

TOWNSHIP OF WASHINGTON  
COUNTY OF FRANKLIN  
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. 232  
ENACTED: JANUARY 17, 2011

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF WASHINGTON, FRANKLIN COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A GENERAL OBLIGATION BOND, SERIES OF 2011 OF THE TOWNSHIP IN THE AGGREGATE PRINCIPAL AMOUNT OF TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$2,250,000) 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 BOND 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 PROMISSORY NOTE SERIES OF 2006; (2) THE COMPLETION OF THE CONSTRUCTION OF A NEW ROADWAY KNOWN AS WASHINGTON TOWNSHIP BOULEVARD; AND (3) THE PAYMENT OF THE COSTS AND EXPENSES OF ISSUING THE BOND; SETTING FORTH A REASONABLE ESTIMATE OF THE USEFUL LIVES OF THE PROJECTS TO BE FINANCED; ACCEPTING A COMMITMENT FOR THE PURCHASE OF SUCH BOND AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH BOND, 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 BOND; AUTHORIZING SPECIFIED OFFICERS OF THE TOWNSHIP TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE BOND, IF NECESSARY; SETTING FORTH THE SUBSTANTIAL FORM OF THE BOND EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH BOND; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH BOND 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 BOND, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITORY; 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 BOND, 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 BOND, 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 BOND 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 BOND 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 BOND 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 Promissory Note, Series of 2006 (the "2006 Note"); (2) the completion of the construction of a new roadway known as Washington Township Boulevard; and (3) paying the costs of issuance of the Bond (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 2006 Note in the aggregate principal amount of \$2,500,000; and

WHEREAS, the Township desires to authorize the current refunding of the 2006 Note for the purpose of substituting bonds for notes; and

WHEREAS, the Bond which is being issued to currently refund the 2006 Note will not be outstanding through a maturity date that could not have been included in the issue of the 2006 Note; and

WHEREAS, the Township received a commitment letter for the financing of the Project (the "Commitment Letter") from Susquehanna Bank (the "Purchaser"); and

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

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°1. The aggregate principal amount of the General Obligation Bond, Series of 2011 (the "Bond") of the Township of Washington, Franklin County, Pennsylvania, proposed to be issued shall be \$2,250,000. The Bond shall be incurred as nonelectoral debt.

SECTION°2. The Township hereby approves the Project to be undertaken consisting of, among other things, (1) the current refunding of the 2006 Note; (2) the completion of the construction of a new roadway known as Washington Township Boulevard; and (3) paying the costs of issuance of the Bond.

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

It is hereby certified that an aggregate principal amount of the Bond 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 Bond 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 Bond.

In connection with the issuance and sale of the Bond, 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 2006 Note is to substitute bonds for notes; and (b) that the refunding of the 2006 Note 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 Bond issued to effect the current refunding of the 2006 Note does not extend to a date that could not have been included in the 2006 Note 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 2006 Note. In accordance with Section 8246 of the Act, it is the intent of the Board that the 2006 Note shall no longer be outstanding from and after the date of the issuance of the Bond.

SECTION°3. Said indebtedness shall be evidenced by a general obligation bond in the aggregate principal amount of \$2,250,000, dated and bearing interest from the date of execution thereof. The Bond shall bear interest in accordance with the provisions of the Commitment Letter. Interest on the Bond shall be due and payable semi-annually on June 1 and December 1 of each year commencing June 1, 2011. The Bond shall mature in annual installments of principal due and payable on December 1 of each year commencing on December 1, 2011, in the amounts shown on the attached Schedule hereinafter referred to as "Exhibit A."

The Township hereby selects interest rate Option (3) set forth in the Commitment Letter.

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

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

SECTION<sup>o</sup>4. The Bond 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 Bond 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 Bond and the interest thereon at the dates and places and in the manner stated in the Bond 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<sup>o</sup>5. The Bond, when issued, will be a general obligation of the Township.

SECTION<sup>o</sup>6. 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 Bond 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 2011. The Township also determines that it will not engage in any action or inaction which will or may cause the Bond to fail or cease to constitute a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.

