

UPPER SOUTHAMPTON TOWNSHIP

RESOLUTION 2001-20

AUTHORIZING A BORROWING IN ANTICIPATION OF CURRENT TAXES AND CURRENT REVENUES AND THE ISSUANCE OF A TAX AND REVENUE ANTICIPATION NOTE; PROVIDING FOR THE FORM OF NOTE; AWARDING THE NOTE AT A NEGOTIATED SALE TO CITIZENS BANK; PROVIDING SECURITY FOR THE NOTE; AUTHORIZING THE EXECUTION AND DELIVERY OF A CERTIFICATE OF AUTHORIZED OFFICERS AND THE NOTE, FILINGS REQUIRED BY LAW AND OTHER NECESSARY ACTIONS; PROVIDING FOR PRESENTATIONS AND COVENANTS REGARDING FEDERAL INCOME TAX MATTERS; DESIGNATING THE NOTE AS A QUALIFIED TAX-EXEMPT OBLIGATION; AND REPEALING INCONSISTENT RESOLUTIONS.

WHEREAS, the Local Government Unit Debt Act, constituting Title 53, Subpart B, Part VII of the Pennsylvania Consolidated Statutes (the "Act"), empowers and authorizes a local government unit to borrow money from time to time in any fiscal year in anticipation notes; and

WHEREAS, Citizens Bank (the "Bank") has submitted to Upper Southampton Township (the "Issuer") a proposal to purchase a Tax and Revenue Anticipation Note of the Issuer and the Issuer desires, by the adoption of this Resolution to accept such proposal and award and authorize the issue and sale of its Tax and Revenue Anticipation Note [the "Note"] as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Authorization; Terms of the Note. The Board of Supervisors of the Issuer hereby authorizes the borrowing of the principal sum of \$1,400,000 in anticipation of the receipt of current taxes and current revenues, said borrowing to be evidenced by the Note of the Issuer in the aforesaid principal sum, such Note to be dated the date of the issuance thereof, to mature December 31, 2002, and to bear interest from the date thereof on the unpaid balance of principal at the rate of 2.225% per annum, based on a year of 360 days and actual days elapsed (the "tax free rate") payable at maturity. After maturity, whether by declaration, acceleration or otherwise, the Note shall bear interest until fully paid at a variable rate per annum equal to 2% above the Prime Rate in effect from time to time, such interest rate to change automatically from time to time, effective as of the effective date of each change in the Prime Rate, payable on demand.

"Prime Rate" shall mean the interest rate per annum announced from time to time by the Bank as its Prime Rate. The Prime Rate may be greater or less than other interest rates charged by the Bank to other borrowers and is not solely based or dependent upon the interest rate which the Bank may charge any particular borrower or class of borrowers.

The principal of and interest on the Note shall be payable to the Bank or its order at Upper Southampton Township in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

The Note shall be in substantially the form of the Tax and Revenue Anticipation Note annexed hereto.

SECTION 2. Award of the Note. The Issuer hereby finds that a private sale of the Note by negotiation is in the best financial interest of the Issuer. The proposal to Purchase a Tax and Revenue Anticipation Note dated January 2, 2002, of the Bank submitted to the Issuer that is hereby approved and accepted. The Note is approved and shall be awarded, issued and sold upon a negotiated sale to the Bank at the principal amount thereof in accordance with said Proposal.

SECTION 3. Security for the Note. The pledge of, security interest in, and a first lien and charge on, the taxes and revenues of the Issuer to be received during the period when the Note will be outstanding shall equally and ratably secure the Note. Such pledge, lien and charge shall be fully perfected as against the Issuer, all its creditors and all third parties from and after the filing of Financing Statements with the Secretary of the Commonwealth and the Office of the Prothonotary of Bucks County.

