

ORDINANCE OF THE
TOWNSHIP OF CENTRE
BERKS COUNTY, PENNSYLVANIA
103-2002

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF CENTRE, BERKS COUNTY, PENNSYLVANIA, AUTHORIZING THE INCURRENCE OF GENERAL OBLIGATION INDEBTEDNESS IN THE FORM OF A GENERAL OBLIGATION NOTE, SERIES OF 2002, IN THE AGGREGATE PRINCIPAL AMOUNT OF FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$500,000.00) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, APPROVED MAY 5, 1998, ACT NO. 50, AS AMENDED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS FOR AND TOWARDS THE COSTS AND EXPENSES OF ISSUING THE DEBT AND FINANCING CERTAIN PROJECTS OF THE TOWNSHIP WHICH CONSIST OF, AMONG OTHER THINGS: (1) ACQUIRING AGRICULTURAL CONSERVATION EASEMENTS AND NATURAL RESOURCE CONSERVATION EASEMENTS THAT LIMIT DEVELOPMENT OR IMPROVEMENT OF THE LANDS FOR ANY PURPOSE OTHER THAN AGRICULTURAL PRODUCTION OR ACCEPTABLE USES IN NATURAL RESOURCE AREAS AND (2) TO PAY THE COSTS AND EXPENSES RELATED TO THE FOREGOING PURPOSE AND TO THE ISSUANCE OF SUCH NOTE; DETERMINING THAT SUCH DEBT SHALL BE NON-ELECTORAL DEBT OF THE TOWNSHIP; SETTING FORTH A BRIEF DESCRIPTION AND REASONABLE ESTIMATE OF THE USEFUL LIFE OF THE PROJECT; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE DEBT BY NEGOTIATED SALE; PROVIDING THAT SUCH DEBT, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION NOTE OF THE TOWNSHIP; FIXING THE SUBSTANTIAL FORM, DENOMINATION, NUMBERS, DATE, MATURITY DATES, INTEREST RATES, INTEREST PAYMENT DATES, PLACE OF PAYMENT OF PRINCIPAL AND INTEREST, AND TAX-FREE PROVISIONS OF SUCH DEBT; 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 DEBT ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWNSHIP IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH DEBT, TO THE EXTENT REQUIRED BY THE DEBT ACT; AUTHORIZING SPECIFIED OFFICERS OF THE TOWNSHIP TO CONTRACT FOR A SINKING FUND DEPOSITARY/PAYING AGENT; PROVIDING A COVENANT TO ENSURE PROMPT AND FULL PAYMENT FOR SUCH DEBT WHEN DUE; 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, INCLUDING ALL DOCUMENTS NECESSARY TO HAVE THE DEBT EVIDENCED BY THE NOTE OR ANY PART THEREOF EXCLUDED AS SELF LIQUIDATING DEBT, ALL AS REQUIRED BY THE DEBT 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 DEBT ACT; DESIGNATING THE NOTE AS "A QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(b) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE TOWNSHIP FROM TAKING ACTION WHICH WOULD CAUSE THE NOTE TO BECOME AN "ARBITRAGE BOND," AS THAT TERM IS USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES AND RESOLUTIONS, OR PARTS THEREOF, IN SO FAR AS THE SAME SHALL BE INCONSISTENT HEREWITH.

WHEREAS, Centre Township, Berks County, Pennsylvania (the "Township") is a local government unit of the Commonwealth of Pennsylvania (the "Commonwealth"); and

WHEREAS, this Township, in contemplation of the issuance and sale of its general obligation note in the principal amount of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) to provide funds for and towards the Project (hereinafter defined) to be financed by this Township, has determined that the Note (hereinafter defined) shall be offered for sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act") and has determined that a negotiated sale is in the best financial interests of this Township; and

WHEREAS, the Board of Supervisors of this Township (the "Board") has determined that such Note will be issued as a series designated generally as the "General Obligation Note, Series of 2002 (the "Note"); and

WHEREAS, the Board has determined to accept the proposal attached hereto as Exhibit A (the "Proposal") of the purchaser named therein (the "Purchaser"), for the purchase of the Note, such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic Development of the Commonwealth (the "Department") relating to the incurring of the indebtedness to be evidenced by the Note; and

WHEREAS, the Board has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the amount of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) to provide funds to fund said Project to be financed by this Township pursuant to the provisions of the Act.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, BY THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF CENTRE, BERKS COUNTY, PENNSYLVANIA, in lawful session duly assembled, as follows:

Section 1. Pursuant to the provisions of this Ordinance, the Board hereby authorizes and directs the issuance of the Note in the maximum principal amount of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) and shall be issued as a series designated generally as the "General Obligation Note, Series of 2002". The Note shall be issued and sold in accordance with the provisions of the Act by negotiated sale. In connection therewith, the Board hereby finds and determines that a negotiated sale is in the best financial interests of this Township.

Section 2. The Board determines that the debt to be incurred pursuant to this Ordinance, and which will be evidenced by the Note, shall be nonelectoral debt of this Township.