SECTION<sup>o</sup>7. The Township covenants to and with the registered owner of the Bond 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 Bond, would cause such Bond 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 Bond, 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 Bond 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 Bond, which certificate shall set forth the reasonable expectations of the Township as to the amount and use of the proceeds of the Bond.

SECTION<sup>o</sup>8. The form of said Bond shall be substantially as shown on the attached Exhibit B.

SECTION<sup>o</sup>9. The Bond 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 Bond 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 Bond, 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<sup>o</sup>10. 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 Bond, Series of 2011", 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<sup>o</sup>11. 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 Bond and Paying Agent for the same (the "Paying Agent").

SECTION<sup>o</sup>12. 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 Commitment Letter is hereby accepted and the Bond is hereby awarded and sold to the Purchaser in accordance with its commitment to purchase the said Bond at par; provided the Bond 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 Bond; 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 Commitment Letter shall be attached hereto as Exhibit C and lodged with the official minutes of this meeting and is hereby incorporated herein by reference.

SECTION<sup>o</sup>13. 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<sup>o</sup>14. 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<sup>o</sup>15. 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.

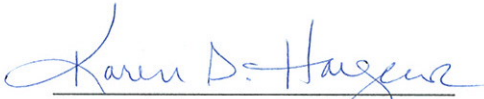
SECTION<sup>o</sup>16. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

SECTION<sup>o</sup>17. This Ordinance shall be effective in accordance with Section 8003 of the Act.

ORDAINED AND ENACTED THIS 17TH DAY OF JANUARY, 2011.


Attest:

TOWNSHIP OF WASHINGTON  
Franklin County, Pennsylvania

  
Karen S. Hargrave, Secretary

By:   
Jeffrey B. Geesaman  
Vice-Chairman

I, Karen S. Hargrave, Secretary of the Board of Supervisors, Washington Township, Franklin County, Pennsylvania, do certify that the foregoing is a true and correct copy of an Ordinance enacted at a regular meeting of the Washington Township Supervisors held January 17, 2011, in a regular session duly assembled.

  
Karen S. Hargrave, Secretary

(SEAL)

EXHIBIT AAmortization Schedule  
Series of 2011 Bond

<u>Payment Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
2011	\$112,500
2012	112,500
2013	112,500
2014	112,500
2015	112,500
2016	112,500
2017	112,500
2018	112,500
2019	112,500
2020	112,500
2021	112,500
2022	112,500
2023	112,500
2024	112,500
2025	112,500
2026	112,500
2027	112,500
2028	112,500
2029	112,500
2030	112,500

EXHIBIT B

## Form of Bond

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

GENERAL OBLIGATION BOND  
SERIES OF 2011

\$2,250,000

Dated: February \_\_, 2011

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 SUSQUEHANNA BANK (the "Purchaser"), or registered assigns, the sum of Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000) 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.

From the date hereof through and including November 30, 2025, interest shall be due and payable on the outstanding principal balance of this Bond at a fixed rate of three and five tenths percent (3.50%) per annum. Thereafter, until the principal balance of this Bond is paid in full, interest shall be due and payable on such outstanding principal balance at a variable rate equal to LIBOR (as hereinafter defined) plus 3.50%, multiplied by 66.7%, such interest rate to be adjusted annually on December 1 of each year, beginning December 1, 2025 and to be effective from and including such December 1 through November 30 of the succeeding calendar year. Notwithstanding the foregoing, in no event shall the interest rate on this Bond (a) be less than two and five tenths percent (2.50%) per annum or (b) exceed fifteen percent (15.00%) per annum. Interest shall be payable semi-annually during the term of the Bond on June 1 and December 1 of each year, commencing June 1, 2011. All interest hereunder shall be computed using the actual number of days elapsed and a 360 day year.

