

# Ordinance No. 1 - 1994

## SHENANGO TOWNSHIP (LAWRENCE COUNTY, PENNSYLVANIA)

A ORDINANCE AUTHORIZING NON-ELECTORAL DEBT OF SHENANGO TOWNSHIP (LAWRENCE COUNTY), PENNSYLVANIA BY AUTHORIZING AND APPROVING THE ISSUANCE AND SALE OF \$1,765,000.00, GENERAL OBLIGATION BONDS, REFUNDING SERIES OF 1994 (THE "BONDS"), FOR THE PURPOSE OF THE ADVANCE REFUNDING \$1,610,000.00 SHENANGO TOWNSHIP MUNICIPAL AUTHORITY, GUARANTEED SEWER REVENUE BONDS, SERIES OF 1987, AND TO PAY THE COSTS OF ISSUANCE OF THE BONDS; DIRECTING THE CHAIRMAN OF THE BOARD OF TOWNSHIP SUPERVISORS TO PREPARE, CERTIFY AND FILE THE REQUIRED DEBT STATEMENT AND TO TAKE ALL OTHER NECESSARY ACTION; COVENANTING THAT THE TOWNSHIP SHALL INCLUDE THE AMOUNT OF ANNUAL DEBT SERVICE IN ITS BUDGET FOR EACH FISCAL YEAR; PROVIDING FOR REGISTERED BONDS, DATE OF THE BONDS AND PAYMENT DATES; PROVIDING FOR FACSIMILE SIGNATURES, SEAL AND AUTHENTICATION; APPROVING THE FORM OF THE BONDS, PAYING AGENT'S AUTHENTICATION CERTIFICATE, ENDORSEMENT AND REGISTRATION; PROVIDING FOR TEMPORARY BONDS; PROVIDING FOR THE STATED PRINCIPAL MATURITY AMOUNTS AND FIXING THE RATES OF INTEREST ON THE BONDS; AWARDING THE BONDS AT PRIVATE NEGOTIATED SALE; CREATING SINKING FUNDS; AUTHORIZING THE PROPER OFFICERS OF THE TOWNSHIP TO CONTRACT WITH A BANK FOR ITS SERVICES AS A SINKING FUND DEPOSITORY AND PAYING AGENT; AUTHORIZING AND DIRECTING THE TOWNSHIP SECRETARY TO CERTIFY AND FILE WITH THE DEPARTMENT OF COMMUNITY AFFAIRS CERTIFIED COPIES OF THE NECESSARY PROCEEDINGS; COVENANTING THAT THE PROCEEDS OF THE BONDS SHALL NOT BE USED IN SUCH MANNER AS TO CAUSE THE BONDS TO BE ARBITRAGE BONDS UNDER FEDERAL TAX LAW PROVISIONS; AUTHORIZING THE PURCHASE OF BOND INSURANCE THROUGH FINANCIAL GUARANTY INSURANCE COMPANY; AUTHORIZING THE PROPER OFFICERS OF THE TOWNSHIP TO DO ALL THINGS NECESSARY TO CARRY OUT THE ORDINANCE; AND RESCINDING ALL INCONSISTENT ORDINANCES.

WHEREAS, the Board of Township Supervisors (the "Supervisors") of Shenango Township (Pennsylvania) (the "Township") proposes to issue \$1,765,000.00 aggregate principal amount, General Obligation Bonds, Refunding Series of 1994, to pay the cost of the advance refunding of the \$1,610,000.00, Shenango Township Municipal Authority, Guaranteed Sewer Revenue Bonds, Series of 1987 (the "1987 Bonds"), including the costs of issuance of the Bonds (the "Project").

NOW, THEREFORE, be it resolved by the Board of Township Supervisors of the Township as follows:

Section 1. The Supervisors do hereby authorize and direct the incurring of non-electoral debt through the issuance of \$1,765,000.00 General Obligation Bonds, Refunding Series of 1994 (the "Bonds") of the Township for the purpose of paying the cost of the Project as detailed in the purchase proposal from Scheetz Smith & Co., Inc. dated February 25, 1994 which is hereby approved (the "Purchase Proposal").

Section 2. Section 1101. Purpose of the Refunding. Included in the Purchase Proposal is a Refunding Study which illustrates the purpose of the refunding, the reduction of total debt service over the life of the issue. The Project is an advance refunding of the 1987 Bonds. The Bonds authorized to be issued hereby do not extend beyond the useful life of the project which were financed with the proceeds of the 1987 Bonds, i.e., twenty-five (25) years. The final maturity of the Bonds is May 1, 2010 which is the date of final maturity of the 1987 Bonds.

