelectoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of the Township, pursuant to constitutional and statutory authority, to be exceeded; and

WHEREAS, the Township heretofore issued the 2011 Bond in the original principal amount of \$2,250,000; and

WHEREAS, the Township desires to authorize the current refunding of the 2011 Bond for the purpose of reducing total debt service over the life of the 2011 Bond; and

WHEREAS, the Note which is being issued to currently refund the 2011 Bond will not be outstanding through a maturity date that could not have been included in the issue of the 2011 Bond; and

WHEREAS, the Township received a proposal for the financing of the Project (the "Proposal") from Farmers and Merchants Trust Company of Chambersburg (the "Purchaser"); and

WHEREAS, the Township desires to formally approve the Project, to accept the Proposal and to authorize the incurrence of nonelectoral debt under the Act, and the execution and delivery of the Proposal.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Township of Washington, Franklin County, Pennsylvania, and it is hereby ordained and enacted by the authority of same as follows:

SECTION^o1. The aggregate principal amount of the General Obligation Note, Series of 2016 (the "Note") of the Township of Washington, Franklin County, Pennsylvania, proposed to be issued shall be \$2,400,000. The Note shall be incurred as nonelectoral debt.

SECTION^o2. The Township hereby approves the Project to be undertaken consisting of, among other things, (1) the current refunding of the 2011 Bond; (2) the design, acquisition, construction and installation of various capital improvements to the Township's streets, roadways, facilities and systems; and (3) paying the costs of issuance of the Note.

It is hereby determined and declared that the estimated useful lives of the projects to be financed or refinanced with the proceeds of the Note range from at least 10 years to at least 25 years.

It is hereby certified that an aggregate principal amount of the Note at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of such project. Stated installments or maturities of principal of the Note will not be deferred beyond the later of one year after the estimated date for the completion of the construction portion of the Project, if any, or two years from the date of issuance of the Note.

In connection with the issuance and sale of the Note, the Board of the Township, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the refunding of the 2011 Bond is to reduce total debt service over the life of the 2011 Bond; and (b) that the refunding of the 2011 Bond is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Board further finds and determines that the final maturity date of the Note issued to effect the current refunding of the 2011 Bond does not extend to a date that could not have been included in the 2011 Bond issue.

The Board of the Township hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary to complete the current refunding of the 2011 Bond. In accordance with Section 8246 of the Act, it is the intent of the Board that the 2011 Bond shall no longer be outstanding from and after the date of the issuance of the Note.

SECTION^o3. Said indebtedness shall be evidenced by a general obligation note in the aggregate principal amount of \$2,400,000, dated and bearing interest from the date of execution thereof. The Note shall bear interest at a fixed rate equal to two and thirty-eight hundredths percent (2.38%) per annum. Interest on the Note shall be due and payable semi-annually on June 1 and December 1 of each year commencing December 1, 2016. The Note shall mature in annual installments of principal due and payable on December 1 of each year commencing on December 1, 2016, in the amounts shown on the attached Schedule hereinafter

referred to as "Exhibit A."

The Township hereby selects interest rate Option 1d set forth in the Proposal.

The Township shall have the option to prepay all or a portion of the Note at any time and from time to time without notice and without penalty.

The principal and interest of said Note shall be payable at the office of the sinking fund depository selected for the Note as hereinafter provided.

SECTION^o4. The Note is hereby declared to be a general obligation of the Township. The Township hereby covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts from its general revenues for the payment of such debt service; and shall duly and punctually pay or cause to be paid from its general revenues the principal of the Note and the interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the Township are hereby irrevocably pledged.

SECTION^o5. In accordance with the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), the Township hereby finds, determines and designates the Note as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code, for the purposes of such Section 265(b) of the Code. The Township determines that it and all entities with which it is aggregated under Section 265(b)(3)(E) of the Code have not issued, and do not reasonably expect to issue, tax-exempt obligations which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the calendar year 2016. The Township also determines that it will not engage in any action or inaction which will or may cause the Note to fail or cease to constitute a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.

