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TOWNSHIP OF MONROE,
Cumberland County, Pennsylvania

ORDINANCE NO. 2010-04

AN ORDINANCE

OF THE BOARD OF SUPERVISORS OF THIS TOWNSHIP INCURRING NONELECTORAL DEBT TO BE EVIDENCED BY A GENERAL OBLIGATION NOTE, SERIES OF 2011, IN THE MAXIMUM PRINCIPAL AMOUNT OF THREE HUNDRED FIFTY THOUSAND DOLLARS (\$350,000), TO PROVIDE FUNDS FOR AND TOWARD THE REFUNDING OF A PORTION OF THIS TOWNSHIP'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 2003, AND A PORTION OF THIS TOWNSHIP'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES A OF 2003, AND THE PAYMENT OF RELATED COSTS, FEES AND EXPENSES, INCLUDING COSTS, FEES AND EXPENSES OF FINANCING; SETTING FORTH THE FINDING THAT IT IS IN THE BEST FINANCIAL INTERESTS OF THIS TOWNSHIP TO SELL THE NOTE AT PRIVATE SALE BY NEGOTIATION; CONFIRMING ACCEPTANCE OF A CERTAIN PROPOSAL FOR PURCHASE OF SUCH NOTE; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF SUCH NOTE AND AUTHORIZING EXECUTION AND AUTHENTICATION THEREOF; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT OF SUCH NOTE; APPOINTING A PAYING AGENT AND A SINKING FUND DEPOSITARY; SETTING FORTH CERTAIN COVENANTS AND REPRESENTATIONS RELATING TO THE FEDERAL INCOME TAX STATUS OF THE INTEREST TO BE PAID ON SUCH NOTE; AUTHORIZING APPROPRIATE OFFICERS OF THIS TOWNSHIP TO TAKE CERTAIN ACTIONS AND TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH ISSUANCE OF SUCH NOTE; PROVIDING FOR THE RETIREMENT OF THE REFUNDED BONDS BY OPTIONAL REDEMPTION PRIOR TO STATED MATURITY, IN ACCORDANCE WITH THE RIGHT AND PRIVILEGE RESERVED TO THIS TOWNSHIP; AUTHORIZING AND APPROVING THE FORM, EXECUTION AND DELIVERY OF AN AMENDMENT TO AN EXISTING LEASE BETWEEN THIS TOWNSHIP AND MONROE TOWNSHIP MUNICIPAL AUTHORITY WITH RESPECT TO THE SANITARY SEWAGE SYSTEM OF SAID AUTHORITY FINANCED IN WHOLE OR IN PART WITH PROCEEDS OF THE REFUNDED BONDS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

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

WHEREAS, The Board of Supervisors (herein sometimes referred to as the "Board"), by ordinance duly enacted, in accordance with law, on June 12, 2003 (the "Series of 2003 Bonds Enabling Ordinance"), authorized and directed issuance of a series of bonds designated as this Township's General Obligation Bonds, Series of 2003, in the original aggregate principal amount of \$2,835,000, dated as of July 15, 2003 (the "Series of 2003 Bonds"), to provide funds for and toward proper legal purposes which are set forth, in detail, in the Series of 2003 Bonds Enabling Ordinance; and

WHEREAS, The Department of Community and Economic Development (the "Department") of the Commonwealth approved the proceedings of this Township related to the increase of bonded indebtedness by issuance of the Series of 2003 Bonds, which approval was evidenced by Certificate of Approval No. GOB-15813, dated July 11, 2003; and

WHEREAS, The Board of Supervisors, by ordinance duly enacted, in accordance with law, on July 10, 2003 (the "Series A of 2003 Bonds Enabling Ordinance"), authorized and directed issuance of a series of bonds designated as this Township's General Obligation Bonds, Series A of 2003, in the original aggregate principal amount of \$2,710,000, dated as of August 1, 2003 (the "Series A of 2003 Bonds"), to provide funds for and toward proper legal purposes which are set forth, in detail, in the Series A of 2003 Bonds Enabling Ordinance; and

WHEREAS, The Department approved the proceedings of this Township related to the increase of bonded indebtedness by issuance of the Series A of 2003 Bonds, which approval was evidenced by Certificate of Approval No. GOB-15224, dated August 8, 2003; and

