

**TOWNSHIP OF MONROE,
Cumberland County, Pennsylvania**

ORDINANCE NO. 2016-03

AN ORDINANCE

OF THIS TOWNSHIP INCURRING NONELECTORAL DEBT TO BE EVIDENCED BY A GENERAL OBLIGATION NOTE, SERIES OF 2016, IN THE MAXIMUM PRINCIPAL AMOUNT OF NINE MILLION ONE HUNDRED FORTY-TWO THOUSAND DOLLARS (\$9,142,000), TO PROVIDE FUNDS FOR AND TOWARD REFUNDING THE GENERAL OBLIGATION NOTE, SERIES OF 2011, ALL OF THE OUTSTANDING GENERAL OBLIGATION BONDS, SERIES OF 2011, AND THE GENERAL OBLIGATION NOTE, SERIES OF 2013 OF THIS TOWNSHIP AND PAYMENT OF RELATED COSTS AND EXPENSES, INCLUDING COSTS AND EXPENSES OF ISSUANCE OF FINANCING; SETTING FORTH THE FINDING THAT IT IS IN THE BEST FINANCIAL INTEREST OF THIS TOWNSHIP TO SELL THE NOTE AT PRIVATE SALE BY NEGOTIATION; ACCEPTING A CERTAIN PROPOSAL FOR PURCHASE OF SUCH NOTE; SETTING FORTH THE TERMS AND SUBSTANTIAL FORM OF SUCH NOTE AND AUTHORIZING EXECUTION AND AUTHENTICATION THEREOF; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT OF SUCH NOTE; APPOINTING A PAYING AGENT AND A SINKING FUND DEPOSITORY; SETTING FORTH CERTAIN COVENANTS AND REPRESENTATIONS RELATING TO THE FEDERAL INCOME TAX STATUS OF THE INTEREST TO BE PAID ON SUCH NOTE; AUTHORIZING APPROPRIATE OFFICERS OF THIS TOWNSHIP TO TAKE CERTAIN ACTIONS AND TO EXECUTE CERTAIN DOCUMENTS IN CONNECTION WITH ISSUANCE OF SUCH NOTE INCLUDING SUPPLEMENTAL LEASES WITH MONROE TOWNSHIP MUNICIPAL AUTHORITY WITH RESPECT TO THE SEWER SYSTEM OF SUCH AUTHORITY; PROVIDING FOR THE RETIREMENT OF THE REFUNDED BONDS AND NOTES, UPON STATED MATURITY OR OPTIONAL REDEMPTION PRIOR TO STATED MATURITY, AS APPLICABLE AND APPROPRIATE, IN ACCORDANCE WITH THE RIGHT AND PRIVILEGE RESERVED TO THIS TOWNSHIP; AUTHORIZING RELATED ACTION; 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 a "local government unit" within the meaning of the

Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Act"), and is governed by its Board of Supervisors (the "Board"); and

WHEREAS, The Board, by Ordinance duly enacted, in accordance with law, on December 22, 2010 (the "Series of 2011 Note Enabling Ordinance"), authorized and directed issuance of a note, in the original principal amount of \$336,000 and designated as the General Obligation Note, Series of 2011 (the "Series of 2011 Note"), to provide funds for and toward proper legal purposes which are set forth, in detail, in the Series of 2011 Note Enabling Ordinance; and

WHEREAS, The Department of Community and Economic Development (the "Department") of the Commonwealth approved the proceedings of the Township related to the increase of bonded indebtedness by issuance of the Series of 2011 Note; and

WHEREAS, The Board, by Ordinance duly enacted, in accordance with law, on October 13, 2011 (the "Series of 2011 Bonds Enabling Ordinance"), authorized and directed issuance of a series of bonds, in the original aggregate principal amount of \$8,650,000 and designated as the General Obligation Bonds, Series of 2011 (the "Series of 2011 Bonds"), to provide funds for and toward proper legal purposes which are set forth, in detail, in the Series of 2011 Bonds Enabling Ordinance; and

WHEREAS, The Department approved the proceedings of the Township related to the increase of bonded indebtedness by issuance of the Series of 2011 Bonds; and