SECTION^o6. The Township covenants to and with the registered owner of the Note that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such Note, would cause such Note to be an "arbitrage bond" or "private activity bond" as those terms are defined in Section 148 and Section 141 of the Code and the applicable regulations thereunder. The Township further covenants that it will comply with the requirements of such Section 148 and Section 141 and with the regulations thereunder throughout the term of this issue. In addition, the Chair or Vice Chair of the Board, being the official(s) responsible for issuing the Note, attested by the Secretary or Assistant Secretary of the Township, are hereby authorized and directed to execute and deliver, in the name and on behalf of the Township, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Note is not an "arbitrage bond" or "private activity bond" within the meaning of Section 148 and Section 141 of the Code and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Note, which certificate shall set forth the reasonable expectations of the Township as to the amount and use of the proceeds of the Note.

SECTION^o7. The form of said Note shall be substantially as shown on the attached Exhibit B.

SECTION^o8. The Note shall be executed in the name and under the corporate seal of the Township by the Chair or Vice Chair of the Board and attested to by the Secretary or Assistant Secretary of the Township. The Treasurer or Secretary is hereby authorized and directed to deliver said Note to the Purchaser, and receive payment therefor on behalf of the Township. The Chair or Vice Chair or Secretary or Assistant Secretary is authorized and directed to prepare, verify and file the debt statement required by Section 8110 of the Act, and to take other necessary action, including, if necessary or desirable, the filing, either before or after the issuance of the Note, of additional debt statements or any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION^o9. The Purchaser is hereby designated as the Sinking Fund Depository for the obligation herein authorized, and there is hereby created and established a Sinking Fund, to be known as "Township of Washington, Franklin County, Pennsylvania, Sinking Fund - General Obligation Note, Series of 2016", for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The Secretary or Treasurer shall deposit into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment of principal and interest on the obligation no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the Township withdraw available monies in the Sinking Fund and apply said monies to payment of the principal of and interest on the obligation.

SECTION^o10. The Chair or Vice Chair and Secretary or Assistant Secretary are hereby authorized to contract with the Purchaser for its services as Sinking Fund Depository for the Note and Paying Agent for the same (the "Paying Agent").

SECTION^o11. In compliance with Section 8161 of the Act, the Board has determined that a private sale by negotiation, rather than public sale, is in the best financial interest of the Township. The Proposal is hereby accepted and the Note is hereby awarded and sold to the Purchaser in accordance with its commitment to purchase the said Note at par; provided the Note is dated the date of delivery thereof to the Purchaser and is in substantially the form set forth in Exhibit B to this Ordinance with such changes as may be approved by the officers of the Township executing such Note; and further provided that the proceedings have been approved by the Department of Community and Economic Development if such approval is required under the provisions of the Act. A copy of said Proposal shall be attached hereto as Exhibit C and lodged with the official minutes of this meeting and is hereby incorporated herein by reference.

SECTION^o12. The action of the proper officers and the advertising of a summary of this Ordinance as required by law in a newspaper of general circulation in the Township, is ratified and confirmed. The advertisement of enactment in said newspaper is hereby directed within fifteen (15) days following the day of final enactment.

SECTION^o13. The proper officers of the Township are hereby authorized to

execute and deliver such other documents, including and to take such other action as may be necessary or proper to effect the completion of the financing or the intent and purposes of this Ordinance.

SECTION°14. 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 the remainder of this Ordinance shall remain in full force and effect.

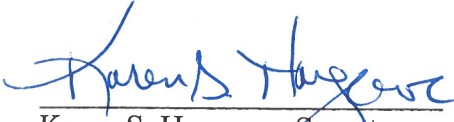
SECTION°15. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

SECTION°16. This Ordinance shall be effective in accordance with Section 8003 of the Act.