Section 3. A brief description of the project (the "Project") to be financed with the proceeds of the Note is the acquiring agricultural conservation easements and natural resource conservation easements that limit development or improvement of the lands for any purpose other than agricultural production or acceptable uses in natural resource areas and to pay the costs and expenses related to the foregoing purpose and to the issuance of such Note.

The realistic estimated useful life of the capital project financed shall be not less than twenty (20) years. It is hereby certified that the aggregate principal amount of the Note at least equal to the realistic estimated cost of the capital project shall mature prior to the end of the useful life of such capital project, which maturity date is projected to be on or about December 31, 2003.

The Board of this Township hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with effecting the Project.

Section 4. Subject to the approval of the Department, as required by the provisions of the Act, the Board shall and does hereby accept the Proposal of the Purchaser, for the purchase of the Note in accordance with the terms and conditions of this Ordinance and the Proposal. The sale of the Note shall be for an aggregate purchase price of \$500,000.00 (100% of principal amount). The Chairman or Vice Chairman, as appropriate, of the Board is hereby authorized and directed to accept and to execute the Proposal in the name and on behalf of this Township, and the Secretary or Assistant Secretary, as appropriate, of this Township is hereby authorized and directed to attest to such acceptance and execution. A copy of the Proposal, dated _____, from _____, as presented to this Board and accepted by this Ordinance, is attached hereto as Exhibit A, incorporated

herein by reference and shall be attached to this Ordinance and maintained with the minutes of this meeting.

Section 5. The Note, when issued, will be a general obligation of this Township. In accordance with the provisions of Section 265(b) (3) of the Internal Revenue Code of 1986, as amended (the "Code"), this 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 Section 265(b) of the Code.

Section 6. The Note shall be in fully registered form, shall be in a denomination not to exceed \$500,000.00, and shall bear the fixed rate of interest described in the form of Note attached hereto as Exhibit B and made a part hereof, which interest rate shall not exceed at any time _____ percent (___%), from the date of issuance and delivery thereof to the Purchaser, payable semi-annually on _____ and _____ of each year beginning _____, 2003 until maturity of the note on _____, _____. The outstanding principal balance, and all accrued and unpaid interest, shall be due and payable in full upon maturity of the Note on _____.

Section 7. The Note shall be subject to redemption prior to maturity, at the option of this Township, as a whole or in part, at any time prior to the required payment dates, without premium or penalty, following 30 days prior written notice of redemption to the Purchaser.

Section 8. The principal of and interest on the Note shall be payable by check to the registered owner of the Note, in lawful money of the United States of America.

Section 9. This Township appoints the Purchaser as paying agent with respect to the Note and directs that the principal of and interest on the Note shall be payable by this Township to a designated office of the Purchaser. The proper officers of the Township are hereby authorized, empowered and directed to contract with _____ as paying agent (the "Paying Agent"), such services to be performed in accordance with the terms and conditions of the Proposal, this Ordinance and the Act.

Section 10. The form of the Note and the form of the registration record, with appropriate insertions, omissions and variations, shall be substantially as is attached hereto as Exhibit B and made a part hereof.

Section 11. The Note shall be executed in the name and on behalf of this Township by the true signatures of the Chairman or Vice Chairman, as appropriate, of this Township and the true seal of this Township shall be affixed thereto, duly attested by the true signature of the Secretary or Assistant Secretary of this Township. Said officers are authorized and directed to execute and attest the Note.

Section 12. This Township covenants to and with the registered owners from time to time of the Note that this Township (a) shall include in its budget in each fiscal year the amount of the debt service due on the Note for each fiscal year of this Township in which such sums are due and payable, (b) shall appropriate from its general revenues in each such fiscal year the amount required to pay debt service on the Note for such year, and (c) shall duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal amount of the Note and the interest due thereon 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, this Township shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 404 of the Act, the foregoing covenant of this Township shall be enforceable specifically.

Section 13. This Township hereby covenants to create and there is hereby created, pursuant to Section 1001 of the Act, a sinking fund for the Note, to be known as "Sinking Fund - General Obligation Note, Series of 2002" (the "Sinking Fund"), which sinking fund shall be established with the paying agent and administered in accordance with applicable provisions of the Act and this Ordinance. Payment of the principal of and interest on the Note shall be made, when due, in accordance with the provisions of the Note, at the principal corporate trust office of the Paying Agent in lawful money of the United States of America. The township hereby appoints _____ as the sinking fund depository and the proper officers of this Township are hereby authorized, empowered and directed to contract with _____, as sinking fund depository (the "Sinking Fund Depository"), such services to be performed in accordance with the terms and conditions of the Proposal, this Ordinance and the Act.

Section 14. The paying agent shall be the "sinking fund depository" with respect to the Sinking Fund created pursuant to Section 13 above. This Township covenants and agrees to deposit in the Sinking Fund, on or before the payment dates, an amount which shall be sufficient to permit the paying agent to pay on such payment dates all principal and accrued interest becoming due with respect to the Note. After such deposit, the paying agent shall, without further authorization or direction from this Township or any of its officials, on the payment dates, with respect to the payment of principal and interest on the Note, withdraw monies from the Sinking Fund and apply such monies to the prompt and full payment of such obligations in accordance with the terms thereof, the terms and conditions of this Ordinance and the provisions of the Act.