WHEREAS, The Board, by Ordinance duly enacted, in accordance with law, on August 8, 2013 (the "Series of 2013 Note Enabling Ordinance", and together with the Series of 2011 Note Enabling Ordinance and the Series of 2011 Bonds Enabling Ordinance, the "Refunded Obligations Enabling Ordinances"), authorized and directed issuance of a note, in the original principal amount of \$2,250,000 and designated as the General Obligation Note, Series of 2013 (the "Series of 2013 Note"), to provide funds for and toward proper legal purposes which are set forth, in detail, in the Series of 2013 Note Enabling Ordinance; and

WHEREAS, The Department approved the proceedings of the Township related to the increase of bonded indebtedness by issuance of the Series of 2013 Note; and

WHEREAS, The Board of this Township now has determined to refund the Series of 2011 Note, all of the Series of 2011 Bonds, and the Series of 2013 Note which remain outstanding (the "Refunded Obligations"), in accordance with the refunding report for this Township (the "Refunding Report") prepared by PFM Financial Advisors LLC (the "Financial Advisor"); and

WHEREAS, Such undertaking is herein referred to as the "Refunding Project"; 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 "Northern Service Area" (the "Northern Service Area Sewer System"), which Northern Service Area Sewer System has been leased to this Township for operation and use pursuant to an Agreement of Lease (Northern Service Area), dated as of July 1, 2005, as amended and supplemented (collectively, the "Northern Service Area Lease"); 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", and together with the Northern Service Area Sewer System, the "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 (collectively, the "Southern Service Area Lease"); and

WHEREAS, A substantial portion of the proceeds of the Refunded Obligations was made available to the Authority for the payment of costs of acquisition and construction of capital improvements to the Sewer System; and

WHEREAS, The Authority has asked this Township to undertake the Refunding Project; and

WHEREAS, The Board contemplates the authorization, sale, issuance and delivery of a general obligation note, in the maximum principal amount of Nine Million One Hundred Forty-two Thousand Dollars (\$9,142,000), to be known as the "General Obligation Note, Series of 2016" (the "Note"), with the proceeds to be applied for and toward the Refunding Project and the payment of related costs and expenses, including the costs and expenses of issuance of the Note (all of the foregoing, collectively, being referred to herein as the "Project"), all in accordance with applicable and appropriate provisions of Debt Act; and

WHEREAS, The Board has considered the possible manners of sale provided for in the Act with respect to the sale of the Note, such manners of sale being at public sale or private sale by negotiation or upon invitation; and

WHEREAS, The Financial Advisor, acting as financial advisor to the Township, has prepared and circulated a request for loan proposals dated September 12, 2016 (the "RFP") to several local banking institutions, has received responses to such request and has negotiated the terms and conditions of sale of such general obligation note on behalf of the Township; 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, doing business as F&M Trust (the "Bank"); and

WHEREAS, The Board of the Township desires to accept such bid or proposal of the Bank, to award the Note to the Bank, at private sale, and to incur nonelectoral debt in the amount of \$9,142,000 in connection with the Project, pursuant to provisions of the Act.

WHEREAS, The Board has determined to enter into a Fourth Supplemental Agreement of Lease (Northern Service Area), to be effective as of the date of delivery of the Note, between the Township and the Authority (the "Northern Service Area Supplemental Lease"), amending and supplementing the Northern Service Area Lease, if appropriate, which, among other things, will make provision for the payment of the debt service on such portion of the Note as is properly allocable to the refunding of those Series of 2011 Bonds as were issued to finance or refinance assets constituting part of the Northern Service Area Sewer System; and

WHEREAS, The Board has determined to enter into a Sixth 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 such portion of the Note as is properly allocable to the refunding of those Series of 2011 Bonds, Series of 2011 Note and Series of 2013 Note, as applicable, as were issued to finance or refinance assets constituting part of the Southern Service Area Sewer System.

NOW, THEREFORE, BE IT RESOLVED, by the Board of this Township, as follows:

Section 1. The Board of this Township does authorize and direct the issuance of the Note pursuant to this Ordinance, in accordance with the Act, for purposes of the Project.

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

Section 3. A brief description of the Refunding Project is set forth in the preamble to this Ordinance. The Refunding Project is authorized and permitted under and pursuant to 53 Pa.C.S. §8241(b)(1) (reducing total debt service over the life of the series).

The remaining useful life of the capital projects financed or refinanced by the Refunded Obligations is not less than twenty-five (25) years.

The first required payment of principal on the Note shall be not more than two years from the date of issue thereof, as required by 53 Pa.C.S. §8142, and the final maturity of the Note shall occur in the same fiscal year as the final stated maturity of the Refunded Obligations, *i.e.*, the fiscal year ending December 31, 2039.

