

TOWNSHIP OF SCHUYLKILL
SCHUYLKILL COUNTY, PENNSYLVANIA

Ordinance
No. 1-2006

AN ORDINANCE OF BOARD OF SUPERVISORS OF THE TOWNSHIP OF SCHUYLKILL, SCHUYLKILL COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A GENERAL OBLIGATION BOND, SERIES OF 2006, OF THE TOWNSHIP IN THE AGGREGATE PRINCIPAL AMOUNT OF FOUR HUNDRED THOUSAND DOLLARS (\$400,000) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, 53 PA.C.S. CHAPTERS 80-82, AS AMENDED, REENACTED AND SUPPLEMENTED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE TOWNSHIP; DETERMINING THAT SUCH BOND SHALL EVIDENCE NONELECTORAL DEBT OF THE TOWNSHIP; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS TO FINANCE A PROJECT OF THE TOWNSHIP WHICH CONSISTS OF, AMONG OTHER THINGS: (1) CONSTRUCTING, REPAIRING AND IMPROVING STREETS AND ROADS OF THE TOWNSHIP, AND (2) PAYING THE COSTS AND EXPENSES OF ISSUING THE 2006 BOND; SETTING FORTH THE REASONABLE ESTIMATED USEFUL LIFE OF THE PROJECT TO BE FINANCED BY THE 2006 BOND; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH 2006 BOND AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH 2006 BOND, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE TOWNSHIP; FIXING THE DENOMINATION, DATED DATE, INTEREST PAYMENT DATES, INTEREST RATES, REDEMPTION PROVISIONS AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH 2006 BOND; AUTHORIZING SPECIFIED OFFICERS OF THE TOWNSHIP TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE 2006 BOND; SETTING FORTH THE SUBSTANTIAL FORM OF THE 2006 BOND EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH 2006 BOND; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH 2006 BOND TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWNSHIP IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH 2006 BOND, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH 2006 BOND WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH 2006 BOND; AUTHORIZING THE EXECUTION OF ONE OR MORE INVESTMENT AGREEMENTS BY SPECIFIED OFFICERS OF THE TOWNSHIP (IF APPLICABLE) AND THE PURCHASE OF

CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE TOWNSHIP TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE 2006 BOND, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH 2006 BOND, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE TOWNSHIP, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE TOWNSHIP TO DELIVER THE 2006 BOND UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE TOWNSHIP FROM TAKING ACTIONS WHICH WOULD CAUSE THE 2006 BOND TO BECOME AN "ARBITRAGE BOND" OR A "PRIVATE ACTIVITY BOND" AS THOSE TERMS ARE USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; DESIGNATING THE 2006 BOND AS A "QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(b) OF THE CODE; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

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

WHEREAS, it is necessary that the indebtedness of the Township be increased for the purposes of providing funds for: (1) constructing, repairing and improving streets and roads of the Township, and (2) paying the costs and expenses of issuing the hereinafter-defined 2006 Bond (collectively, the "Project"); and

WHEREAS, the 2006 Bond will be issued pursuant to the Act of the General Assembly of the Commonwealth of Pennsylvania, 53 P.a.C.S., Chapters 80-82, as amended, reenacted and supplemented, and known as the Local Government Unit Debt Act (the "Act"); and

WHEREAS, it is necessary that the indebtedness of the Township be increased for the purpose of funding the Project; and

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

WHEREAS, to finance the costs of the Project, The United States of America, acting through the Rural Housing Service, United States Department of Agriculture (the "Government") has determined to make a loan to the Township in the aggregate principal amount of \$400,000 and has issued its letter of conditions, dated February 10, 2006, as amended and supplemented, to the Township for the financing of the costs of the Project (collectively, the "Letter of Conditions"); and

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the Township of Schuylkill, Schuylkill County, Pennsylvania (the "Board"), and it is hereby ordained and enacted by the authority of same as follows:

SECTION 1. That the aggregate principal amount of the General Obligation Bond, Series of 2006 (the "2006 Bond") of the Township, proposed to be issued is \$400,000, same to be issued for the foregoing purposes and same to be incurred as nonelectoral debt.