Section 3. Section 403. Authorization to Prepare Debt Statement. The Chairman or Vice Chairman of the Board of Township Supervisors are hereby authorized and directed to prepare, certify and file a debt statement required by Section 410 of the Local Government Unit Debt Act of July 12, 1972, as amended and re-enacted by the Act of April 28, 1978 (No. 52) (the "Act"), to execute and deliver the Bonds and to take all other necessary action.

Section 4. Section 404. Covenant. The Bonds hereby authorized are General Obligation Bonds of the Township. It is covenanted with the holders from time to time of the Bonds, that the Township shall (i) include the amount of the debt service on the Bonds for each fiscal year in which such sums are payable in its budget for that year, such amounts being specified in the schedule attached to the purchase proposal received from Scheetz, Smith and Company, the purchaser of the Bonds, dated February 25, 1994 (the "Purchase Proposal") and also attached hereto, (ii) appropriate such amounts from its general revenues for the payment of such debt service, and (iii) duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds, the principal of the Bonds and the interest thereon at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Township pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable. Nothing in this Section shall be construed to give the Township any taxing power not granted by another provision of law.

Section 5. Section 403. Schedule of Maturities. The Bonds are current interest paying bonds. The serial maturities of the Bonds are set forth in the maturity schedule which is a part of the Purchase Proposal. The Bonds shall be issued in fully registered form, in the denomination of \$5,000.00 or integral multiples thereof, and shall be dated March 15, 1994. The Bonds will bear interest payable on May 1 and November 1 of each year, commencing November 1, 1994 and continuing until maturity or the date fixed for redemption. The Bonds shall bear interest at the rates, and shall mature on May 1 of the years, as set forth in the Bond Amortization Schedule which is a part of the Purchase Proposal attached hereto.

Section 701. Private Sale by Negotiation. After due and sufficient deliberation, the Township hereby determines that a private sale of the Bonds by negotiation to Scheetz, Smith & Co., Inc. pursuant to the Purchase Proposal is in the best financial interest of the Township. The Bonds are being sold as "insured" and the Township is authorized to obtain bond insurance through Financial Guaranty Insurance Company.

Section 6. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of Integra Trust Company, National Association, Pittsburgh, Pennsylvania, or at the designated office of any additional or appointed alternate or successor paying agent or agents (the "Paying Agent"). Interest on the Bonds shall be payable in the manner provided in the form of the Bond hereinafter set forth. The Bonds are subject to redemption prior to maturity as provided herein.

Section 7. The Bonds shall be executed by the manual or facsimile signature of the Chairman or Vice Chairman of the Board of Township Supervisors, and shall have a facsimile of the corporate seal of the Township affixed thereto, duly attested by the manual or facsimile signature of the Township Secretary, and the said officers are hereby authorized to execute the Bonds in such manner. The Chairman or Vice Chairman of the Board of Township Supervisors is authorized and directed to deliver or cause to be delivered the Bonds to the purchaser thereof against receipt of the full balance of the purchase price therefor. The Bonds shall be authenticated by a duly authorized officer of the Paying Agent.

Section 8. Section 403, Form of the Bond. The form of the Bond, Paying Agents' Authentication Certificate, endorsement and registration thereto annexed shall be substantially as follows:

(FORM OF BOND)

No. ST

SHENANGO TOWNSHIP  
(LAWRENCE COUNTY)  
COMMONWEALTH OF PENNSYLVANIA  
GENERAL OBLIGATION BOND, REFUNDING SERIES OF 1994

INTEREST RATE MATURITY DATE ORIGINAL ISSUE DATE CUSIP

March 15, 1994

REGISTERED OWNER:

PRINCIPAL SUM:

DOLLARS

Shenango Township (Lawrence County), Pennsylvania, a municipal corporation and a Township of the Commonwealth of Pennsylvania (the "Township") for value received, hereby acknowledges itself indebted and promises to pay, as a General Obligation of the Township, to the registered owner hereof, on the maturity date stated above, unless this Bond shall be redeemable and shall have been duly called for previous redemption and payment of the redemption price made or provided for, upon surrender hereof, the principal sum stated above and to pay interest thereon, as a General Obligation of the Township from the date hereof at the interest rate per annum stated above, payable semi-annually on the 1st day of May and November in each year, beginning November 1, 1994, until the principal amount hereof shall have been fully paid and until maturity hereof to the registered owner hereof as herein provided.