WHEREAS, The Board of Supervisors of this Township has determined to refund a portion of the outstanding Series of 2003 Bonds and a portion of the outstanding Series A of 2003 Bonds of this Township, in accordance with the refunding report for this Township (the "Refunding Report") prepared by PNC Capital Markets, LLC, of Philadelphia, Pennsylvania (the "Financial Advisor"), as financial advisor to this Township; and

WHEREAS, The Board of Supervisors of the Township, in contemplation of sale and of issuance of a general obligation note in the maximum principal amount of Three Hundred Fifty Thousand Dollars (\$350,000) to provide funds for and toward the Project (hereinafter defined), heretofore determined that such general obligation note: (a) should be offered for sale at private sale by negotiation; and (b) should be offered for sale at a price of not less than 100% of principal amount thereof; and

WHEREAS, A proper written and sealed private bid or proposal for purchase of such general obligation note has been requested from and has been received from Farmers and

Merchants Trust Company of Chambersburg (the "Bank"), Chambersburg, Pennsylvania, in response to a written Loan Proposal Request dated December 6, 2010, made by the Financial Advisor on behalf of the Township (the "Request for Proposals"); and

WHEREAS, The Board of Supervisors of the Township heretofore duly opened, read and considered such bid or proposal and accepted such proposal, conditionally; and

WHEREAS, The Board of Supervisors of the Township desires to ratify and confirm its acceptance of such bid or proposal of the Bank under the terms of the option set forth therein for a 16 1/2-year fixed rate of interest, to award the Note (hereinafter defined) to the Bank at private sale by negotiation, and to incur nonelectoral debt in connection with the Project (hereinafter defined) pursuant to provisions of the Act; and

WHEREAS, Monroe Township Municipal Authority (the "Authority") is a municipality authority existing under and governed by the Municipality Authorities Act, 53 Pa.C.S. Ch.56, as amended and supplemented, from time to time, of the Commonwealth; and

WHEREAS, The Authority, with the approval and consent of this Township, heretofore acquired and/or constructed certain sanitary sewage collection, transmission and disposal system facilities required for rendering sanitary sewage service in and for a certain area of this Township known as the "Southern Service Area" (the "Southern Service Area Sewer System"), which Southern Service Area Sewer System has been leased to this Township for operation and use pursuant to an Agreement of Lease (Southern Service Area), dated as of July 1, 2005, as amended and supplemented by a First Supplemental Agreement of Lease, dated as of December 1, 2005, and a Second Supplemental Agreement of Lease, dated as of July 15, 2010 (collectively, the "Southern Service Area Lease"); and

WHEREAS, Certain portions of the proceeds of the Refunded Bonds were applied to the payment of costs of planning, designing, acquiring, constructing or rehabilitating, extending or improving the Southern Service Area Sewer System; and

WHEREAS, The Board of Supervisors has determined to enter into a Third Supplemental Agreement of Lease (Southern Service Area), to be effective as of the date of delivery of the Note, between the Township and the Authority (the "Southern Service Area Supplemental Lease"), amending and supplementing the Southern Service Area Lease, which, among other things, will make provision for the payment of the debt service on all or a portion of the Note, as appropriate.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of Supervisors of the Township, as follows:

Section 1. The Board of Supervisors of the Township, pursuant to this Ordinance and in accordance with the Act, does authorize and direct the issuance of a general obligation note of the Township in the maximum principal amount of \$350,000 to be designated generally as the "General Obligation Note, Series of 2011" (the "Note"), to provide funds for and toward a project consisting of the refunding a portion of this Township's outstanding General Obligation Bonds, Series A of 2003, specifically the bonds of such series stated to mature on August 1 of each of the years 2011 and 2012 (the "Refunded Series of 2003 Bonds") and a portion of this Township's

outstanding General Obligation Bonds, Series A of 2003, specifically the bonds of such series stated to mature on August 1 of each of the years 2011 and 2012 (the "Refunded Series A of 2003 Bonds" and, together with the Refunded Series of 2003 Bonds, the "Refunded Bonds"), and the payment of related costs, fees and expenses, including costs, fees and expenses of financing (collectively, the "Project").

Section 2. The Board of Supervisors of the Township expresses its finding that it is in the best financial interests of the Township to sell the Note at private sale by negotiation and determines that the debt to be incurred pursuant to this Ordinance and to be evidenced by the Note shall be nonelectoral debt of the Township.