Section 4. The Board shall and does accept the bid or proposal of the Bank dated September 26, 2016, submitted in response to the RFP for purchase of the Note with a fixed interest rate for a period of approximately ten (10) years (the "Proposal"); and the Note shall be and is awarded to the Bank in accordance with 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 \$9,142,000 (100% of principal amount), the Bank having submitted the Proposal in accordance with provisions of the Act.

The previous acceptance of the Proposal on October 13, 2016, by resolution duly adopted by the Board is hereby ratified and confirmed.

The Chairman or Vice Chairman of the Board of this Township is hereby authorized and directed to evidence this Township's acceptance of the Proposal by executing one or more counterparts of the Proposal, in the form submitted at this meeting.

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

Section 6. The Note shall be numbered 1, shall be in the denomination of \$9,142,000 maximum stated principal amount, 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 of this Ordinance. The first payment of principal of the Note shall be made not later than two (2) years after the date of issuance and delivery of the Note, in accordance with the Act.

Section 7. The Note shall bear interest at the rate 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 as approved in Section 14 of this Ordinance.

Section 8. Interest on the Note shall be calculated on the basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months, and shall be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2017.

Section 9. 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 10. The Township hereby appoints the Bank to act as registrar with respect to the Note. The Bank, by acceptance of the Note, agrees to establish and maintain on behalf of the Township a book or other record into which the Bank shall enter the name and address of the registered owner, from time to time, of the Note and shall register any transfer of ownership of the Note. Such book or other record shall be open to inspection by the Township or its duly authorized agents during normal banking business hours of the Bank.

Section 11. 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.

Section 12. Registration of the transfer of ownership of the Note shall be made only upon surrender of the Note to the Bank, acting as note registrar, at its principal office in Chambersburg, Pennsylvania, accompanied by a written assignment and instructions in form satisfactory to the Bank, as note registrar, duly executed by the registered owner of the Note or the attorney-in-fact or legal representative of such registered owner. The Bank, as note registrar, shall record the transfer of ownership of the Note upon the registration book or record maintained by the

Bank on behalf of the Township for such purpose, shall enter the name of the transferee as registered owner of the Note upon the Note in the space provided for such purpose, and shall deliver the Note to the transferee.

Section 13. The Note shall be subject to redemption prior to maturity as described in the form of the Note set forth in Exhibit A, which is attached hereto and made part hereof.

Section 14. 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.

Section 15. 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, 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 16. The Township covenants to and with the Bank and any subsequent 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 17. There is created, pursuant to the Act, a sinking fund for the Note, to be known as the "Sinking Fund - General Obligation Note, Series of 2016" (the "Sinking Fund"), which sinking fund shall be administered in accordance with applicable provisions of the Act.

Section 18. The Township appoints the Bank to act as the sinking fund depository with respect to the Sinking Fund.

Section 19. This 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 20. The Chairman or Vice Chairman and the of the Board of this Township and the Secretary or Assistant Secretary, respectively, of this Township are authorized and directed, as required, necessary and/or appropriate: (a) to prepare, to certify and to file with the Department the debt statement required by the Act; (b) to prepare and to file with the Department any statements required by the Act that are necessary to qualify all or any portion of the debt of this Township that is subject to exclusion as self-liquidating or subsidized debt for exclusion from the appropriate debt limit of this Township as self-liquidating or subsidized debt; (c) to prepare and to file the application with the Department, together with a complete and accurate transcript of the

proceedings for the required approval relating to the debt, of which debt the Note, upon issuance, will be evidence, as required by the Act; (d) to pay or to cause to be paid to the Department all proper filing fees required in connection with the foregoing; and (e) to take other required, necessary and/or appropriate action, including execution and delivery of such other agreements on behalf of the Township as may be required to satisfy the terms and conditions of the accepted Proposal, upon advice of the Solicitor.

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

Section 21. The Note has been sold, as set forth in this Ordinance, at private sale by negotiation, as permitted by the Act.

Section 22. The Chairman or Vice Chairman of the Board and the Secretary or Assistant Secretary, respectively, of this 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. The Bank shall impose no fee or other charge for services as Note paying agent and sinking fund depository except as may be required by the terms of the accepted Proposal.

