

ORDINANCE

No. 170, Adopted February 22, 2011

Of The

**TOWNSHIP OF BARRETT
MONROE COUNTY, PENNSYLVANIA**

\$203,000.00 GENERAL OBLIGATION NOTE

**PENNSTAR GOVERNMENT FINANCIAL SERVICES, A DIVISION OF
NBT BANK NATIONAL ASSOCIATION - SERIES 2011**

WHEREAS, the Governing Body of the Township of Barrett (the "**Local Government Unit**") deems it advisable to borrow the amount shown above through the execution of a term note, for the purpose of interim financing for Capital Improvement Projects for the Local Government Unit (the "**Project**"); and

WHEREAS, **PENNSTAR GOVERNMENT FINANCIAL SERVICES, A DIVISION OF NBT BANK NATIONAL ASSOCIATION - SERIES 2011** (the "**Bank**") has presented a written proposal (the "**Purchase Contract**"), attached hereto, to purchase a general obligation note (the "**Note**") to be issued by the Local Government Unit in order to obtain such financing; and

WHEREAS, the issuance of the Note, together with all other debt incurred under Section 8109 of the Local Government Unit Debt Act of Pennsylvania, as codified at 53 Pa. C.S. Chapters 80 through 82 (the "**Act**"), will not cause the aggregate of such debt to exceed the lesser of \$125,000.00 or thirty percent (30%) of the nonelectoral debt limit of the Local Government Unit and the limits imposed by Section 8022 of the Act.

WHEREAS, the Local Government Unit has determined that it is in its best financial interest to sell the Note at a negotiated sale, as permitted by Section 8161(a) of the Act,

NOW, THEREFORE, it is hereby enacted that:

Section 1 -- Authorization.

1.01. The Local Government Unit hereby accepts the Purchase Contract and authorizes the incurrence, and the increase of its non-electoral indebtedness in the principal amount set forth above, to be evidenced by the Note, in the form attached hereto, in order to pay the costs of the Project. The Note will be dated the date of its delivery, will bear interest at the rate set forth therein and will be payable (or will be subject to redemption or will mature) on the date six (6) months from the issuance thereof.

1.02. In accordance with the provisions of the Act, the Local Government Unit has determined that the debt represented by the Note, together with all other non-electoral debt of the Local Government Unit, as defined in the Act, is not in excess of any constitutional or statutory limitation, and the Note is hereby declared a general obligation of the Local Government Unit.

1.03. The Chairman or the Vice Chairman, and the Secretary of the Local Government Unit, or their duly elected and acting successors (the "**Designated Officers**"), are hereby authorized and directed to execute and deliver such documents, and to do and perform all acts necessary and proper for the issuance and further security of the Note, including its execution and delivery to the Bank.

Section 2 -- Security and Payment of Note.

2.01. The Local Government Unit hereby covenants with the Bank and with subsequent holders, from time to time, of the Note that, for budgeting, appropriation and payment, it will (a) include the amount of the debt service for each fiscal year in which any installment of principal or interest is payable in its budget for that year, (b) appropriate such amounts to the payment of such debt service, and (c) duly and punctually pay or cause to be paid the principal of and interest on the Note on the dates at the place and in the manner stated therein according to the true intent and meaning thereof.

2.02. For the purpose of securing the Local Government Unit's obligation to repay the Note, with interest thereon, the Local Government Unit does hereby pledge its full faith and credit and taxing power.

Section 3 -- Tax Covenants.

3.01. The Local Government Unit hereby covenants that no part of the proceeds of the Note will be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably expected on the date of issuance of the Note, would have caused the

Note to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the Regulations thereunder applicable to the Note and that it will comply with the requirements of that Section and the Regulations throughout the term of the Note.

3.02. If: (a) the principal amount of the Note plus the aggregate principal amount of all other tax-exempt obligations issued and to be issued by or on behalf of the Local Government Unit during the current calendar year exceeds \$5,000,000 (\$10,000,000 in the case of certain debt issued for educational purposes); and if (b) the gross proceeds of the Note are invested at a yield greater than the yield on the Note; and if (c) the gross proceeds of the Note are not expended or deemed to have been expended either within six (6) months from the date of issuance, or, if the Project is a construction project, within two years from the date of issuance (and according to certain periodic expenditure thresholds), all pursuant to §1.148.7 of the Regulations, the Local Government Unit covenants that it will rebate to the U.S. Treasury, at the times and in the manner required by the Code, the difference (if a positive number) between the investment income received on the Note proceeds and the investment income that would have been earned had the Note proceeds been invested at the yield of the Note.

3.03. The Local Government Unit hereby designates the Note as a Qualified Tax-Exempt Obligation pursuant to Section 265(b)(3) of the Code and represents that the total amount of obligations designated and to be designated by or on behalf of the Local Government Unit during the current calendar year does not and is not expected to exceed \$5,000,000 (\$10,000,000 in the case of certain debt issued for educational purposes).

3.04. The Local Government Unit will file IRS Form 8038-G and any other forms or information required by the Code or the Regulations to be filed with the Internal Revenue Service in order to further ensure the exclusion of the interest on the Note from gross income tax for federal income tax purposes.

Section 4 -- Reporting Covenants. The Designated Officers are hereby further authorized and directed to provide to the Bank, a copy of the audited financial statements of the Local Government Unit no later than One Hundred Eighty (180) days after each fiscal year end of the Local Government Unit while the Note is outstanding.

Section 5 -- Award. Having determined that a private sale by negotiation of the Note is in the best financial interest of the Local Government Unit, the Governing Body hereby awards and sells the Note to the Bank in accordance with the Purchase Contract which, as presented at this meeting, is hereby accepted and shall be executed by the Designated Officers.


Section 6 – Note Ordinance a Contract. This Ordinance shall be deemed to be a contract with the holders, from time to time, of the Note.

Section 7 – Repealer. All ordinances or parts of ordinances or resolutions conflicting or inconsistent with any of the provisions of this Ordinance are hereby repealed.

DULY ADOPTED on February 22, 2011

Attest:

Township of Barrett



Name: Paul S. Sandberg
Title: Secretary

By: 

Name: James Sigler
Title: Chairman

[Seal]