Section 3. A brief description of the Project is set forth in Section 1. The purpose for refunding the Refunded Bonds with the Note is an authorized purpose under Section 8241(b)(5) of the Act (substituting bonds for notes or bond anticipation notes or notes for bonds). The capital project or projects financed or refinanced by the Refunded Bonds (capital additions and improvements to sanitary sewer system facilities serving this Township) has or have a remaining useful life of at least 30 years.

Section 4. The Board of Supervisors of the Township shall and does accept and the bid or proposal of the Bank dated December 21, 2010, for purchase of the Note received in response to the Request for Proposals (the "Proposal") under the terms and conditions therein set forth for a 16 1/2-year fixed rate of interest, and the Note shall be and is awarded to the Bank in accordance with such terms and conditions of the Proposal, the original of which is on file with the Secretary of the Township, at private sale, at a dollar price of \$350,000 (100% of principal amount), the Bank having submitted such Proposal in accordance with provisions of the Act. The Board of Supervisors of the Township does hereby authorize, approve, ratify and confirm the acceptance of the Proposal and the execution of an acceptance thereof on behalf of this Township by the Chairman or Vice Chairman of the Board of Supervisors or the Secretary or Assistant Secretary of the Township.

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

Section 6. The Note shall be in form, shall be numbered 1, shall be in a denomination not to exceed \$350,000, shall be dated as of the date of delivery thereof to the Bank, and shall be payable as to principal and interest as set forth in Section 7. The first payment of interest on the Note shall be due on August 1, 2011, and the first payment of principal of the Note shall be due on February 1, 2013.

Section 7. The Note shall bear interest at the rate or rates per annum and shall be payable as to principal and interest in installments, all as set forth in the accepted Proposal and in the Note, the form of which shall be substantially as set forth in Exhibit A, which is attached to and made part of this Ordinance.

The purchase price for the Note shall be paid by the Bank to the Township against issuance, execution and delivery of the Note to the Bank, and interest shall accrue on the outstanding principal amount of the Note from the date of issuance and delivery thereof to the Bank at the aforesaid interest rate or rates.

Interest on the Note shall be calculated on a daily basis on the unpaid principal balance of the Note, for the actual number of days that the principal balance shall be outstanding, using a factor that assumes a 360-day year.

Section 8. The Township hereby appoints the Bank as the paying agent for the Note and directs that the principal of, redemption premium, if any, and interest on the Note shall be payable at the principal office of the Bank in Chambersburg, Pennsylvania, in lawful money of the United States of America.

Section 9. The Township hereby appoints the Bank to act as registrar with respect to the Note. The Bank, by acceptance of the Note, agrees to establish and maintain on behalf of the Township a book or other record into which it shall enter the name and address of the registered owner, from time to time, of the Note and shall register any transfer of ownership of the Note. Such book or other record shall be open to inspection by the Township or its duly authorized agents during normal banking business hours of the Bank.

The Township and the Bank, acting as registrar and paying agent for the Note, may deem and treat the person in whose name the Note shall be registered as the absolute owner thereof for all purposes, and payment of the principal of, premium, if any, and interest on the Note shall be made only to or upon the order of the registered owner or the legal representative of such registered owner, but registration of a transfer of ownership may be made as herein provided. All payments made to or upon the order of the registered owner of the Note shall be valid and effectual to satisfy and discharge liability upon the Note, to the extent of the sum or sums so paid, and neither the Township nor the Bank, as paying agent, shall be affected by any notice to the contrary.

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

Section 10. The Note shall be subject to redemption prior to maturity, at the option of the Township, as a whole or in part, on any date, upon payment of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium or penalty.

Payment of the redemption price of the Note, or of any portion thereof called for redemption by the Township, shall be made only upon presentation of the Note at the principal office of the Bank, acting as paying agent. With respect to partial redemption of the Note, the Bank, as paying agent, shall make notation of the amount of principal redeemed at the place provided on the Note for such purpose.

Any partial redemption of the outstanding principal amount of the Note shall be applied to such installment(s) of principal due on the Note and in such amount(s) as the Township may

designate in writing to the registered owner of the Note at the time of redemption or, if no such designation is made, shall be applied to the last (by date) installment(s) of principal due on the Note.