Notwithstanding the foregoing, during any period in which the interest payable on this Bond is for any reason includible in the gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended (the "Code") of the holder hereof (a "Period of Taxability"), the interest rate on this Bond shall be equal to (1) five and one-quarter percent (5.25%) per annum, if such Period of Taxability occurs from the date of this Bond through November 30, 2025 and (2) LIBOR plus 3.50%, if such Period of Taxability occurs on or after December 1, 2025.

Principal of this Bond shall be due and payable annually on December 1 of each year, commencing December 1, 2011, in the amounts set forth on Exhibit "A" attached hereto and made a part hereof. On December 1, 2030, all principal, accrued, unpaid interest and other amounts evidenced by this Bond shall be due and payable in full, without notice or demand. In



the event that the full principal amount of the Bond 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.

As used herein, the term "LIBOR" shall mean the rate per annum determined on the basis of the rate of deposits in United States dollars of amounts equal to or comparable to the outstanding principal amount of this Bond, offered for a term of one month, which rate appears on the display designated as Reuters Screen LIBOR01 Page (or such other page as may replace Reuters Screen LIBOR01 Page or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for United States dollar deposits), determined as of approximately 11:00 a.m., London time, on each date of computation, or if such rate is not available, another rate determined by the Purchaser of which the Township has received written notice.

If the due date for payment of interest on or principal of this Bond 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 Bond 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 Susquehanna Bank, the paying agent, located at Waynesboro, Pennsylvania.

This General Obligation Bond, Series of 2011 (the "Bond") is issued under and pursuant to provisions of the Ordinance enacted by the Board of Supervisors of the Township on January 17, 2011 (the "Ordinance"). This Bond 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 Bond shall be issued in the maximum principal amount of \$2,250,000 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 Bond, 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 Bond 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 Bond that it will make no use of the proceeds of this Bond, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Bond, would cause this Bond 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 Bond.

ADVANCES OF BOND PROCEEDS: Advances under this Bond 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 10 West Main Street, Waynesboro, Pennsylvania 17268-1518. The following party or parties are authorized to request advances under the line of credit until the Purchaser receives from the Township written notice of revocation of their authority: Michael A. Christopher, 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 Bond at any time may be evidenced by endorsements on this Bond or by the Purchaser's internal records, including daily computer print-outs. The Purchaser will have no obligation to advance funds under this Bond: (a) after February \_\_, 2012; (b) if the amount of such advance, when added to all other advances made under this Bond, would exceed \$2,250,000; (c) for any purpose other than the financing of the Project (as defined in the Ordinance); (d) if the Township is in default under the terms of this Bond or any agreement that the Township has with the Purchaser, including any agreement made in connection with the signing of this Bond; (e) if the Township ceases doing business or is insolvent; (f) if the Township has applied funds provided pursuant to this Bond for purposes other than those authorized by the Purchaser; or (g) if the Purchaser in good faith deems itself insecure under this Bond or any other agreement between the Purchaser and the Township.

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

DEPOSITORY RELATIONSHIP: The Township covenants and agrees with the Purchaser that while any amounts are due and payable under this Bond, the Township shall maintain its primary deposit accounts with the Purchaser.

MISCELLANEOUS PROVISIONS.

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

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 Bond 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 Bond, 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 Bond.

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 Bond 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 Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, 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 Bond and shall deposit therein amounts sufficient to pay the principal of and interest on this Bond as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, 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 Bond 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 \_\_\_\_ day of February, 2011.

TOWNSHIP OF WASHINGTON  
Franklin County, Pennsylvania

By: \_\_\_\_\_  
Stephen D. Kulla, Chairman

Attest: \_\_\_\_\_  
Karen S. Hargrave, Secretary

(SEAL)

REGISTRATION FORM

This Bond can be validly negotiated only upon proper execution of the form set forth below, and upon notation of the same upon the books of Susquehanna Bank, Waynesboro, Pennsylvania, as Paying Agent and Registrar for this Bond, maintained for such purpose. The Township and the Registrar shall treat the registered owner of this Bond, as noted on this Bond 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: Susquehanna Bank

<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 Bond to the last-named subsequent purchaser, warranting that this transfer is effective and rightful; that, this Bond is genuine and has not been materially altered; and that it has no knowledge of any fact which might impair the validity of this Bond, and further irrevocably authorizes and directs Susquehanna Bank, Waynesboro, Pennsylvania, as Registrar, to make this transfer on its books maintained for such purposes.