The principal of, and the interest on this Bond, shall be payable at the principal corporate trust office of Integra Trust Company, National Association (the "Paying Agent"), in the City of Pittsburgh, Pennsylvania, or of any successor paying agent and is payable, in any coin or currency of the United States of America which, at time of payment, is legal tender for payment of public and private debts. Interest on this Bond will be paid by check or draft mailed to the person in whose name this Bond is registered, at the close of business on the fifteenth (15th) day of the month next preceding the interest payment date, on the registration books of the Township maintained by the Paying Agent, as Bond registrar, at the address appearing thereon. Payment of this Bond is guaranteed by Financial Guaranty Insurance Company.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

The Township has certified this Bond as a "qualified tax exempt obligation" under Section 265(b)(3) of the Internal Revenue Code.

This Bond shall not be entitled to any payment of principal or interest or become valid for any purpose until the certification of authentication hereon has been signed by the Paying Agent.

IN WITNESS WHEREOF, Shenango Township has caused this Bond to be executed in its name by the facsimile signature of the Chairman or Vice Chairman of the Board of Township Supervisors, its facsimile corporate seal to be affixed hereto and attested by the facsimile signature of the Township Secretary.

(SEAL)  
ATTEST:

TOWNSHIP OF SHENANGO

\_\_\_\_\_  
Secretary

BY: \_\_\_\_\_  
Chairman, Board of Township  
Supervisors

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds of the Series designated herein, described in the within-mentioned Ordinance.

Accompanying this Bond, or printed hereon, is the complete text of the opinion of Bond Counsel, Knox McLaughlin Gornall & Sennett, P.C. of Erie, Pennsylvania, a signed original of which is on file with the undersigned, delivered and dated on the date of the original delivery of and payment for the Bonds.

INTEGRA TRUST COMPANY, NATIONAL  
ASSOCIATION, as Paying Agent

BY: \_\_\_\_\_  
Authorized Officer

Date of Authentication: \_\_\_\_\_

(BACK OF BOND)  
SHENANGO TOWNSHIP  
GENERAL OBLIGATION BOND, REFUNDING SERIES OF 1994

The Bonds are an authorized issue (the "Bonds") fully registered as to principal and interest and designated as "Shenango Township General Obligation Bonds, Refunding Series of 1994," amounting in the aggregate to \$1,765,000 aggregate principal amount of Bonds, paying interest currently. The Bonds are issued pursuant to an Ordinance, dated as of February 25, 1994 (the "Ordinance"), duly adopted by the Township. The Bonds are issued in fully registered form in the denomination as to principal, \$5,000.00 or any integral multiple thereof, all of like date and tenor except as to dates of maturity, rates of interest and provisions for redemption and are issued in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, Act 52 of 1978, approved April 28, 1978, as amended (the "Act"). The Bonds are issued for the purpose of providing funds for the advance refunding of the \$1,610,000, Shenango Township Municipal Authority, Guaranteed Sewer Revenue Bonds, Series of 1987, and to pay the costs of issuance.

The Bonds are a General Obligation of the Township. The Township hereby covenants with the holders from time to time of the Bonds that the Township shall include the amount of the debt service payable on the Bonds, for each fiscal year in which such sums are payable, in its budget for that year, shall appropriate such amounts to the payment of such debt service, and shall duly and punctually pay or cause to be paid the principal of the Bonds, and the interest thereon, at the dates and places and in the manner stated herein, according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, the Township pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable. Nothing in this paragraph shall be construed to give the Township any taxing power not granted by another provision of law.

The Bonds are payable in such coin or currency as at the respective dates of payment thereof shall be legal tender for the payment of public and private debts, at the office of the Paying Agent, or at the designated office of any successor paying agent.

It is hereby certified that all acts, conditions and things required to be or be done, happen or be performed precedent to and in the issuance of the Bonds or in the creation of the debt of which they are evidence have been done, happened and been performed in regular and due form and manner as required by law and that the Bonds together with all other indebtedness of the said Township are not in excess of any constitutional or statutory limitations.

Proceedings relating to the issuance of the Bonds by the Township have been approved by the Department of Community Affairs of the Commonwealth of Pennsylvania under the provisions of the Act.