Any redemption, as hereinbefore authorized, shall be upon written notice deposited, postage prepaid, in the United States mail not less than five (5) days prior to the date selected for redemption and addressed to the person in whose name the Note is registered on the business day next preceding the date of mailing of the notice on the registration book of the Township kept by the Bank, acting as registrar on behalf of the Township, at the address of such owner as shown on such registration book; provided, however, that if the registered owner of the Note is the Bank or the registered owner shall have filed written waiver of notice with the Township, the Note may be redeemed on the selected redemption date without necessity of such notice by mail. On the date selected for redemption, money for payment of the principal, premium, if any, and accrued interest due on the Note or the portion thereof so called for redemption, as applicable, being held by the Bank, acting as paying agent, and notice of redemption having been given or waived as aforesaid, interest on the Note or the portion thereof so called for redemption, as applicable, shall cease to accrue, and if the Note shall have been called for redemption in full, it shall cease to be entitled to any benefit or security under this Ordinance, and the registered owner thereof shall have no further rights with respect to the Note, except to receive payment of the principal of and accrued interest on the Note to the redemption date, together with any applicable redemption premium.

Section 11. The form of the Note, including the form of Redemption Record, the form of Registration Record, the form of Delivery Endorsement and the form of Assignment of ownership, shall be substantially as set forth in Exhibit A, which is attached hereto and made part hereof, together with such changes thereto not inconsistent with the terms of this Ordinance that shall be approved by the officer of this Township who shall execute and deliver the Note on behalf of this Township, in consultation with legal counsel to this Township, such officer's execution and delivery of the Note to constitute conclusive evidence of such approval.

Section 12. The Note shall be executed in the name of and on behalf of the Township by the manual signature of the Chairman or Vice Chairman of the Board of Supervisors, and the official seal of the Township and the manual signature of the Secretary or Assistant Secretary of the Township shall be affixed thereto in attestation thereof; and said officers are authorized to execute and to attest, as applicable, the Note, as aforesaid.

Section 13. The Township covenants to and with the registered owner, from time to time, of the Note that the Township: (i) shall include the amount of the debt service on the Note, for each fiscal year of the Township in which such sums are payable, in its budget for that year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the Sinking Fund (hereinafter defined) or any other of its revenues or funds the principal of and the interest on the Note at the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the Township shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in the Act, the foregoing covenant of the Township shall be enforceable specifically.

Section 14. There is created, pursuant to the Act, a sinking fund for the Note, to be known as "Sinking Fund - General Obligation Note, Series of 2011" (the "Sinking Fund"), which sinking fund shall be administered in accordance with applicable provisions of the Act.

Section 15. The Township appoints the Bank to act as the sinking fund depository with respect to the Sinking Fund.

Section 16. The Township covenants to make payments out of the Sinking Fund or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Note when due.

Section 17. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary, respectively, of the Township are authorized and directed: (a) to prepare, to certify and to file the debt statement required by the Act; (b) to prepare and to file the application with the Pennsylvania Department of Community and Economic Development (the "Department"), together with a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Note upon issuance thereof, as required by the Act; (c) to prepare and to file, if applicable, any statements required by the Act that are necessary to qualify all or any portion of nonelectoral and/or lease rental debt of the Township that is subject to exclusion as self-liquidating or subsidized debt for exclusion from the appropriate debt limit as self-liquidating or subsidized debt; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; and (e) to take other required, necessary and/or appropriate action.

The Board of Supervisors of the Township authorizes and directs that an appropriate borrowing base certificate for the Township be prepared for filing with the Department as required by the Act. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary of the Township are authorized to prepare and to execute, or to authorize the auditors of the Township to prepare and to execute, such borrowing base certificate.

Section 18. The Note has been sold, as set forth in this Ordinance, at private sale by negotiation, as permitted by the Act.

Section 19. The Chairman or Vice Chairman of Board of Supervisors and the Secretary, respectively, of the Township are authorized and directed to contract with the Bank for its services as sinking fund depository in connection with the Sinking Fund and as paying agent and registrar in connection with the Note.

Section 20. It is declared that the debt to be incurred hereby, together with any other indebtedness of the Township, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by the Township.

Section 21. The Secretary or Assistant Secretary of the Township is authorized and directed to deliver the Note, after execution and attestation thereof as provided for herein, to the Bank, as provided in the accepted proposal for purchase of the Note, but only after the Department has certified its approval pursuant to the Act or such approval shall be presumed to have been given, as provided in the Act. The Secretary or Assistant Secretary of the Township is further

authorized and directed to certify the date of initial delivery of the Note to the Bank by completion of the Delivery Endorsement appearing upon the Note.