Susquehanna Bank, Waynesboro, Pennsylvania, as Registrar, by its due execution above, on the above-stated date, acknowledges the transfer of this Bond 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

\_\_\_\_\_ (the "Transferee")  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Social Security or Federal  
Employer Identification No.

the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints  
\_\_\_\_\_ attorney to transfer the within Bond 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 Bond 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.

Commitment Letter

December 15, 2010

Washington Township  
Attn: Michael Christopher  
13013 Welty Road  
Waynesboro, PA 17268

Susquehanna Bank  
10 West Main Street  
Waynesboro, PA 17268-1518  
Tel 717.765.2605 X605  
Fax 717.762.6385

Dear Mr. Christopher:

I am pleased to confirm that Susquehanna Bank (the "Bank") has approved a loan (the "Loan") based upon the following terms and conditions:

**LOAN FACILITY:**

**BORROWER:** Washington Township

**AMOUNT:** \$2,250,000.00 Term Loan

**USE OF PROCEEDS:** The proceeds of the loan shall be used by the Borrower to refinance existing PIB loan for "Bridge" plus additional monies to complete Washington Township Blvd. from Old Forge Road to Country Club Road.

**INTEREST RATE:**

Option (1): Until maturity, a tax equivalent rate floating at the 30 day LIBOR rate in effect from time to time plus 2.25% (currently 2.51%), multiplied by a factor of 66.7% (currently 1.67%, Bank Qualified/Tax Exempt). A tax equivalent floor of 2.51%, multiplied by a factor of 66.7% (1.67% Bank Qualified/Tax Exempt) will be in place for the duration of the loan. The rate will adjust annually. Initial rate to be set 5 days prior to loan settlement.

Option (2): 10 year fixed at a 5.00% tax equivalent rate, multiplied by (.667) = 3.34% "Bank Qualified/Tax Exempt". The unpaid balance for the remainder of the loan shall bear interest at a Tax Equivalent rate floating at the 30 day LIBOR rate in effect from time to time plus 3.00% (currently 3.26%), multiplied by a factor of 66.7% (currently 2.17%, Bank Qualified/Tax Exempt). A tax equivalent floor of 3.25%, multiplied by a factor of 66.7% (2.17% Bank Qualified/Tax Exempt) will be in place for the duration of the loan. The rate will adjust annually.

Option (3): 15 year fixed at 5.25% tax equivalent rate, multiplied by (.667%) = 3.50% "Bank Qualified/Tax Exempt". The unpaid balance for the remainder of the loan shall bear interest at a tax equivalent rate floating at the 30 day LIBOR rate in effect from time to time plus 3.50% (currently 3.76%), multiplied by a factor of 66.7% (currently 2.50%, Bank Qualified/Tax Exempt). A tax equivalent floor of 3.50%, multiplied by a factor of 66.7% (2.50% Bank Qualified/Tax Exempt) will be in place for the duration of the loan. The rate will adjust annually.





Washington Township  
Page 2 of 4

Option (4): 20 year fixed at 5.75% tax equivalent rate, multiplied by (.667%) = 3.84% "Bank Qualified/Tax Exempt".

Notwithstanding the foregoing, during any period in which the interest payable on the Loan is for any reason includible in the gross income, as defined in Section 61 of the Code, of the holder thereof, the interest rate on the Loan shall be the applicable tax equivalent rate set forth above.

All interest on the Loan shall be computed on the basis of actual days elapsed and a year of 360 days.

**FEE:** \$3,500.00 plus any associated closing costs (documentation and attorney fees).

**AMORTIZATION:** Up to 20 years with a 12 month draw down period.

**REPAYMENT:** Semi-annual interest payments with annual principal reduction payments December 1<sup>st</sup> of each year.