As declared by the Act and subject to the provisions for registration of the Bonds endorsed hereon, the Bonds have all the qualities and incidents of negotiable

instruments under the laws of the Commonwealth of Pennsylvania, and are issued with the intent that the laws of said Commonwealth shall govern their construction.

The Bonds are subject to redemption prior to maturity as follows:

The Bonds maturing on or after November 1, 2001 shall be subject to redemption prior to maturity, at the option of the School District, in whole or in part on November 1, 2000, or on any date thereafter, in both cases upon payment of 100% of the par value of such bonds.

The Bonds maturing on November 1, 1999, November 1, 2001, November 1, 2006 and November 1, 2008 are subject to redemption prior to maturity, at a redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption, as applicable, on November 1 of the following years in the following principal amounts:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>	<u>Year</u>	<u>Principal Amount to be Redeemed</u>
1998	\$ 90,000.00	2005	\$120,000.00
1999*	90,000.00	2006*	125,000.00
2000	\$100,000.00	2007	\$125,000.00
2001*	100,000.00	2008*	140,000.00

\* Maturity

Notice of redemption of Bonds shall be given by mailing a copy of the redemption notice by first class mail, postage prepaid, on a timely basis prior to the redemption date, to the registered owners of Bonds to be redeemed at the addresses which appear in the Bond Register. Neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond will affect the validity of the proceedings for the redemption of any other Bond. If the Township shall have duly given notice of redemption and shall have deposited with the Paying Agent funds for the payment of the redemption price of the Bonds so called for redemption with accrued interest thereon to the date fixed for redemption, interest on such Bonds will cease to accrue after such redemption date.

In case of default by the Township in the payment of the principal of, or interest on the Bonds, or in the performance of any of the covenants of the Township contained in the Ordinance, the owner of the Bonds shall have such remedies as are provided by the Ordinance and the Constitution and laws of the Commonwealth of Pennsylvania.

This Bond shall be registered as to principal and interest on the books of the Township to be kept for that purpose at the principal corporate trust office of the Paying Agent and such registration shall be noted hereon. No transfer of this Bond shall be valid unless made at said office by the registered owner in person or by his duly authorized attorney and similarly noted hereon. The Township and the Paying Agent may treat the registered owner as the absolute owner hereof for the payment of the principal, premium, if any, and interest on this Bond and shall not be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal, or redemption price, or the interest on the Bonds or for any claim based hereon, against any past, present or future member, officer or employee of the Township, or of any predecessor or successor corporation, as such, either directly or otherwise whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being by the acceptance hereof and, as a material part of the consideration for the issue hereof, expressly waived and released.

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Shenango Township (Lawrence County, Pennsylvania), General Obligation Bonds, Series of 1994 (the "Bonds"), such policy being on file at the principal office of the paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption, but not any earlier date on which the payment of principal of the Bonds is due by reason of acceleration, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.



The policy is non-cancellable for any reason.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member of an approved Signature Guarantee Medallion Program.

NOTICE: The signature(s) to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

The Bonds shall be executed in substantially the form as hereinabove set forth with such appropriate changes, additions or deletions as may be approved by the officers executing the Bonds in the manner provided in Section 7 hereof; such execution shall constitute approval by such officers on behalf of the Board of Township Supervisors. The opinion of Bond Counsel is authorized and directed to be issued contemporaneously therewith.

The Township, solely for the convenience of the holders of Bonds, has caused CUSIP (Committee on Uniform Security Identification Procedures) numbers to be printed on the Bonds. No representation is made as to the accuracy of said numbers either as printed on such Bonds or as contained in any notice of redemption, and the Township shall have no liability of any sort with respect thereto. Reliance with respect to any redemption notice with respect to the Bonds may be placed only on the identification numbers printed thereon.

Section 9. Until the Bonds in definitive form are ready for delivery, the proper officers of the Township may execute, and upon their request in writing, the Paying Agent shall authenticate and deliver in lieu of such Bonds in definitive form one or more printed or typewritten Bonds in temporary form, substantially of the tenor of the Bonds hereinbefore described, with appropriate omissions, variations and insertions. The Bonds in temporary form may be for the principal amount of Five Thousand (\$5,000.00) Dollars or any whole multiple or multiples thereof as such officers may determine. The aforesaid officers, without unnecessary delay, shall prepare, execute and deliver the Bonds in definitive form to the Paying Agent, and thereupon, upon presentation and surrender of the Bonds in temporary form, the Paying Agent shall authenticate and deliver, in exchange therefor, the Bonds in definitive form in authorized denominations of the same maturity and for the same aggregate principal amount as the Bonds in temporary form surrendered. When and as interest is paid upon the Bonds in temporary form, the fact of such payment shall be endorsed thereon. Until so exchanged, the temporary Bonds shall be in full force and effect according to their terms.