Section 23. It is declared that the debt to be incurred hereby, together with any other indebtedness of this Township, is not in excess of any limitation imposed by the Act upon the incurring of debt by this Township.

Section 24. Proper officers of this Township are authorized and directed to deliver the Note and to authorize payment of all costs and expenses associated with issuance of the Note as provided for in the Proposal and in the presentations made to the Board by the Financial Advisor at this meeting, a copy of which shall be placed on file with the Township Secretary, but only after the Department has certified its approval pursuant to the provisions of the Act or at such time when the filing authorized to be submitted to the Department pursuant to this Ordinance shall be deemed to have been approved pursuant to applicable provisions of the Act.

Section 25. This 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" within the meaning of Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations implementing said Sections of the Code. This Township further covenants to and with the Bank and subsequent owners of the Note that it will make no use of the proceeds of the Note, of the proceeds of any other obligations deemed to be part of the same "issue" as the Note under applicable Federal tax regulations, or of any property or facilities financed with the proceeds of the Note or of any such other obligations deemed to be part of the same "issue" as the Note, that will cause the Note to be or become a "private activity bond" within the meaning of Section 141 of the Code and the Treasury Regulations implementing said Section of the Code. This Township shall

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.

The Chairman or Vice Chairman of the Board is authorized to represent, if appropriate, in a certificate delivered when the Note is issued, that this Township does not then reasonably expect to issue tax-exempt obligations that, together with all tax-exempt obligations reasonably expected to be issued by all entities that issue bonds on behalf of this Township and all "subordinate entities" (within the meaning of Section 265(b)(3)(E) of the Code) of this Township, in the aggregate, will exceed Ten Million Thousand Dollars (\$10,000,000) (or such other amount as may be applicable under the Code at the time of issuance of the Note) (excluding obligations issued to refund (other than to advance refund) any obligation to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation) in the calendar year of issuance and, accordingly, to designate the Note (to the extent it is not "deemed designated" under Section 265(b)(3)(D)(ii) of the Code) 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 26. This Township does determine to provide for retirement of the outstanding Series of 2011 Bonds upon optional redemption thereof prior to stated maturities, in accordance with the right and privilege reserved to this Township in the Series of 2011 Bonds and in the Series of 2011 Bonds Enabling Ordinance.

The date fixed for redemption of the Series of 2011 Bonds shall be February 1, 2017 (the "Series of 2011 Bonds Redemption Date"); provided, however, that the exercise by the Board of its election to redeem the outstanding Series of 2011 Bonds, as embodied in the foregoing provisions of this Section, is subject to consummation of the sale and issuance of the Note to the Bank. The officers and agents of this Township are hereby authorized and directed to take all such actions as may be necessary and appropriate to accomplish the redemption and retirement of the refunded Series of 2011 Bonds and, without limiting the generality of the foregoing sentence, the Chairman of the Board of, the Vice Chairman of the Board, the Secretary of the Township and any Assistant Secretary of the Township is each individually authorized and directed to instruct Manufacturers and Traders Trust Company, or its successor, as paying agent for the Series of 2011 Bonds, to issue, following consummation of the sale and issuance of the Note, a proper notice of redemption to effect the redemption of the outstanding Series of 2011 Bonds on the Series of 2011 Bonds Redemption Date. Such instructions may be embodied in the Series of 2011 Bond Retirement Agreement hereinafter authorized.

Section 27. This Township does determine to provide for retirement of the outstanding Series of 2011 Note by optional redemption thereof prior to stated maturity, in accordance with the right and privilege reserved to this Township in the Series of 2011 Note and in the Series of 2011 Note Enabling Ordinance.

The date fixed for redemption of the outstanding Series of 2011 Note shall be November 22 2016; provided, however, that the exercise by the Board of Supervisors of its election to redeem the outstanding Series of 2011 Note, as embodied in the foregoing provisions of this Section, is subject to consummation of the sale and issuance of the Note to the Bank, and the date fixed for redemption of the Series of 2011 Note may be postponed with the consent of the Bank, as holder of the Series of 2011 Note. The officers and agents of this Township are hereby authorized and

directed to take all such actions as may be necessary and appropriate to accomplish the redemption and retirement of the refunded Series of 2011 Note and, without limiting the generality of the foregoing statement, the Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Township and any Assistant Secretary of the Township is each individually authorized and directed to instruct Farmers and Merchants Trust Company of Chambersburg, doing business as F&M Trust Bank, or its successor, as paying agent for the Series of 2011 Note, to issue a proper, conditional notice of redemption to effect the redemption of the outstanding Series of 2011 Note. Such instructions shall be given promptly, in order that the paying agent for the Series of 2011 Note may give such conditional notice of redemption to the holder of the Series of 2011 Note not less than 30 days prior to the Redemption Date, in accordance with the terms of the Series of 2011 Note and of the Series of 2011 Note Enabling Ordinance.

