

**COPY**

**TOWNSHIP OF EAST ROCKHILL  
BUCKS COUNTY, PENNSYLVANIA**

**RESOLUTION NO. 2009- 33**

**AUTHORIZING AND AWARDDING RESOLUTION**

**AUTHORIZING THE ISSUANCE AND SALE OF TAX AND REVENUE ANTICIPATION NOTE, SERIES OF 2010, OF THE LOCAL GOVERNMENT UNIT IN AN AGGREGATE PRINCIPAL AMOUNT OF \$200,000.00; ESTABLISHING THE TERMS, CONDITIONS AND FORM OF SUCH NOTE; ACCEPTING A PROPOSAL TO PURCHASE THE NOTE; PROVIDING SECURITY FOR THE NOTE; AUTHORIZING CERTAIN OFFICIALS TO EXECUTE AND DELIVER THE NOTE AND TO PREPARE AND FILE CERTAIN CERTIFICATES AND OTHER PROCEEDINGS; AND AUTHORIZING OTHER NECESSARY ACTION.**

*WHEREAS*, the Township of East Rockhill, Bucks County, Pennsylvania (the "Local Government Unit") anticipates the receipt during the 2010 fiscal year of taxes and other revenues as yet uncollected; and

*WHEREAS*, based on monthly estimates of its expected taxes, revenues and expenditures for the 2010 fiscal year, the Local Government Unit anticipates that its cash on hand at certain times during such fiscal year may temporarily be reduced to undesirably low levels; and

*WHEREAS*, the Local Government Unit is authorized, pursuant to the Local Government Unit Debt Act, No. 177 of 1996 of the General Assembly of the Commonwealth of Pennsylvania, approved December 19, 1996, as amended (the "Act"), to borrow money from time to time in any fiscal year in anticipation of the receipt of current taxes and other revenues and to evidence such borrowing by the issuance and sale of tax and revenue anticipation notes; and

*WHEREAS*, QNB Bank of Quakertown, Pennsylvania, a Pennsylvania state chartered banking institution (the "Purchaser") has submitted a proposal to purchase the Local Government Unit's Tax and Revenue Anticipation Note in the aggregate principal amount of \$200,000.00; and

*WHEREAS*, the Local Government Unit desires by the adoption of this Resolution to accept such proposal and authorize the issuance and sale of its Tax and Revenue Anticipation Note in accordance with the Act.

*NOW, THEREFORE, BE IT RESOLVED* by the governing body of the Local Government Unit (the "Board") as follows:

1. The Local Government Unit hereby authorizes the issuance of its Tax and Revenue Anticipation Note, Series of 2010, in an aggregate principal amount of \$200,000.00 (the "Note") on or after January 4, 2010, in anticipation of the receipt of current taxes and revenues in such fiscal year.

2. The Note shall be issued to QNB Bank, and shall be dated on or after January 4, 2010, and mature on December 31, 2010, shall bear interest at the annual rate of 3.00% payable monthly, and shall be substantially in the form presented to the Board, with such changes as the Chairman shall deem appropriate.

The principal of and interest on the Note shall be payable in lawful money of the United States of America at the principal office of QNB Bank, P.O. Box 9005, Quakertown, PA 18951.

3. The Note shall not be subject to prepayment penalty prior to maturity.

4. The proposal of QNB Bank ("Purchaser"), dated as of December 3, 2009, to purchase the Note at a price of par (the "Note Purchase Proposal") is hereby accepted and approved, and the Note is hereby awarded to the Purchaser. In the event the sale is a negotiated sale, the Board hereby finds and determines, on the basis of all information available to the Board that a private sale of the Note by negotiation is in the best financial interest of the Local Government Unit. The Note Purchase Proposal is attached hereto and made part hereof as *Exhibit "A"*.

Any officer of the Local Government Unit is hereby authorized and directed to notify the Purchaser of the Local Government Unit's acceptance of the Note Purchase Proposal, to execute such acceptance on a duplicate original thereof, to deliver the same to the Purchaser and to file the original of the Note Purchase Proposal with the records of the Local Government Unit.

5. The Note, a copy of which is attached hereto and made part hereof as *Exhibit "B"*, shall be a general obligation of the Local Government Unit and shall be equally and ratably secured by the pledge of, security interest in, and a first lien charge on, the taxes and other revenues to be received by the Local Government Unit during the period the Note will be outstanding. Such pledge, lien and charge shall be fully perfected as against the Local Government Unit, all its creditors and all third parties from and after the filing of appropriate financing statements in accordance with the Uniform Commercial Code and Section 8125 of the Act. The execution and filing of such financing statements are hereby authorized and directed.

6. The Chairman or Vice-Chairman of the Board is hereby authorized and directed to execute in the name of, on behalf of, and under the seal of, the Local Government Unit, the Note in the form and containing the terms described above, and the Secretary or Assistant Secretary of the Local Government Unit is hereby authorized and directed to attest the same. Such officers are hereby authorized and directed to deliver the Note to the Purchaser upon receipt of the proceeds thereof and upon compliance with all conditions precedent to such delivery required by the Act, this Resolution and the Note Purchase proposal.