SECTION 2. The Township hereby approves the Project to be undertaken consisting of providing funds for: (1) constructing, repairing and improving streets and roads of the Township, and (2) paying the costs and expenses of issuing the 2006 Bond.

The Township hereby finds and certifies that realistic cost estimates have been obtained for the costs of the Project from financial analysts, registered architects, professional engineers or other persons qualified by experience to provide such estimates.

It is hereby determined and declared that the estimated useful life of the capital project to be financed with the proceeds of the 2006 Bond is at least 30 years.

It is hereby certified that an aggregate principal amount of the 2006 Bond at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of such project. Stated installments or maturities of principal of the 2006 Bond will not be deferred beyond the later of one year after the estimated date for the completion of the construction portion of the Project, if any, or two years from the date of issuance of the 2006 Bond.

SECTION 3. Said indebtedness shall be evidenced by one general obligation bond in the amount of \$400,000, dated and bearing interest from the earliest date of possible issue of said 2006 Bond under the statutory time requirements as set forth in the Act, at a rate of interest as set forth in the Commitment Letter, payable on the unpaid balance of said 2006 Bond during the term of said 2006 Bond, which is 30 years from the date of issuance of said 2006 Bond. The 2006 Bond shall mature in installments of principal and interest as shown on the attached Schedule hereinafter referred to as Exhibit A.

The Township reserves the right to anticipate any or all installments of principal

or any payment of interest at any time prior to the respective payment dates thereof, in accordance with the limitations as specified in the Letter of Conditions, if any.

The principal and interest of said 2006 Bond shall be payable at the office of the sinking fund depository selected for the 2006 Bond as hereinafter provided.

SECTION 4. The said 2006 Bond is hereby declared to be a general obligation of the Township. The Township hereby covenants that it shall include the amount of debt service on the 2006 Bond for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts from its general revenues for the payment of such debt service; and shall duly and punctually pay or cause to be paid from its general revenues the principal of the 2006 Bond and the interest thereon at the dates and places and in the manner stated in the 2006 Bond according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the Township are hereby irrevocably pledged.

The amounts which the Township hereby covenants to pay in each of the fiscal years that the 2006 Bond is outstanding on the basis of a fixed interest rate as specified in the Letter of Conditions are shown on Exhibit A attached hereto.

SECTION 5. The 2006 Bond, when issued, will be a general obligation of the Township.

SECTION 6. In accordance with the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), the Township hereby finds, determines and designates the 2006 Bond as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Code, for the purposes of such Section 265(b) of the Code. The Township determines that it and all entities with which it is aggregated under Section 265(b)(3)(E) of the Code have not issued, and do not reasonably expect to issue, tax-exempt obligations which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the calendar year 2006. The Township also determines that it will not engage in any action or inaction which will or may cause the 2006 Bond to fail or cease to constitute a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.

SECTION 7. The Township covenants to and with the registered owner of the 2006 Bond that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such 2006 Bond, would cause such 2006 Bond to be an "arbitrage bond" or a "private activity bond" as those terms are defined in Section 148 and Section 141 of the Code and the applicable regulations thereunder. The Township further covenants that it will comply with the requirements of such Section 148 and Section 141 and with the regulations thereunder throughout the term of this issue. In addition, the Chairperson or Vice Chairperson of the Board of the Township, being the official responsible for issuing the 2006 Bond, attested by the Secretary or Assistant Secretary of the Township, are hereby authorized and directed to execute and deliver, in the name and on behalf of the Township, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its

opinion that the 2006 Bond is not an "arbitrage bond" or a "private activity bond" within the meaning of Section 148 and Section 141 of the Code and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the 2006 Bond, which certificate shall set forth the reasonable expectations of the Township as to the amount and use of the proceeds of the 2006 Bond.

SECTION 8. The form of said 2006 Bond shall be substantially as shown on the attached Exhibit B.