Section 22. The Township covenants to and with the Bank and subsequent owners of the Note that it will make no use of the proceeds of the Note, or of any other obligations deemed to be part of the same issue as the Note under applicable federal tax regulations, that will cause the Note to be or become an "arbitrage bond" (or note) within the meaning of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations implementing said Sections that duly have been published in the Federal Register or with any other regulations implementing said Sections.

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

The Township further covenants to comply with all other requirements of the Code if and to the extent applicable to maintain continuously the Federal income tax exemption of interest on the Note and to take no action which would adversely affect the tax-exempt status of the interest paid or payable on the Note.

The Township determines that it has not issued, and does not reasonably expect to issue, tax-exempt obligations that, together with all tax-exempt obligations issued and reasonably expected to be issued by all entities which issue obligations on behalf of the Township and all "subordinate entities" (within the meaning of Section 265(b)(3)(E) of the Code), of the Township, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the 2011 calendar year and, accordingly, the Township hereby designates the Note as a "qualified tax-exempt obligation," as defined in Section 265(b)(3)(B) of the Code, for the purposes and effect contemplated by Section 265 of the Code.

Section 23. This Township does determine to provide for retirement of the Refunded Series of 2003 Bonds upon optional redemption thereof prior to stated maturities in accordance with the right and privilege reserved to this Township in the Series of 2003 Bonds and in the Series of 2003 Bonds Enabling Resolution, and this Township hereby elects to redeem the Refunded Series of 2003 Bonds on January 27, 2011; Subject, however, to consummation of the sale, issuance and delivery of the Note. Such redemption of the Refunded Series of 2003 Bonds shall be accomplished in the manner, upon terms and conditions and with the effect provided in the Series of 2003 Bonds and in the Series of 2003 Bonds Enabling Resolution.

Promptly following the enactment of this Ordinance, the Secretary or Assistant Secretary of this Township shall authorize and instruct Manufacturers and Traders Trust Company, as paying agent and registrar for the Series of 2003 Bonds, or its successor as paying agent and registrar for the Series of 2003 Bonds, if applicable, to issue a proper, conditional notice of redemption to effect the redemption of such Refunded Series of 2003 Bonds on the aforementioned redemption date.

Section 24. This Township does determine to provide for retirement of the Refunded Series A of 2003 Bonds upon optional redemption thereof prior to stated maturity in accordance

with the right and privilege reserved to this Township in the Series A of 2003 Bonds and in the Series A of 2003 Bonds Enabling Resolution, and this Township hereby elects to redeem the Refunded Series A of 2003 Bonds on January 27, 2011; Subject, however, to consummation of the sale, issuance and delivery of the Note. Such redemption of the Refunded Series A of 2003 Bonds shall be accomplished in the manner, upon terms and conditions and with the effect provided in the Series A of 2003 Bonds and in the Series A of 2003 Bonds Enabling Resolution.

Promptly following the enactment of this Ordinance, the Secretary or Assistant Secretary of this Township shall authorize and instruct Manufacturers and Traders Trust Company, as paying agent and registrar for the Series A of 2003 Bonds, or its successor as paying agent and registrar for the Series A of 2003 Bonds, if applicable, to issue a proper, conditional notice of redemption to effect the redemption of such Refunded Series A of 2003 Bonds on the aforementioned redemption date

Section 25. This Township shall execute and deliver the Southern Service Area Supplemental Lease coincident with the issuance of the Note, such agreement to be substantially in the form presented to the Board of at the meeting at which this Ordinance is enacted, the form of which is hereby approved. A copy of such agreement, in the form so presented, shall be filed with the Secretary of this Township and shall be made available for inspection at reasonable times by interested persons requesting such inspection.

Section 26. The Chairman or Vice Chairman of the Board and the Secretary or Assistant Secretary of this Township, as applicable, are authorized and directed to execute, to attest, to acknowledge and to deliver, on behalf of this Township, the Southern Service Area Supplemental Lease, substantially in the forms approved in Section 25, together with such changes as are approved by the officer of this Township executing the same, in consultation with the Solicitor and Bond Counsel to this Township, the approval of such officer to be deemed conclusively to have been given upon his or her execution and delivery of such agreement.