Section 28. This Township does determine to provide for retirement of the outstanding Series of 2013 Note by optional redemption thereof prior to stated maturity, in accordance with the right and privilege reserved to this Township in the Series of 2013 Note and in the Series of 2013 Note Enabling Ordinance.

The date fixed for redemption of the outstanding Series of 2013 Note shall be November 22 2016; provided, however, that the exercise by the Board of Supervisors of its election to redeem the outstanding Series of 2013 Note, as embodied in the foregoing provisions of this Section, is subject to consummation of the sale and issuance of the Note to the Bank, and the date fixed for redemption of the Series of 2013 Note may be postponed with the consent of the Bank, as holder of the Series of 2013 Note. The officers and agents of this Township are hereby authorized and directed to take all such actions as may be necessary and appropriate to accomplish the redemption and retirement of the refunded Series of 2013 Note and, without limiting the generality of the foregoing statement, the Chairman of the Board, the Vice Chairman of the Board, the Secretary of the Township and any Assistant Secretary of the Township is each individually authorized and directed to instruct Farmers and Merchants Trust Company of Chambersburg, doing business as F&M Trust Bank, or its successor, as paying agent for the Series of 2013 Note, to issue a proper, conditional notice of redemption to effect the redemption of the outstanding Series of 2013 Note. Such instructions shall be given promptly, in order that the paying agent for the Series of 2013 Note may give such conditional notice of redemption to the holder of the Series of 2013 Note not less than 30 days prior to the Redemption Date, in accordance with the terms of the Series of 2013 Note and of the Series of 2013 Note Enabling Ordinance.

Section 29. This Township, simultaneously with delivery of the Note to the Bank, shall enter into a refunding escrow agreement with respect to the Series of 2011 Bonds (the "Bond Retirement Agreement"), with Manufacturers and Traders Trust Company (the "Escrow Agent"), as escrow agent, which shall provide for a deposit of a portion of the proceeds of the Note into escrow with the Escrow Agent, for the investment of such deposit, and for the application of such proceeds to retirement of the outstanding Series of 2011 Bonds, as set forth in the Refunding Report and this Ordinance.

The Chairman or Vice Chairman of the Board and the Secretary or Assistant Secretary, respectively, of the Township are authorized and directed to execute, to attest and to seal, as appropriate, and to deliver the Bond Retirement Agreement, simultaneously with such delivery of the Note.

The Township does authorize and approve any such Bond Retirement Agreement in such form as is satisfactory to the Solicitor of the Township and as shall be approved by the officer of the Board executing the same. Such approval of such officer shall be conclusively presumed to have been given by such officer's execution of the Bond Retirement Agreement.

Section 30. Each of the Chairman of the Board of Supervisors, the Vice Chairman of the Board of Supervisors and the Secretary of the Township is hereby authorized and directed to execute and deliver agreements, orders or subscriptions for purchase of United States Treasury Certificates of Indebtedness, Notes or Bonds, State and Local Government Series ("SLGS"), other securities of the United States of America or other investments satisfying the requirements of 53 Pa. C.S. §8250, if and as described in the Refunding Report, from the proceeds of the Note, and, if applicable, other funds to be deposited under the Bond Retirement Agreement, and to do, to take and to authorize such other acts as shall be necessary or appropriate to provide for the payment of principal and interest on the Refunded Obligations, as described in the Refunding Report and this Ordinance.

Section 31. The officers and agents of this Township are hereby authorized and directed to take all such actions as may be necessary and appropriate to accomplish the redemption and retirement of the Refunded Obligations in accordance with this Ordinance.

Section 32. This Township shall execute and deliver the Northern Service Area Supplemental Lease and the Southern Service Area Supplemental Lease (collectively, the "Supplemental Leases"), as appropriate, coincident with the issuance of the Note, each such agreement to be substantially in the form presented to the Board at the meeting at which this Ordinance is enacted, each of which form is hereby approved. A copy of each 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 33. 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 Supplemental Leases, substantially in the forms approved in Section 32, 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 the Supplemental Leases.