SECTION 9. The said 2006 Bond shall be executed in the name and under the corporate seal of the Township by the Chairperson or Vice Chairperson of the Board of the Township and attested to by the Secretary or Assistant Secretary of the Township in substantially the form attached hereto together with such changes, modifications, insertions and deletions as such officers, with the advice of counsel, deem necessary and appropriate; their execution and delivery thereof shall be conclusive evidence of the approval and authorization by the Township of the final terms of the 2006 Bond. The Secretary or Assistant Secretary of the Township is hereby authorized and directed to deliver said 2006 Bond to the Government, and receive payment therefor on behalf of the Township. The Chairperson or Vice Chairperson of the Board of the Township and the Secretary or Assistant Secretary of the Township are authorized and directed to prepare, verify and file the debt statement required by Section 8110 of the Act, and to take other necessary action, including, if necessary or desirable, the filing, either before or after the issuance of the 2006 Bond, additional debt statements or any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 10. Sovereign Bank, Tamaqua, Pennsylvania, is hereby designated as the Sinking Fund Depository for the obligation herein authorized, and there is hereby created and established a Sinking Fund, to be known as the "Township of Schuylkill, Schuylkill County, Pennsylvania, Sinking Fund - General Obligation Bond, Series of 2006", for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The Secretary, Assistant Secretary or Treasurer of the Township shall deposit into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment and interest on the obligation no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the Township withdraw available monies in the Sinking Fund and apply said monies to payment of the principal of and interest on the obligation.

SECTION 11. The Chairperson or Vice Chairperson of the Board of the Township is hereby authorized to contract with Sovereign Bank, Tamaqua, Pennsylvania, if necessary, for its services as Sinking Fund Depository for the 2006 Bond and Paying Agent for the same (the "Paying Agent").

SECTION 12. In compliance with Section 8161 of the Act, the Board has determined that a private sale by negotiation, rather than public sale, is in the best financial interest of the Township. The Letter of Conditions is hereby accepted and the 2006 Bond in the

amount of \$400,000, herein authorized to be issued and sold, is hereby awarded and sold to the Government in accordance with its commitment to purchase the said 2006 Bond at par; provided the said 2006 Bond is dated the date of delivery thereof to the Government and is in substantially the form set forth in Exhibit B to this Ordinance with such changes as may be approved by the officers of the Township executing such 2006 Bond; and further provided that the proceedings have been approved by the Department of Community and Economic Development if such approval is required under the provisions of the Act. A copy of said Letter of Conditions shall be attached hereto as Exhibit C and lodged with the official minutes of this meeting and is hereby incorporated herein by reference.

SECTION 13. If necessary, the Township hereby approves the execution of one or more investment agreements, the purchase of certain U.S. Treasury obligations or any other securities or investments (the "Investments") for investment of the proceeds of the 2006 Bond in connection with the Project. The Township hereby authorizes and directs the Chairperson or Vice Chairperson of the Board of the Township and the Secretary or Assistant Secretary of the Township to attest any investment agreement on behalf of the Township, in the form approved by the Solicitor and Bond Counsel of the Township. The Investments shall be limited to those authorized under law for proceeds of the 2006 Bond.

SECTION 14. The action of the proper officers and the advertising of a summary of this Ordinance as required by law in a newspaper of general circulation in the Township, is ratified and confirmed. The advertisement of enactment in said newspaper is hereby directed within fifteen (15) days following the day of final enactment.

SECTION 15. The proper officers of the Township are hereby authorized to execute and deliver such other documents and to take such other action as may be necessary or proper to effect the completion of the financing or the intent and purposes of this Ordinance.

SECTION 16. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the Township that the remainder of this Ordinance shall remain in full force and effect.

SECTION 17. All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

SECTION 18. This Ordinance shall be effective in accordance with Section 8003 of the Act.

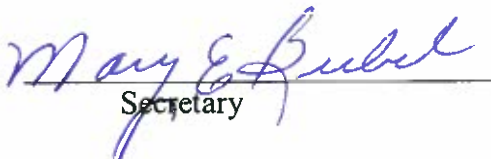
ORDAINED AND ENACTED THIS 21ST DAY OF JUNE, 2006.

**TOWNSHIP OF SCHUYLKILL
Schuylkill County, Pennsylvania**


Chairperson

(SEAL)

Attest:


Secretary