Section 27. Until the principal of and all interest accrued on the Note shall have been paid and the Note is no longer outstanding, this Township covenants to and with the Bank that this Township shall do the following:

(a) Furnish the Bank with a copy of this Township's balance sheet and income statement for each fiscal year, as audited by a certified public accountant who is not unacceptable to the Bank, within 90 days following the end of such fiscal year;

(b) Maintain a deposit relationship with the Bank;

(c) Provide prompt written notice if (1) any indebtedness of this Township is declared or shall become due and payable prior to its stated maturity, or (2) a default shall have occurred under any note or other evidence of indebtedness;

(d) Make prompt payment of all applicable taxes; and

(e) Comply with all applicable laws, except to the extent noncompliance would not materially, adversely affect this Township's performance of its obligations under this Ordinance and the Note or this Township's ability to levy and collect taxes and other revenues sufficient to

provide for payment of the Note in accordance with its terms and provided that this Township reserves the right to contest, in good faith, the validity or applicability of any law.

Section 28. Any reference in this Ordinance to an officer or member of the Board of Supervisors or other officer of this Township shall be deemed to refer also to his or her duly qualified successor in office, as applicable.

Section 29. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the Township that such remainder shall be and shall remain in full force and effect.

Section 30. All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

Section 31. This Ordinance shall be effective in accordance with the Act.

DULY ENACTED AND ORDAINED, by the Board of Supervisors of the Township of Monroe, Cumberland County, Pennsylvania, in lawful session duly assembled, this 22nd day of December, 2010.

TOWNSHIP OF MONROE,
Cumberland County, Pennsylvania

By: Samuel Semmons III
(Vice) Chairman of the Board of Supervisors

ATTEST:

Margaret Metzger
Secretary of the Township

(SEAL)

EXHIBIT A

(FORM OF NOTE)

NO. 1

\$ _____

TOWNSHIP OF MONROE,
Cumberland County, Pennsylvania
GENERAL OBLIGATION NOTE, SERIES OF 2011

Date: _____, 2011

The **TOWNSHIP OF MONROE**, Cumberland County, Pennsylvania (the "Township"), a political subdivision (a Township of the Second Class) of the Commonwealth of Pennsylvania (the "Commonwealth"), promises to pay to the order of FARMERS AND MERCHANTS TRUST COMPANY (the "Bank"), Chambersburg, Pennsylvania, or registered assigns (the Bank or such other person in whose name ownership of this Note is registered on the books of the Township kept for such purpose by the Bank, as registrar, is hereinafter referred to as the "Registered Owner"), the principal sum of _____ DOLLARS (\$_____.), in installments as herein provided, and to pay interest on the principal amount hereof that, from time to time, shall be outstanding and shall remain unpaid, at the fixed rate of Three and Sixty Hundredths percent (3.60%) per annum, such interest to be payable as hereinafter provided. On August 1, 2011, and on February 1, 2012, and August 1, 2012, the Township shall pay only interest accrued on the outstanding principal balance of this Note at the aforesaid interest rate; thereafter, on February 1 and August 1 of each year, beginning on February 1, 2013, the principal of and interest on this Note shall be payable in thirty (30) equal semiannual installments, with each such installment to be in such amount as will, when applied first to payment of interest accrued on the outstanding principal balance hereof at the applicable interest rate specified above and then to principal, repay the outstanding principal balance hereof, with interest thereon at such rate, with the last such installment to be due and payable on August 1, 2027; provided, however, that any provision of this Note to the contrary notwithstanding, the entire balance of the principal amount hereof and all accrued and unpaid interest hereon, if not sooner paid, shall be due and payable on August 1, 2027.

Interest on this Note shall be calculated on a daily basis on the unpaid principal balance of this Note, for the actual number of days that the principal balance shall be outstanding, using a factor that assumes a 360-day year.

The principal, redemption premium, if any, and interest with respect to this Note shall be payable, when due, at the principal office of the Bank in Chambersburg, Pennsylvania, in lawful money of the United States of America. Whenever any payment to be made on this Note is stated to be due on a day that is a Saturday, a Sunday, a legal holiday, a day on which the Bank is closed, or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to remain closed, then the date for payment of the amount then due and payable on this Note shall be the next succeeding day that is not a Saturday, a Sunday, a legal holiday, a day on which the Bank is closed, or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to remain closed, and such extension of the time for payment shall in such case be included in the

EXHIBIT A (CONT'D)

computation of the payment of interest then due, but excluded from the next period for which interest is computed.

This Note is subject to redemption prior to maturity, at the option of the Township, as a whole or in part, on any date, upon payment of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium or penalty. Any partial redemption of the outstanding principal amount of this Note shall be applied to such installment(s) of principal due on this Note and in such amount(s) as the Township may designate in writing to the registered owner of this Note at the time of redemption or, if no such designation is made, shall be applied to the last (by date) installment(s) of principal due on this Note.