Section 34. Any reference in this Ordinance to an officer or a member of the Board of this Township or to any other officer of this Township shall be deemed to refer to his or her duly qualified successor in office, if applicable.


Section 35. 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 such remainder shall be and shall remain in full force and effect.

Section 36. All Ordinances or parts of Ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly are repealed.

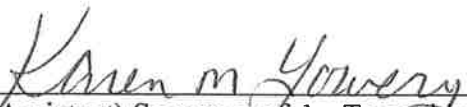
Section 37. This Ordinance shall be effective in accordance with the Act.

DULY ENACTED, by the Board of Supervisors of this Township, in lawful session duly assembled, this 17th day of October, 2016.

TOWNSHIP OF MONROE,
Cumberland County, Pennsylvania


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

ATTEST:



(Assistant) Secretary of the Township

(SEAL)

(FORM OF NOTE)

NO. 1

\$9,142,000.00

TOWNSHIP OF MONROE,
Cumberland County, Pennsylvania
GENERAL OBLIGATION NOTE, SERIES OF 2016

Date: _____, 2016

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 OF CHAMBERSBURG (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 NINE MILLION ONE HUNDRED FORTY-TWO THOUSAND DOLLARS (\$9,142,000.00), or such lesser sum as shall represent the total amount drawn and borrowed against this Note and remaining unpaid, as shown on the books and records of the Bank, such principal sum to be paid 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, such interest to be calculated (1) during the period commencing on the date of this Note and ending on _____, 2026 (the "Fixed Rate Period"), at the fixed rate of Two and Eleven Hundredths percent (2.11%) per annum; (2) during the period beginning on _____, 2026, until the principal balance of this Note is paid in full (the "Variable Rate Period"), at a variable rate per annum equal to 66% of the remainder of the Prime Rate (hereinafter defined) minus 0.25% ($0.66 \times \text{Prime Rate} - 0.25$) (the "Variable Rate"), provided, however, the Variable Rate shall not be less than 1.98% per annum nor more than 5.28% per annum, all such interest to be payable as hereinafter provided.

Interest shall be paid at the applicable interest rate as aforesaid, semiannually on each February 1 and August 1 commencing February 1, 2017, either until the maturity of this Note or until any earlier date upon which the outstanding principal amount hereof is paid in full.

On August 1 of each year, beginning on August 1, 2017, the principal of this Note shall be payable in twenty-three (23) annual installments, the amount of each such installment to be as set forth in the principal installment payment schedule attached to this Note as "**Schedule I**" or such lesser amount as shall equal the remaining, unpaid principal balance of this Note.

Notwithstanding any other provisions hereof, the entire unpaid balance of principal and all accrued and unpaid interest on this Note shall be due and payable on August 1, 2039, if not sooner paid.

Interest on this Note shall be calculated on a daily basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

As used in this Note, the phrase "Prime Rate" shall mean the per annum interest rate published from time to time in the "Money Rates" section of The Wall Street Journal as the "U.S. Prime Rate" (currently defined as the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks), and the floating rate of interest applicable to this Note shall be adjusted each time the "U.S. Prime Rate" published therein changes. If The Wall Street Journal ceases to be published, or if it no longer publishes such "U.S. Prime Rate," the phrase "Prime Rate" shall mean such other national index of the rates charged by large money-center commercial banks to their best customers for unsecured loans, as published by any successor to The Wall Street Journal or by such other publicly available source as may be designated by the Bank in good faith.

If a Final Determination of Taxability (as described below) shall occur, the interest rate applied to the outstanding principal balance of this Note shall be increased, commence to accrue and be calculated from the date interest on this Note became subject to Federal income taxation pursuant to such Final Determination of Taxability (the "Taxable Interest Date"), at the following rate or rates, as applicable: (1) during the Fixed Rate Period, at the fixed rate of Three and Twenty Hundredths Percent (3.20%) per annum; and (2) during the Variable Rate Period at a variable rate per annum equal to the Prime Rate minus 0.25%, provided, however, such variable rate shall not be less than 3.00% per annum nor more than 8.00% per annum (collectively, the "Taxable Rate"). Within 60 days following the Township's receipt of written demand for payment of interest at the Taxable Rate accompanied by a copy of the Final Determination of Taxability, the Township shall pay to the Registered Owner of this Note the difference between interest calculated at the Taxable Rate on the principal balance of this Note that was outstanding, from time to time, during the period commencing on the Taxable Interest Date and ending on the most recent interest payment date to which interest on this Note was actually paid and the interest actually paid on this Note with respect to such period.