7. The Secretary/Treasurer and the Assistant Treasurer of the Local Government Unit have been authorized and directed to prepare a Certificate as to Taxes and Revenues to be Collected (the "Certificate"). The Certificate, dated as of December 9, 2008, and submitted to the Board in accordance with Section 8126 of the Act, is hereby approved.

8. The Chairman or Vice-Chairman of the Board and the Secretary or Assistant Secretary of the Local Government Unit are hereby authorized to certify to the Purchaser at the time of delivery of the Note that the amount of the Note to remain outstanding will not exceed the limitations of Section 8122 of the Act.

9. The Local Government Unit covenants to comply with the requirements of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable regulations promulgated with respect thereto, including, but not limited to, the requirements regarding the use or investment of the proceeds of the Note and the rebate requirements in Section 148(f) of the Code.

10. The Local Government Unit hereby designates the Note to QNB Bank, as a "qualified tax-exempt obligation" within the meaning of Section 265, Paragraph (b)(3)(B) of the Internal Revenue Code, and the Chairman, Vice-Chairman and/or Secretary are hereby authorized and directed to execute on behalf of the Local Government Unit any and all forms required by the Internal Revenue Service consistent with this designation.

11. The Chairman or Vice-Chairman of the Board and the Secretary or Assistant Secretary of the Local Government Unit are hereby authorized and directed to cause certain documents and proceedings in connection with the authorization, issuance and sale of the Note (including certified copies of this Resolution and the Certificate and a true copy of the Note Purchase Proposal) to be filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania in accordance with Section 8128 of the Act.

12. The execution and delivery of the Note and other documents required by the Purchaser and under the Act to be used in connection with the sale of the Note is hereby approved, containing such information as may be approved by officers of the Local Government Unit or counsel acting on behalf of the Local Government Unit.

13. The proper officers of the Local Government Unit are hereby authorized and directed to perform all other actions necessary or desirable for the valid issuance, sale and delivery of the Note in accordance with the Act, the aforesaid proposal of the Purchaser and the provisions of this Resolution.

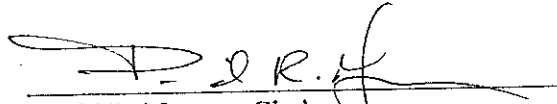
14. All resolutions or parts of resolutions heretofore adopted to the extent that the same are inconsistent in any manner herewith are hereby repealed.

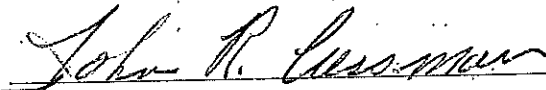
15. This Resolution shall take effect immediately.

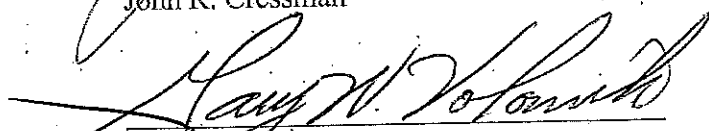
16. The Local Government Unit hereby warrants to the Purchaser, its successors and assigns, that it has not encumbered or pledged its anticipated tax receipts or other revenues for the fiscal year ending December 31, 2010, and further covenants that, except for outstanding current operating expenses incurred for the current fiscal year, for the payment of which the Notes are being issued and sold, it will not, as long as the principal of or interest on the Notes shall remain unpaid, incur any further obligations against such tax receipts or other revenues ranking prior to or on a parity with the Notes without the consent of the Purchaser, in writing.

*IN WITNESS WHEREOF*, the undersigned has hereunto their hand and affixed the seal of the Local Government Unit as of the 15th day of December, A.D., 2009.

TOWNSHIP OF EAST ROCKHILL  
BOARD OF SUPERVISORS.

  
David R. Nyman, Chairman

  
John R. Cressman

  
Gary W. Volovnik

**EXHIBIT "A"**

# **EXHIBIT "B"**

\$200,000.00

January , 2010

TOWNSHIP OF EAST ROCKHILL  
(Bucks County, Pennsylvania)

TAX AND REVENUE ANTICIPATION NOTE  
SERIES OF 2010

The TOWNSHIP OF EAST ROCKHILL, Bucks County, Pennsylvania (the Township), for value received, hereby promises to pay to QNB BANK, or registered assigns (the Registered Owner), on the 31st day of December, 2010 (unless this Note shall have been called for redemption and payment of the redemption price shall have been duly made) the principal sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00), and to pay interest on the outstanding principal balance hereof at the rate set forth herein on the last day of each month beginning January 31, 2010 (each, an Interest Payment Date). The outstanding principal balance of this Note shall bear interest from the date above at the annual rate of 3.00%, calculated on the basis of one-three hundred sixtieth (1/360th) of the annual rate per day until the principal amount of this Note has been paid in full.