ORDAINED AND ENACTED THIS 1ST DAY OF JUNE, 2016.

Attest:

TOWNSHIP OF WASHINGTON
Franklin County, Pennsylvania


Karen S. Hargrave, Secretary

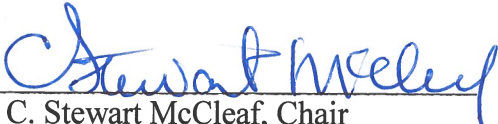
By: 
C. Stewart McCleaf, Chair

EXHIBIT AAmortization Schedule
Series of 2016 Note

<u>Payment Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2016	\$100,000
2017	129,000
2018	133,000
2019	135,000
2020	138,000
2021	142,000
2022	145,000
2023	149,000
2024	153,000
2025	156,000
2026	160,000
2027	164,000
2028	168,000
2029	172,000
2030	176,000
2031	180,000

EXHIBIT B

Form of Note

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF FRANKLIN
TOWNSHIP OF WASHINGTON

GENERAL OBLIGATION NOTE
SERIES OF 2016

\$2,400,000

Dated: July 5, 2016

The TOWNSHIP OF WASHINGTON, COUNTY OF FRANKLIN, COMMONWEALTH OF PENNSYLVANIA (the "Township"), a local government unit existing by and under the laws of said Commonwealth, for value received, hereby acknowledges itself indebted and promises to pay to FARMERS AND MERCHANTS TRUST COMPANY OF CHAMBERSBURG (the "Purchaser"), or registered assigns, the sum of Two Million Four Hundred Thousand Dollars (\$2,400,000) or such lesser principal sum as shall have been advanced hereunder and remain unpaid, with interest thereon from the date of such advance, on the terms and conditions set forth below.

Interest shall be due and payable on the outstanding principal balance of this Note at a fixed rate of two and thirty-eight hundredths percent (2.38%) per annum. Interest shall be payable semi-annually during the term of the Note on June 1 and December 1 of each year, commencing December 1, 2016. All interest hereunder shall be computed using the actual number of days elapsed and a 360 day year.

Principal of this Note shall be due and payable annually on December 1 of each year, commencing December 1, 2016, in the amounts set forth on Exhibit "A" attached hereto and made a part hereof. On December 1, 2031, all principal, accrued, unpaid interest and other amounts evidenced by this Note shall be due and payable in full, without notice or demand. In the event that the full principal amount of the Note is not advanced to the Township pursuant to the provisions hereof, the principal payment schedule attached hereto as Exhibit "A" will be automatically adjusted in such a manner that the un-advanced portions of principal will reduce the principal amounts owed by the Township in inverse order of maturity.

If the due date for payment of interest on or principal of this Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then payment of such interest, principal or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banking institutions in the Commonwealth are authorized by law or executive order to remain closed with the same force and effect as if made on the due date for payment of principal or interest and no interest shall accrue thereon for any period after such due date.

The Township shall have the option to prepay all or a portion of this Note at any time and from time to time without notice and without penalty.

Both principal and interest are payable in such coin or currency as on the respective date of payment thereof and shall be legal tender for the payment of public and private debts, at the office of Farmers and Merchants Trust Company of Chambersburg, the paying agent, located at Chambersburg, Pennsylvania.

This General Obligation Note, Series of 2016 (the "Note") is issued under and pursuant to provisions of the Ordinance enacted by the Board of Supervisors of the Township on June 1, 2016 (the "Ordinance"). This Note is authorized to be issued under the Local Government Unit Debt Act of the Commonwealth, as reenacted and amended (the "Act"), without the assent of electors, and pursuant to the Ordinance. This Note shall be issued in the maximum principal amount of \$2,400,000 and is subject to provisions and is entitled to the benefit of provisions of the Ordinance. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

The Township has covenanted in the Ordinance, to and with the registered owner(s) hereof, that it (i) shall include the amount of the debt service for this Note, for each fiscal year of the Township in which such amounts are payable, in its budget for that fiscal year, (ii) that it shall appropriate such amounts from its general revenues for the payment of such debt service in each such fiscal year, and (iii) that it 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 amount of this Note and the interest due thereon at the dates and places and in the manner stated therein, according to the true intent and meaning thereof and for such budgeting, appropriation and payment the Township has pledged, irrevocably, its full-faith, credit and taxing power.