Section 10. Section 602. Amortization Schedule. The Bonds shall mature in the amounts and bear interest at the interest rates set forth in the Purchase Proposal attached hereto. The stated maturities are established on a level annual debt service plan, in conformity with the Act.

The Township hereby determines that the schedule of maturities provides for the amortization of the Bonds in a manner which complies with Section 602(b) of the Act.

The Bonds are subject to redemption prior to maturity as follows:

The Bonds maturing on or after November 1, 2001 shall be subject to redemption prior to maturity, at the option of the School District, in whole or in part on November 1, 2000, or on any date thereafter, in both cases upon payment of 100% of the par value of such bonds.

The Bonds maturing on November 1, 1999, November 1, 2001, November 1, 2006 and November 1, 2008 are subject to redemption prior to maturity, at a redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption, as applicable, on November 1 of the following years in the following principal amounts:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>	<u>Year</u>	<u>Principal Amount to be Redeemed</u>
1998	\$ 90,000.00	2005	\$120,000.00
1999*	90,000.00	2006*	125,000.00
2000	\$100,000.00	2007	\$125,000.00
2001*	100,000.00	2008*	140,000.00

\* Maturity

Notice of redemption of Bonds shall be given by mailing a copy of the redemption notice by first class mail, postage prepaid, on a timely basis prior to the redemption date, to the registered owners of Bonds to be redeemed at the addresses which appear in the Bond Register. Neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond will affect the validity of the proceedings for the redemption of any other Bond. If the Township shall have duly given notice of redemption and shall have deposited with the Paying Agent funds for the payment of the redemption price of the Bonds so called for redemption with accrued interest thereon to the date fixed for redemption, interest on such Bonds will cease to accrue after such redemption date.

Section 11. The Township hereby sells the Bonds by private sale and by negotiation to Scheetz, Smith & Co., Inc., upon the terms set forth in the Purchase Proposal, a copy of which is attached hereto and made a part hereof.

Section 12. Section 1001, Sinking Fund Covenant. The Township covenants to establish and there is hereby established a sinking fund to be known as the Sinking Fund, General Obligation Bonds, Series of 1994 with the Paying Agent as Sinking Fund Depository. The Township, and the appropriate officers thereof, shall pay into the Sinking Fund, which shall be maintained until the Bonds are paid in full, the amounts set forth in the maturity schedule attached to the Purchase Proposal and as required pursuant to the covenant contained in Section 4 hereof.

Section 13. Section 406, Paying Agent, Sinking Fund Depository. The proper officers of the Township are hereby authorized and directed to contract with Integra Trust Company, National Association, for its services as Sinking Fund Depository and Paying Agent with respect to the Bonds. Integra Trust Company, National Association, is

hereby appointed Sinking Fund Depository and Paying Agent for the Bonds. The proper officers of the Township are also authorized to negotiate with Financial Guaranty Insurance Company for the purchase of bond insurance for the Bonds.

Section 14. The Secretary of the Township is hereby authorized and directed to certify to and file with the Department of Community Affairs, in accordance with the Act, a complete and accurate copy of the proceedings taken in connection with the increase of debt authorized hereunder, including the debt statement hereinabove referred to and pay the filing fees necessary in connection therewith.

Section 15. The Township covenants to the owners of the Bonds that it will make no use of the proceeds of the Bonds at any time during the term thereof which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations issued thereunder.

The Township agrees to take all actions necessary to preserve and maintain the tax exempt status of the Bonds and of the interest thereon, under all laws currently in effect and any that may become effective. The Township covenants that it will not intentionally use any portion of the proceeds of the Bonds to acquire, or to replace funds used directly or indirectly to acquire, investment property with a yield materially higher than the yield on the Bonds as prohibited by Section 148(a) of the Code. The Township covenants to expend the proceeds of the Bonds within the temporary periods prescribed by Section 148(c) of the Code and the regulations thereunder. The Township covenants to rebate to the United States all arbitrage profits earned on the proceeds of the Bonds as required by Section 148(f) of the code, except for any arbitrage profits earned on funds held in the Sinking Fund so long as the annual earning on the Sinking Fund are less than \$100,000, but only to the extent that Section 148(f) is applicable to the Bonds. For purposes of this covenant, "arbitrage profits" means (i) the excess of (A) the amount earned on any proceeds of the Bonds invested in any investment property (excluding tax-exempt bonds) over (B) the amount which would have been earned if such investments were invested at a rate equal to the yield on the Bonds, and (ii) any income attributable to such excess.