The principal of and interest on this Note are payable at the office of QNB Bank, P. O. Box 9005, Quakertown, Pennsylvania, 18951, or at such other place as the Registered Owner shall specify in writing to the Township. The principal of, interest on and other amounts due under this Note are payable in lawful money of the United States of America.

This Note is the entire duly authorized Tax and Revenue Anticipation Note, Series of 2010, issue of the Township. The Note is issued as a single instrument in fully registered typewritten form in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, Act 177 of 1996, as amended (the Act), and pursuant to a resolution of the Board of Supervisors of the Township duly adopted on December 15, 2009 (the Resolution).

The indebtedness evidenced hereby is a borrowing in anticipation of current taxes and other government revenues to be received during the fiscal year ending December 31, 2010, of the Township and is not in excess of any constitutional or statutory limitations. In accordance with Section 8125 of the Act, the Township hereby pledges to the holder hereof and grants to said holder a security interest in and a lien and charge on its taxes and revenues to be received between the date of delivery hereof and the stated maturity hereof, to secure the payment of the indebtedness evidenced hereby and the interest due hereunder.

If any payment of interest is not received by Registered Owner within fifteen (15) calendar days after the due date, a late charge of 5% of such overdue amount will, at Registered Owner's option, be payable by Township.

The issuance and sale of this Note to QNB Bank at private sale by negotiation have been found and determined by the Township Board of Supervisors, on the basis of all information available, to be in the best financial interest of the Township. The Township shall not assume the payment of any tax or taxes in consideration of the purchase of the Note. The provisions of this Note shall be deemed to be a part of the Resolution as if stated in full therein.

The Note is subject to redemption at the option of the Township at any time, as a whole or in part, without payment of any redemption premium or prepayment penalty.

The Note is transferable by the Registered Owner hereof, subject to payment of any required tax, fee or other governmental charge, upon presentation and surrender at the Township office, together with a duly executed instrument of transfer in form satisfactory to the Township.

The Township may treat the person in whose name this Note is registered as the absolute owner of this Note for all purposes and the Township shall not be affected by any notice to the contrary.

The Act provides that the Note, its transfer and the income therefrom, including any profits made on the sale thereof, shall at all times be free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but this exemption shall not extend to gift, estate, succession or inheritance taxes or to any other taxes not levied directly on the Note, the transfer thereof, the income therefrom or the realization of profits on the sale thereof.

The Township covenants with the Registered Owner of the Note that no part of the proceeds of the Note shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would cause the Note to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or under any similar statutory provision or any rule or regulation promulgated thereunder, with the effect that interest on the Note is no longer exempt from federal income taxes. The Township covenants timely to file required statements (if any) of investment earnings with the agencies of the federal government having jurisdiction and to pay any arbitrage rebate required. During 2010 the Township represents that it and any entities subordinate to the Township will not issue (and have not issued) additional bonds or notes in the aggregate amount of \$9,800,000.00 or more. The Township hereby designates the Note as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) and Section 291(e)(1)(B) of the Code.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon, against any member, officer or employee, past, present or future, of the

Township, its Board of Supervisors, or of any successor body, as such, either directly or through the Township or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the execution and issuance of this Note.

It is hereby certified:

That a copy of this Note and all other documents pertaining hereto have been or will be filed with the Department of Community Affairs of the Commonwealth of Pennsylvania;

That all acts, conditions and things required by the laws of the Commonwealth of Pennsylvania, including without limitation the Act and the Township Code, to exist, to have happened or to have been performed, precedent to or in the issuance of the Note or in the creation of the debt of which this Note is evidence, exist, have happened and have been performed in regular and due form and manner as required by law;

That the Note, together with all other indebtedness of the Township (if any), is within every debt and other limit prescribed by the Constitution and the Statutes of the Commonwealth of Pennsylvania;

That the Township covenants with the Registered Owner of the Note (i) that the Township will include in its budget for the fiscal year ending December 31, 2010 the amount of the debt service on the Note issued hereunder which will be payable in such fiscal year; (ii) that the Township shall appropriate from its taxes and general revenues such amounts to the payment of such debt service; (iii) that the Township shall duly, punctually and fully pay the principal of and interest on the Note as stated herein according to the true intent and meaning hereof; (iv) for such budgeting, appropriation and payment the Township has irrevocably pledged its full faith, credit and taxing power; and (v) these covenants shall be specifically enforceable.

IN WITNESS WHEREOF, the Township of East Rockhill, Bucks County, Pennsylvania, has caused this Note to be signed in its name by the manual signature of either the Chairman or Vice-Chairman of its Board of Supervisors and its corporate seal to be hereunto affixed and duly attested by the manual signature of the Township Secretary, all as of the date first above written.

TOWNSHIP OF EAST ROCKHILL

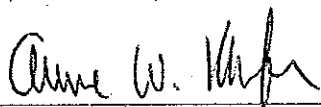
By:



Name:

Title: Chairman, Board of Supervisors

Attest:



Name: Anne W. Klepfer

Title: Manager/Secretary

EXHIBIT