In the Ordinance, the Township has covenanted to and with registered owners of this Note that it will make no use of the proceeds of this Note, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Note, would cause this Note to be an "arbitrage bond" or a "private activity bond" as such terms are defined in Section 148 and 141 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder. The Township has further covenanted that it will comply with the requirements of such Section 148 and 141 and with the regulations thereunder throughout the term of this Note.

DETERMINATION OF TAXABILITY: In the event the Purchaser shall ever be required by final administrative determination, court order or change in the Code, or modification of the regulations under the Code or enactment of any other law, to: (i) include in its income with respect to this Note for federal income tax purposes all or any portion of the interest payable hereunder, or (ii) treat this Note as not meeting the requirements of Section 265(b)(3)(B) of the Code, then, in either case, the Township agrees:

a. That the Township shall pay to the Purchaser, on demand, in cash, an amount equal to the difference between the amounts theretofore paid and the amount that would have been paid during the period or portion thereof with respect to which interest is held to be taxable, had the rate of interest been calculated at a rate of interest per annum equal to 3.60%;

b. That the payments of all future periods may, at the option of the Purchaser, be increased to include interest at the applicable annual rate specified above. For this purpose "a final administrative determination" shall be considered as made on the earliest of:

(1) The expiration of the period for filing a petition in the United States Tax Court with respect to any income tax deficiencies asserted against the Purchaser with respect to any such interest, if no such petition is filed;

(2) The day on which a decision by the United States Tax Court, a judgment, decree or other order by any court of competent jurisdiction holding that such interest is taxable becomes final or the day on which the Purchaser and the United States Internal Revenue Service shall reach a settlement resulting in such interest becoming taxable; or

(3) The effective date of any legislation making such interest due on account of the unpaid principal balance from time to time outstanding prior to such final determination; and

c. An amount equal to all interest and penalties payable by the Purchaser by reason of having excluded any such interest from its taxable income shall be due and payable within sixty (60) days of written notice of the same to the Township by the Purchaser. The Purchaser shall have no obligation to contest or appeal any assertion or decision that any interest on the Note is taxable. The Purchaser agrees, however, to cooperate with the Township if the Township, at Township's sole cost and expense, desires to make such contest or appeal.

ADVANCES OF NOTE PROCEEDS: Advances under this Note may be requested either orally or in writing by an authorized individual of the Township. The Purchaser may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to the Purchaser are to be directed to the Purchaser's office located at 20 South Main Street, Chambersburg, Pennsylvania 17201, Attention: Mary Cordell. The following party or parties are authorized to request advances of proceeds of the Note until the Purchaser receives from the Township written notice of revocation of their authority: Michael A. Christopher, Township Manager or Jeffrey B. Geesaman, Assistant Township Manager. The Township agrees to be liable for sums either: (a) advanced in accordance with the instructions of an authorized person or (b) credited to any of the Township's accounts with the Purchaser. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by the Purchaser's internal records, including daily computer print-outs. The Purchaser will have no obligation to advance funds under this Note: (a) if the amount of such advance, when added to all other advances made under this Note, would exceed \$2,400,000; (b) for any purpose other than the financing of the Project (as defined in the Ordinance); (c) if the Township is in default under the terms of this Note or any agreement that the Township has with the Purchaser, including any agreement made in connection with the signing of this Note; (d) if the Township ceases doing business or is insolvent; or (e) if the Township has applied funds provided pursuant to this Note for purposes other than those authorized by the Purchaser.