Payment of the redemption price of this Note shall be made to the Registered Owner, but if this Note is called for redemption as a whole, only upon surrender of this Note to the Bank, acting as paying agent, at its principal office in Chambersburg, Pennsylvania, or if this Note is called for redemption only in part, only upon presentation of this Note to the Bank, acting as paying agent, at such office, for notation hereon of the amount of principal redeemed at the place provided on this Note for such purpose.

Any redemption, as hereinbefore authorized, shall be upon written notice deposited, postage prepaid, in the United States mail not less than five (5) days prior to the date selected for redemption and addressed to the person in whose name ownership of this Note is registered on the business day next preceding the date of mailing of the notice on the registration book of the Township kept by the Bank, acting as registrar on behalf of the Township, at the address of such owner as shown on such registration book; provided, however, that if the registered owner of this Note is the Bank or the registered owner shall file written waiver of notice with the Township, this Note may be redeemed on the redemption date without necessity of such notice by mail. On the date designated for redemption, money for payment of the principal, premium, if any, and accrued interest due on this Note or the portion hereof so called for redemption, as applicable, being held by the Bank, acting as paying agent, and notice of redemption having been given or waived as aforesaid, interest on this Note or the portion hereof so called for redemption, as applicable, shall cease to accrue and, if this Note shall have been called for redemption in full, it shall cease to be entitled to any benefit or security under the Ordinance (hereinafter defined), and the registered owner or any other holder hereof shall have no further rights with respect to this Note, except to receive payment of the principal of and accrued interest hereon to the redemption date, together with any applicable redemption premium, if any.

This Note is issued in accordance with provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Act"), and by virtue of a duly enacted Ordinance (the "Ordinance") of the Board of Supervisors of the Township. The Act, as such shall have been in effect when this Note was authorized, and the Ordinance shall constitute a contract between the Township and the Registered Owner, from time to time, of this Note.

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

EXHIBIT A (CONT'D)

imposed by the Act upon the incurring of the debt of the Township which is evidenced by this Note.

The Township has covenanted, in the Ordinance, to and with registered owners, from time to time, of this Note that the Township: (i) shall include the amount of the debt service for this Note, for each fiscal year of the Township in which such sums are payable, in its budget for that year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal of and interest on this Note at the dates and place and in the manner stated herein, according to the true intent and meaning hereof; and, for such budgeting, appropriation and payment, the Township has pledged and does pledge, irrevocably, its full faith, credit and taxing power. The Act provides that the foregoing covenant of the Township shall be enforceable specifically.

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

This Note has been designated by the Township as a "qualified tax-exempt obligation," as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

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

[SIGNATURE PAGE FOLLOWS]

EXHIBIT A

IN WITNESS WHEREOF, the TOWNSHIP OF MONROE, Cumberland County, Pennsylvania, as provided by the Act and in the Ordinance, has caused this Note to be executed in its name and on its behalf by the manual signature of the Chairman or the Vice Chairman of its Board of Supervisors and the official seal of the Township to be affixed hereto and the manual signature of the Secretary or Assistant Secretary of the Township to be affixed hereto in attestation thereof, all as of the date first above written.

TOWNSHIP OF MONROE, Cumberland County,
Pennsylvania

By: _____
(Vice) Chairman of the Board of Supervisors

ATTEST:

(Assistant) Secretary of the Township

(SEAL)

DELIVERY ENDORSEMENT

I, the undersigned, certify that this Note was initially delivered to Farmers and Merchants Trust Company this _____ day of _____, 2011.

(Assistant) Secretary of the Township of Monroe,
Cumberland County, Pennsylvania

EXHIBIT A

REDEMPTION RECORD

(PRINCIPAL PAID IN ADVANCE OF DUE DATE)

AMOUNT	DATE	PRINCIPAL BALANCE	AUTHORIZED OFFICER

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED REPRESENTATIVE OF UNION NATIONAL COMMUNITY BANK, OR ITS SUCCESSOR, ACTING AS REGISTRAR ON BEHALF OF THE TOWNSHIP OF MONROE, CUMBERLAND COUNTY, PENNSYLVANIA.

Date of Registry	Name of Registered Owner	Registrar's Authorized Representative
/ /2011	Farmers and Merchants Trust Company	