Section 16. The proper officers of the Township are hereby authorized and empowered on behalf of the Township to execute any and all papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of this Ordinance.

Section 17. Bond counsel to the Township, Knox McLaughlin Gornall & Sennett, P.C., is hereby requested to prepare or review all documents necessary to the financing and the sale of the Bonds and to issue to the purchaser of the Bonds the legal opinion relating to the Bonds. The Township Solicitor shall approve the form of all documents required for the closing.

Section 18. The official statement of the Township with respect to the Bonds in the form submitted to the Board of Township Supervisors is hereby approved subject to changes as the Chairman of the Board of Township Supervisors shall approve, the

execution thereof by the Chairman to be conclusive evidence of such approval, and the Chairman is hereby authorized to execute said official statement and said official statement is hereby authorized to be distributed to prospective purchasers of the Bonds.

Section 19. The Township hereby designates the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"). The Township reasonably anticipates that the total amount of "qualified tax-exempt obligations" to be issued by the Township and all subordinate entities thereof during calendar year 1994 will not exceed \$10,000,000.

Section 20. In accordance with the provisions of the Act, the refunding is for the purpose of reducing total debt service over the term of the Bonds. As is set forth in the Purchase Proposal, upon the issuance of the Bonds, a portion of the proceeds shall be irrevocably deposited with Integra Trust Company, National Association, hereby appointed as Escrow Agent (the "Escrow Agent") for the payment and redemption of the 1987 Bonds from the date hereof to May 1, 1997, the initial call date for the 1987 Bonds maturing on May 1, 1998 through May 1, 2010. On the date of issuance of the Bonds, the Township shall give irrevocable instructions to Integra Trust Company, National Association to publish notices of redemption of the 1987 Bonds in accordance with the terms of the 1987 Bonds, to utilize the proceeds for the advance refunding of the 1987 Bonds and to take such other action as is necessary to advance refund the 1987 Bonds. From and after the deposit with the Escrow Agent of monies and other securities as set forth in Section 1110 of the Act and in accordance with the provisions of the Escrow Agreement (the "Escrow Agreement"), and the giving of irrevocable notice to pay and redeem the 1987 Bonds, the 1987 Bonds will no longer be deemed outstanding for purpose of determining the net debt of the Township.

In accordance with Section 149(d) of the Code, the Bonds are issued for the purpose of the advance refunding of the 1987 Bonds on May 1, 1997, the initial call date. The 1987 Bonds have not been the subject of a prior advance refunding, and the 1987 Bonds are being refunded on the earliest date on which the 1987 Bonds may be refunded, i.e., May 1, 1997. In accordance with the provisions of Section 149(d)(3)(B) of the Code, the Township is realizing a present value debt service savings, determined without regard to administrative expenses, through the issuance of the Bonds.

Section 21. Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Shenango Township (Lawrence County, Pennsylvania), General Obligation Bonds, Series of 1994 (the "Bonds"), such policy being on file at the principal office of the paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption, but not any earlier date on which the payment of

principal of the Bonds is due by reason of acceleration, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

Section 22. All resolutions or parts of resolutions not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

This Ordinance was duly adopted by an affirmative vote of a majority of the members of the Board of Township Supervisors of the Shenango Township, Pennsylvania, at a meeting duly advertised and held in accordance with the provisions of law on the 25th day of February, 1994.

(SEAL)  
ATTEST:

SHENANGO TOWNSHIP

  
Secretary

BY:

  
Chairman, Board of Township  
Supervisors

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Ordinance duly adopted by the affirmative vote of a majority of the members of the Board of Township Supervisors of the Shenango Township, Pennsylvania, at a meeting held on the 25th day of February, 1994; that proper notice of such meeting was duly given as required by law; and that said Ordinance has been duly recorded upon the Minutes of the Board of Township Supervisors, showing how each member voted thereon.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Shenango Township this 25th day of February, 1994.

(SEAL)

05PA09163

  
Secretary