SECTION 4. Approval of Certification. The Certificate of Authorized Officers as to taxes and revenues to be collected dated 14 December 2001, prepared by the Township Manager of the Issuer and submitted to the Board of Supervisors in accordance with the Act, is hereby approved, and the said officials are hereby authorized, empowered and directed to deliver a signed counterpart of such Certificate (or of a revised subsequently dated Certificate as may be necessary to comply with the Act and substantially in the form of the Certificate As to Estimated Taxes and Revenues) to the Bank in connection with the issuance and delivery of the Note.

SECTION 5. Filing; Execution of Note; Other Action. The Chairperson and the Secretary of the Issuer are hereby authorized, empowered and directed (i) to cause certified copies of the proceedings and documents in connection with the authorization, issue and sale of the Note to be filed with the Pennsylvania Department of Community and Economic Development as required by the Act, (ii) to execute and deliver the Note to the Bank against receipt of the proceeds thereof, and (iii) to take all such actions and execute all such other documents as may be necessary or desirable to effect the issue and sale of the Note in conformity with the aforesaid Proposal and the Act.

SECTION 6. Non-Arbitrage Covenant. The Issuer hereby covenants with the holder of the Note that it will make no use of the proceeds of the Note which will cause 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 or applicable thereto and that it will comply with the requirements of said Section and such regulations throughout the term of the Note. In addition, the issuer will comply with all other requirements of the Code and regulations promulgated or proposed thereunder applicable to the Note.

SECTION 7. Certain Representations Regarding Federal Income Tax Matters.
The Issuer hereby represents as follows:

(a) It is a governmental unit with general taxing powers;

(b) The aggregate face amount of tax-exempt obligations which are not "private activity bonds" (as defined in Section 141 of the Code) issued after December 31, 2001, by the Issuer, any subordinate entity controlled by the Issuer or any entity which issues bonds on behalf of the Issuer, when added to the principal amount of the Note and the amount of tax-exempt obligations which are not "private activity bonds" which are reasonably expected to be issued by the Issuer, any subordinate entity controlled by the Issuer or any entity which issues bonds on behalf of the Issuer on or after the date of issuance of the Note and before January 1, 2003, does not and will not exceed \$5,000,000; and,

(c) The aggregate amount of tax-exempt obligations which are not "private activity bonds" (as defined in Section 141 of the Code), other than "qualified 501(c)(3) bonds" (as defined in Section 145 of the Code) issued after December 31, 2001 by the Issuer, when added to the principal amount of the Note and the amount of tax-exempt obligations (including "qualified 501(c)(3) bonds") which are not "private activity bonds" which are reasonably expected to be issued by the Issuer, any subordinate entity controlled by the Issuer or any entity which issues bonds on behalf of the Issuer on or after the date of issuance of the Note and before January 1, 2003, does not and will not exceed \$10,000,000.

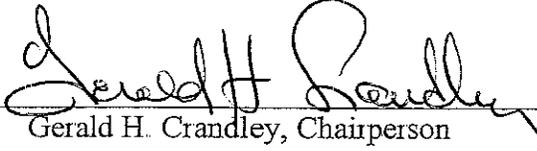
SECTION 8. Exempt Obligation(s); Information Reporting. The Issuer hereby designates the Note under Section 265 (b)(3)(B)(ii) of the Code as a "qualified tax-exempt obligation," as that term is defined in Section 265(b)(3)(B) of the Code.

The Issuer hereby covenants with the Bank, either at the time of payment for and delivery of the Note or promptly thereafter, a copy of IRS Form 8038-G prepared by the Issuer in compliance with Section 149(e) of the Code with evidence of the filing thereof with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

SECTION 9. Repealer. All resolutions or parts of resolutions conflicting with the provisions of this Resolution are hereby repealed insofar as they conflict herewith.

ADOPTED, this 18th day of December 2001.

BOARD OF SUPERVISORS OF
UPPER SOUTHAMPTON TOWNSHIP

BY: 
Gerald H. Crandley, Chairperson

ATTEST:


Lola Biuckians, Secretary-Treasurer