**COLLATERAL:** UCC parity first lien position with all existing and future revenues of Washington Township.

**DEPOSITORY RELATIONSHIP:** The Borrower has represented that the Bank will remain, for the term of the Loan, the primary depository for the borrower. The borrower will open and/or maintain the operating deposit accounts for all entities related to Washington Township and any subsidiaries and affiliates.

**FINANCIAL DISCLOSURES:** The Borrower shall provide the Bank with the following financial statements no later than the deadlines set forth below, in form and substance satisfactory to the Bank:

- Annual accountant compiled financial statements for borrower 30 days after completion.
- Annual budget for borrower within 30 days of completion.

**OTHER CONDITIONS:**

1. Verification of entity via Articles, Agreements & State Certification.
2. Borrower will not pledge or lien the business assets of Washington Township without the advance written consent of the lender.
3. Tax free requirements (Legal opinion, IRS Form 1038G/GC, Minutes approving borrowings, Municipal agreements)
4. Cross collateralize with all other loans with Susquehanna Bank.
5. Cross defaulted with all present and future loans to the borrower.
6. All current business deposit accounts shall be maintained with Susquehanna Bank during term of the loan.
7. Reimbursement of all out-of-pocket cost and expenses incurred by the lender.



**PREREQUISITES:**

1. Selection of one of the financing and repayment options as presented above.
2. The Bank shall receive customary opinion letters Washington Township Solicitor, in form and substance satisfactory to the Bank and its counsel, including that the Loan has been duly and legally authorized, executed and delivered, and is a valid and binding revenue obligation of Washington Township enforceable in accordance with its terms and all necessary governmental approvals have been received.
3. Borrowing Resolutions of the Borrowers.
4. The Bank shall receive an opinion from its own bond counsel in form and substance satisfactory to the Bank, to the effect that interest on the Loan is excludable from gross income for federal income tax purposes and the note evidencing the Loan is a "qualified tax exempt obligation" under the Internal Revenue Code.

**PROVISIONS:**

1. The provisions of this commitment letter are only intended to advise the Borrower of certain terms and conditions under which the Loan will be made by the Bank. The agreements, instruments, and documents prepared by us or our counsel in connection with this Loan shall contain such other covenants, terms, and conditions as the Bank and its counsel believe to be necessary with respect to this Loan.
2. In order to determine whether or not any liens or security interests exist on the collateral, at the Borrower's expense, the necessary record searches shall be procured from a title insurance company or other search firm selected or approved by the Bank.
3. The Borrower shall pay all costs of record searches, recording costs, recordation taxes, document preparation fees, the fees and expenses of legal counsel, commitment fees and document fees, and all other reasonable expenses incurred in connection with the Loan, regardless of whether or not the Loan is closed or consummated.
4. This letter may not be assigned or in any way transferred without the prior written permission of the Bank.
5. This commitment is made in reliance on the information provided to the Bank by the Borrower and their representatives in their request for the Loan and in any supporting documents and material, and any misrepresentation or inaccuracy therein, or the failure to include material information with the Loan request or application shall entitle us to cancel this commitment. Additionally, the Bank may immediately terminate and cancel this letter upon the occurrence of a material adverse change with respect to the Borrower, any security and collateral for the Loan or any other person or entity connected in any way with the Loan.
6. The loan will not require a principal and interest reserve. The Borrower will be responsible for paying principal and interest out-of-pocket.



Washington Township  
Page 4 of 4

If you wish to proceed with the Loan as herein set forth, please sign and return the enclosed copy of this letter within 10 business days of the date of the commitment letter. If the enclosed copy of this letter is so signed and returned within 10 business days, the closing of the Loan must be held by 02/28/11 or this commitment will expire.


The terms and conditions of this commitment letter shall be merged into the closing documents and shall not survive the closing of this Loan.

Thank you for the opportunity to provide this financing.