Section 15. The Note shall be transferable or exchangeable by the registered owner thereof only upon surrender thereof to the paying agent, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the paying agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The paying agent shall enter any transfer of ownership of the Note in the registration books of this Township maintained by the paying agent and shall authenticate and deliver in the name of the

transferee or transferees a new fully registered Note of the same maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

This Township and the paying agent may deem and treat the persons in whose names the Note shall be registered on the registration books of this Township maintained by the paying agent as the absolute owners thereof for all purposes, whether such Note shall be overdue or not, and payment of the principal of and/or interest on the Note shall be made only to or upon the order of the registered owners thereof or their legal representatives, but such registration may be changed, as herein and in the Note provided. All such payments shall be valid and effectual to satisfy in full and discharge the liability of this Township upon the Note so paid, to the extent of the sum or sums so paid, and neither this Township nor the paying agent shall be affected by any notice to the contrary.

This Township shall cause to be kept, and the paying agent shall keep, books for the registration, exchange and transfer of Note in the manner provided herein and therein so long as the Note shall remain outstanding. Such registrations, exchanges and transfers shall be made without charge to note holders, except for actual costs, including postage, insurance and any taxes or other governmental charges required to be paid with respect to the same.

Section 16. The proper officials of this Township, and, if applicable, their duly qualified respective successors, are hereby authorized and directed, in the name and on behalf of this Township: (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 411 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Note, including the debt statement and borrowing base certificate; (c) to prepare and file, or cause to be filed, all documents, certificates and instruments necessary to cause the debt evidenced by the Note to be excluded as self-liquidating debt; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; (e) to pay or cause to be paid from proceeds of the Note or otherwise, all costs and expenses incurred by this Township in connection with the issuance of the Note; (f) to advertise the enactment of this Ordinance, as required by the Act; and (g) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Proposal of the Purchaser, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Note, to the extent not inconsistent with this Ordinance or applicable law.

Section 17. It is hereby declared that the debt to be evidenced by the Note, together with all other indebtedness of this Township, is not in excess of any applicable limitation

imposed by the Act upon the incurring of debt by this Township.

Section 18. The proper officers of this Township are hereby authorized and directed to deliver the Note to the Purchaser, upon due registration and authentication thereof as provided for herein, upon receipt of full and proper payment of the purchase price therefor, provided, however, that such delivery shall be effected only after the Department has certified its approval pursuant to Section 804 of the Act.

Section 19. This Township covenants to and with the registered owner and any subsequent registered owners 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 note), as that term is defined in Section 148 of the Code and the applicable regulations thereunder. This Township further covenants that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this issue. In addition, proper officials of this Township responsible for issuing the Note are hereby authorized and directed to execute and deliver, in the name and on behalf of this Township, any and all documents or other instruments which Bond Counsel (hereinafter defined) may reasonably request in connection with the providing of its opinion that the Note is not an "arbitrage bond" within the meaning of Section 148 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 this Township as to the amount and use of the proceeds of the Note.

Section 20. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of this Township that the remainder of this Ordinance shall remain in full force and effect.

Section 21. All Ordinances and Resolutions or parts of Ordinances and Resolutions, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.

Section 22. This Ordinance shall be effective in accordance with Section 103 of the Act and the Second Class Township Code.

DULY ENACTED, THIS 14 DAY OF OCTOBER, 2002, BY THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF CENTRE, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

TOWNSHIP OF CENTRE
BERKS COUNTY, PENNSYLVANIA

By: _____
Chairman, Board of Supervisors

Attest: *Melissa* _____
Secretary, Board of Supervisors

[SEAL]

LIST OF EXHIBITS

Exhibit A Purchaser's Proposal

Exhibit B Form of Note

CERTIFICATE

I, the undersigned Secretary of the Board of Supervisors of Centre Township, Berks County, Pennsylvania, do hereby certify that the foregoing and attached is a true and correct copy of an Ordinance of said local government unit, which was duly enacted by the affirmative vote of the members of the governing body at a meeting thereof duly called and held on the 14th day of October, 2002, after due notice to the members and to the public and which was at all times open to the public, that the same was examined and approved by the members of the governing body and was duly recorded and was published as required by law in the Reading Eagle Times, a newspaper of general circulation in said local government unit.

I further certify that the total number of members of the governing body of the local government unit is three (3); that the vote upon said Ordinance was called and duly recorded on the minutes of said meeting and that the members voted in the manner following:

Board of Supervisors

Vote

Ronald Knepp
Edward Leh
Clair Miller

Aye / Nay
 Aye / Nay
 Aye / Nay

WITNESS my hand and the seal of the Board of Supervisors of Centre Township, Berks County, Pennsylvania, this 14th day of October, 2002.

 _____

Secretary of the Board of Supervisors