DELIVERY OF FINANCIAL STATEMENTS AND BUDGET: The Township covenants and agrees with the Purchaser that while any amounts are due and payable under this

Note, the Township shall deliver to the Purchaser within thirty (30) days after completion, (a) its annual accountant compiled financial statements and (b) its annual budget.

MISCELLANEOUS PROVISIONS.

The Note does not pledge the credit or taxing power of the Commonwealth; nor shall this Note be deemed an obligation of the Commonwealth; nor shall the Commonwealth be liable for payment of the principal of or interest on this Note.

The Purchaser shall have the right to exercise the remedies set forth in the Act. Any failure by the Purchaser to exercise any right or privilege hereunder shall not be construed as a waiver of the right or privilege to exercise such right or privilege, or to exercise any other right or privilege, at any other time, and from time to time, thereafter.

This Note has been designated in the Ordinance by the Township as a "qualified tax-exempt obligation," within the meaning of Section 265(b)(3)(B) of the Code.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the Township or of any successor body, as such, either directly or through the Township or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of the Note.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the Township to issue and deliver this Note has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Note or in the creation of the debt of which this Note is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Note, together with all other indebtedness of the Township are within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the Township has established with the Paying Agent, as sinking fund depository, a sinking fund for this Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are hereby irrevocably pledged.

IN WITNESS WHEREOF, the Township of Washington, Franklin County, Pennsylvania, has caused this Note to be properly executed by its Chair of the Board of Supervisors of the Township and its corporate seal to be hereto affixed, attested to by its Secretary of the Township as of the 5th day of July, 2016.

TOWNSHIP OF WASHINGTON
Franklin County, Pennsylvania

By: Stewart Mcleef
Chair

Attest: Karen S. Huggers
Secretary

(SEAL)

REGISTRATION FORM

This Note can be validly negotiated only upon proper execution of the form set forth below, and upon notation of the same upon the books of Farmers and Merchants Trust Company of Chambersburg, Chambersburg, Pennsylvania, as Paying Agent and Registrar for this Note, maintained for such purpose. The Township and the Registrar shall treat the registered owner of this Note, as noted on this Note and on said books, as the absolute owner hereof, and shall not be affected by any changed circumstances, nor by any notice to the contrary.

Original Registered Owner: Farmers and Merchants Trust Company of Chambersburg

<u>Date</u>	<u>Transferor</u>	<u>Subsequent Purchaser</u>	<u>Registrar</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

For value received, the last-named Transferor, by its due execution above, hereby, on the above-stated date, sells, transfers and negotiates this Note to the last-named subsequent purchaser, warranting that this transfer is effective and rightful; that, this Note is genuine and has not been materially altered; and that it has no knowledge of any fact which might impair the validity of this Note, and further irrevocably authorizes and directs Farmers and Merchants Trust Company of Chambersburg, Chambersburg, Pennsylvania, as Registrar, to make this transfer on its books maintained for such purposes.

Farmers and Merchants Trust Company of Chambersburg, Chambersburg, Pennsylvania, as Registrar, by its due execution above, on the above-stated date, acknowledges the transfer of this Note to the subsequent purchaser, who shall now be recognized as registered owner, and has noted such transfer on its books.

ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby
sells, assigns and transfers unto

Name (the "Transferee")

Address

Social Security or Federal
Employer Identification No.

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Note on the books kept for registration
thereof, with full power of substitution in the premises.

Date: _____

NOTICE: No transfer will be issued in the name of the Transferee unless the signature(s) to this assignment correspond(s) with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification Number of the Transferee is supplied. If the Transferee is a trust, the names and Social Security or Federal Employer Identification Numbers of the settlor and beneficiaries of the trust, the Federal Employer Identification Number and date of the trust, and the name of the trustee should be supplied.

EXHIBIT C

Proposal

584 -