SUSQUEHANNA BANK

John S. Blubaugh  
Vice President

By:

  
(Loan Officer/Title)

ACKNOWLEDGED and ACCEPTED on this 21 day of Dec, 2010.  
Washington Township

By:



By:

Michael A Christopher



TOWNSHIP OF WASHINGTON  
FRANKLIN COUNTY, PENNSYLVANIA

**APPLICATION FORM**

In the Matter of the Proposed Incurrence of  
Indebtedness in  
Accordance with the Provisions of the  
Local Government Unit Debt Act

TO: Department of Community and Economic Development  
Commonwealth Keystone Building  
400 North Street  
Fourth Floor  
Harrisburg, PA 17120

RE: Township of Washington,  
Franklin County, Pennsylvania,  
Nonelectoral Debt in the Aggregate Principal  
Amount of \$2,250,000

January 17, 2011





Application is hereby made pursuant to Section 8111(a) the Local Government Unit Debt Act, as amended (the "Act"), for approval of the proceedings taken by the Township of Washington, Franklin County, Pennsylvania (the "Township"), to incur nonelectoral debt in the aggregate principal amount of \$2,250,000 and to evidence the same by the issuance of General Obligation Bond in the same aggregate principal amount.

It is hereby certified to the Department of Community and Economic Development that each of the two (2) originals of the transcript of proceedings enclosed and as listed below is a complete and accurate copy of the proceedings of the Township for the incurring of said debt:

- (a) This Application for Approval;
- (b) Proof of Publication of Preenactment Notice;
- (c) Proof of Publication of Postenactment Notice;
- (d) Ordinance;
- (e) Certified Debt Service Schedule;
- (f) Purchase Proposal; and
- (g) Debt Statement including Borrowing Base Certificate.

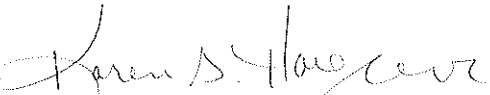
In accordance with the Act, the Township reserves the right to file a further Debt Statement claiming any additional credits and exclusions as it may be entitled to with respect to the gross indebtedness presently outstanding and the debt presently to be incurred.

Please return one (1) copy with your approval attached at your earliest convenience to Peter T. Edelman, Stevens & Lee, 111 North Sixth Street, P.O. Box 679, Reading, Pennsylvania 19603.

Thank you very much for your cooperation.

Very truly yours,

TOWNSHIP OF WASHINGTON  
Franklin County, Pennsylvania

BY:   
Karen S. Hargrave, Secretary



CERTIFICATE

I, the undersigned duly authorized officer of the Township of Washington, Franklin County, Pennsylvania (the "Township"), hereby certify that attached hereto is a true and correct copy of the Debt Service Schedule for the Township's General Obligation Bond, Series of 2011, in the aggregate principal amount of \$2,250,000.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Township, this 17th day of January, 2011.

TOWNSHIP OF WASHINGTON  
Franklin County, Pennsylvania

(SEAL)

By: Karen S. Hargrave  
Karen S. Hargrave, Secretary



DEBT STATEMENT PURSUANT TO  
LOCAL GOVERNMENT UNIT DEBT ACT

Local Government Unit – Township of Washington  
Franklin County, Pennsylvania

Statement as of January 17, 2011

	<u>Electoral</u>	<u>Nonelectoral</u>	<u>Lease Rental</u>
<b>I. GROSS INCURRED DEBT</b>			
Bonds outstanding			
List and identify by year	\$ _____	\$ _____	\$ _____
of issue	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
Notes outstanding			
List and identify by year	\$ _____	\$1,598,261.74	\$ _____
of issue	\$ _____	\$ _____	\$ _____
TOTAL	\$ 0	\$1,598,261.74	\$ 0
<b>II. CREDITS AND EXCLUSIONS</b>			
<u>Less:</u> (where applicable)			
1. Sinking funds, reserve			
accounts, bond proceeds	\$ _____	\$ _____	\$ _____
2. Current unpaid			
appropriations	\$ _____	\$ _____	\$ _____
3. Uncollected special			
assessments	\$ _____	\$ _____	\$ _____
4. Delinquent taxes and liens	\$ _____	\$ _____	\$ _____
5. Surplus cash	\$ _____	\$ _____	\$ _____
6. Solvent debts due	\$ _____	\$ _____	\$ _____
7. Indemnifying insurance	\$ _____	\$ _____	\$ _____
8. Self-liquidating and			
Self-Sustaining Debt			
(excluded under			
Sections 8024, 8025			
and 8026)	\$ _____	\$ _____	\$ _____
	=====	=====	=====
TOTAL NET INDEBTEDNESS	\$ 0	\$1,598,261.74	\$ 0