The phrase "Final Determination of Taxability" means, for the purposes of this Note, a determination in a final administrative proceeding before the Internal Revenue Service (including without limiting the generality of the foregoing, an examination of the Federal income tax return of the Registered Owner of this Note) or in a final judicial proceeding before a court of competent jurisdiction that the interest paid or payable on this Note is not excludible from the gross income of the registered owner of this Note for Federal income tax purposes. A proceeding shall be considered final for this purpose when the Internal Revenue Service or a court of competent jurisdiction has made a determination, decision, judgment, or decree, or has taken any other official action, in any proceeding of which the Township has been given reasonable notice and opportunity to participate or to intervene to the extent permitted by applicable law, administrative procedures and rules of court, to the effect that interest on this Note has become subject to Federal income taxation, and such determination, decision, judgment, decree or other action is no longer subject to appeal or other contest before the Internal Revenue Service or the same or another court of competent jurisdiction; for this purpose any such determination, decisions, judgment, decree or other action also shall be considered no longer subject to appeal or other contest when there shall have been filed with the Registered Owner a certificate of the Township to the effect the Township will not appeal or otherwise contest the same. No Registered Owner of this Note shall have any duty or obligation to appeal or otherwise contest any determination that interest on this Note has become subject to Federal income taxation, if the Township shall have been given reasonable notice and opportunity to participate or to intervene in the proceeding or to appeal or otherwise contest such determination, either in its own name or in the name of and on behalf of the

Registered Owner, in either case at the Township's own cost and expense, if, as and to the extent permitted by applicable law, administrative procedures and rules of court.

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 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 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.

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 of Chambersburg this _____ day of _____, 2016.

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

SCHEDULE A

PRINCIPAL PAYMENT SCHEDULE

Township of Monroe
Cumberland County, Pennsylvania
General Obligation Note, Series of 2016

Principal Payment Date (August 1)	Principal Installment Due
2017	\$575,000
2018	\$532,000
2019	\$537,000
2020	\$546,000
2021	\$561,000
2022	\$571,000
2023	\$587,000
2024	\$598,000
2025	\$604,000
2026	\$500,000
2027	\$456,000
2028	\$425,000
2029	\$447,000
2030	\$316,000
2031	\$339,000
2032	\$356,000
2033	\$375,000
2034	\$163,000
2035	\$174,000
2036	\$111,000
2037	\$117,000
2038	\$123,000
2039	\$129,000

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 FARMERS AND MERCHANTS TRUST COMPANY OF CHAMBERSBURG, 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
		Farmers and Merchants Trust Company of Chambersburg	

CERTIFICATE

I, the undersigned, Secretary of the Township of Monroe, Cumberland County, Pennsylvania (the "Township"), certify that: the foregoing is a true and correct copy of an Ordinance which duly was enacted by the Board of Supervisors of the Township (the "Board"), in accordance with law, at a meeting duly held on October 17, 2016; said Ordinance has been certified and recorded by me, as Secretary of the Township, in the book provided for the purpose of such recording; said Ordinance, upon enactment, as aforesaid, was assigned Ordinance No. 2016-03; the total number of members of the Board is three (3); the vote of members of the Board, upon enactment of said Ordinance, the yeas and nays having been called, duly was recorded by me, as Secretary, as follows:

A.W. Castle, III	-	
Philip Kehoe	-	
Carl Kuhl	-	;

Said Ordinance has been advertised (both before and after final enactment), as required by law, in a daily newspaper of general circulation in the Township; said Ordinance was available for inspection by any interested citizen requesting the same in accordance with the requirements of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth") and such notices; and said Ordinance has not been amended, altered or repealed, as of the date of this Certificate.

I further certify that the Board met the advance notice and public comment requirements of the Sunshine Act, 65 Pa.C.S. §701 et seq., of the Commonwealth, by advertising the time and place of said meeting, by posting prominently a notice of said meeting at the public building in which said meeting was held, and by providing a reasonable opportunity for public comment at said meeting.

IN WITNESS WHEREOF, I set my hand and affix the official seal of the Township, this 17th day of October, 2016.

Secretary

(SEAL)