III. The aggregate principal amount of bonds or notes being issued or evidencing lease rental debt:.....	\$2,250,000
IV. The principal amount of bonds or notes which will no longer be deemed to be outstanding pursuant to Section 8250(b) after settlement of the issue:.....	\$1,598,261.74
The borrowing base as shown by appended borrowing base certificate:.....	\$3,691,733
Applicable debt limitation:	
nonelectoral (250%) of the borrowing base).....	\$9,229,332
nonelectoral plus lease rental (350%) of the borrowing base).....	\$12,921,065

IN WITNESS WHEREOF, we, the undersigned, being respectively, the Chair of the Board of Supervisors and Secretary of Township of Washington, Franklin County, Pennsylvania, and being authorized to prepare, certify and file the foregoing debt statement, have hereunto set our hands and affixed the seal of the Township this 17th day of January, 2011.

TOWNSHIP OF WASHINGTON  
Franklin County, Pennsylvania

(SEAL)

  
\_\_\_\_\_  
Jeffrey B. Geesaman, Vice-Chair

  
\_\_\_\_\_  
Karen S. Hargrave, Secretary

Witness: \_\_\_\_\_  
Peter T. Edelman





COMMONWEALTH OF PENNSYLVANIA :  
:SS  
COUNTY OF BERKS :

On this \_\_\_\_ day of January, 2011, before me, the undersigned officer personally appeared PETER T. EDELMAN, ESQUIRE, known to me (or satisfactorily proven) to be a member of the Bar of the highest court of the Commonwealth of Pennsylvania and a subscribing witness to the within instrument, and certifies that he was personally present when JEFFREY B. GEESAMAN and KAREN S. HARGRAVE, whose names are subscribed to the within instrument, executed the same, and said persons acknowledged that they executed the same for the purposes therein contained.

Sworn to and subscribed before me this \_\_\_\_ day of January, 2011.

\_\_\_\_\_  
Notary Public



BORROWING BASE CERTIFICATE

TOWNSHIP OF WASHINGTON  
Franklin County, Pennsylvania

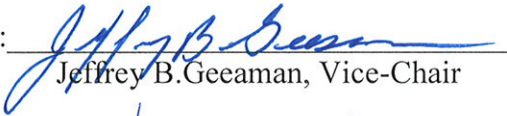
Prepared as of January 17, 2011

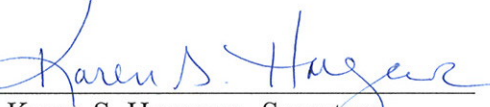
The borrowing base is the arithmetic average of total revenues received for the three preceding fiscal years as set forth in a certificate stating the total revenues for each year and stating the average. The certificate may be executed by any authorized official of the local government unit or an independent accountant. The computation of the borrowing base must be done in accordance with the definition of revenues in Section 8002(c)(16) of the Local Government Unit Debt Act. The following method may be used:

	FISCAL YEAR (ending December 31)		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net Revenues Received	\$3,695,557	\$3,561,029	\$3,818,613
TOTAL NET REVENUES			\$11,075,199
BORROWING BASE (Total Net Revenues divided by 3)			\$3,691,733

TOWNSHIP OF WASHINGTON  
Franklin County, Pennsylvania

(SEAL)

By:   
Jeffrey B. Geeaman, Vice-Chair

Attest:   
Karen S. Hargrave, Secretary