

COUNTY OF CENTRE
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE
NO. 3 of 2010

AN ORDINANCE

OF THE BOARD OF COMMISSIONERS OF THE COUNTY OF CENTRE, COMMONWEALTH OF PENNSYLVANIA (THE "COUNTY"), AUTHORIZING AND DIRECTING ISSUANCE OF FEDERALLY TAXABLE GENERAL OBLIGATION DEBT, AS PERMITTED BY AND PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 P.A.C.S. § 8001 ET SEQ., AS AMENDED AND SUPPLEMENTED, CONSISTING OF THE COUNTY'S FEDERALLY TAXABLE GENERAL OBLIGATION NOTE, SERIES OF 2010, IN THE PRINCIPAL AMOUNT OF \$1,373,000 (THE "NOTE") FOR THE PURPOSE OF PROVIDING FUNDS TO BE APPLIED FOR AND TOWARD THE COSTS OF A CERTAIN CAPITAL PROJECT, CONSISTING OF, BUT NOT LIMITED TO, IMPROVEMENTS, RENOVATION AND ADDITIONS, INCLUDING REPAIRS TO OR REPLACEMENT OF THE ROOFING, AT CENTRE CREST, THE COUNTY-OWNED AND OPERATED NURSING HOME, WHICH PROJECT WILL BE PAID, IN WHOLE OR IN PART, WITH THE PROCEEDS OF THE NOTE AND THE COSTS AND EXPENSES OF ISSUING THE NOTE (COLLECTIVELY, THE "2010 PROJECT"); DETERMINING THAT THE NOTE SHALL BE SOLD AT PRIVATE SALE BY INVITATION; DETERMINING THAT SUCH DEBT SHALL BE NONELECTORAL DEBT OF THE COUNTY; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE NOTE, AT PRIVATE SALE BY INVITATION, AND AWARDED THE NOTE AND SETTING FORTH RELATED PROVISIONS; PROVIDING FOR THE MATURITY AND THE INTEREST RATE WITH RESPECT TO THE NOTE; APPOINTING A PAYING AGENT, REGISTRAR AND SINKING FUND DEPOSITORY; PROVIDING FOR THE TERMS OF THE NOTE INCLUDING DATED DATE, PRINCIPAL AMORTIZATION AND INTEREST PAYMENT DATES, AND MATURITY DATE; PROVIDING FOR THE REGISTRATION AND TRANSFER OF THE NOTE; SETTING FORTH PREPAYMENT PROVISIONS AND PROCEDURES FOR THE NOTE; PROVIDING THAT THE NOTE, WHEN ISSUED, SHALL BE A FEDERALLY TAXABLE GENERAL OBLIGATION OF THE COUNTY; AUTHORIZING THE EXECUTION AND AUTHENTICATION OF THE NOTE; COVENANTING TO PAY DEBT SERVICE AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER FOR THE REPAYMENT OF THE NOTE; CREATING A SINKING FUND IN CONNECTION WITH THE NOTE AS REQUIRED BY SUCH ACT; APPROPRIATING PROCEEDS OF THE NOTE; SPECIFYING THE ESTIMATED USEFUL LIFE OF THE 2010 PROJECT; SETTING FORTH CERTAIN REPRESENTATIONS RELATING TO THE NON-ARBITRAGE STATUS OF THE NOTE; DESIGNATING THE NOTE AS A RECOVERY ZONE ECONOMIC DEVELOPMENT BOND; RATIFYING PRIOR ADVERTISEMENT AND DIRECTING FURTHER ADVERTISEMENT; AUTHORIZING AND DIRECTING THE PREPARATION, EXECUTION AND FILING OF A TRANSCRIPT OF PROCEEDINGS, INCLUDING THE COUNTY DEBT STATEMENT AND BORROWING BASE CERTIFICATE, WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT;

AUTHORIZING AND DIRECTING OFFICERS AND OFFICIALS OF THE COUNTY TO EXECUTE AND DELIVER DOCUMENTS AND TO TAKE ACTION AS MAY BE NECESSARY RELATING TO THE ISSUANCE OF THE NOTE; IF APPLICABLE, RATIFYING PRIOR ACTIONS OF OFFICERS AND OFFICIALS OF THE COUNTY AS RELATES TO THE SALE AND ISSUANCE OF THE NOTE; CREATING A 2010 PROJECT ACCOUNT; AUTHORIZING THE PAYMENT OF EXPENSES; PROVIDING GUIDELINES FOR PERMITTED INVESTMENTS, IF APPLICABLE; PROVIDING FOR THE AUTHORIZATION OF OFFICERS; ADOPTING A FORM OF NOTE; RATIFYING AND CONFIRMING AUTHORIZATION TO THE COUNTY SOLICITOR AND NOTE COUNSEL; AS APPLICABLE; COVENANTING TO PROVIDE DISCLOSURE; PROVIDING FOR SEVERABILITY OF PROVISIONS AND REPEALING INCONSISTENT ORDINANCES.

ENACTED NOVEMBER 18, 2010

WHEREAS, The County of Centre, Commonwealth of Pennsylvania ("County"), is a county of the fifth class existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is a Local Government Unit, as defined in the Local Government Unit Debt Act, 53 Pa.C.S. § 8001 *et seq.*, as amended and supplemented (the "Debt Act"); and

WHEREAS, Pursuant to provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA") amending the Internal Revenue Code of 1986, as heretofore amended (the "Code"), authorizing the new Build America Bond program, which program included Recovery Zone Economic Development Bonds (RZEDBs), the County has been allocated a RZEDB issuance authorization of \$1,373,000, provided that, such issuance must occur no later than December 31, 2010 (the "ARRA Authorization"); and

WHEREAS, The County, as owner and operator of a County nursing home, known as Centre Crest, has determined to undertake as a project, as such term is defined in the Debt Act, (i) certain capital improvements, renovation and additions, including repairs to or replacement of the roofing system, at Centre Crest (the "2010 Capital Project") and (ii) paying the costs and expenses of issuing the debt to pay the costs of the 2010 Capital Project (together with the 2010 Capital Project, the "2010 Project"); and

WHEREAS, Based on reasonable cost estimates obtained for the 2010 Capital Project, including the costs of issuance thereof, with the assistance of persons qualified by education, training and experience, the total cost is estimated to be in excess of \$1,373,000; and

WHEREAS, The County has heretofore obtained from persons qualified by education, training and experience an estimate of the useful life of the 2010 Capital Project, and based thereon, the estimated useful life of the 2010 Capital Project is determined to be, at least, 20 years from the construction thereof; and

WHEREAS, The Board of Commissioners of the County has determined to utilize its ARRA Authorization by the incurrence of federally taxable general obligation, nonelectoral debt in the maximum principal amount of \$1,373,000 by the sale and issuance of its Federally Taxable General Obligation Note (Recovery Zone Economic Development Bond), Series of 2010, in the maximum principal amount of \$1,373,000 (the "Note") for the purpose of providing funds to be

used, together with interest to be earned thereon (if applicable), for and toward the costs and expenses of the 2010 Project, including paying certain costs and expenses of issuing the Note; and

WHEREAS, The County desires hereby to authorize Eckert Seamans Cherin & Mellott, LLC, of Harrisburg, Pennsylvania, to act as its Note Counsel with respect to legal matters associated with the financing of the 2010 Project ("Note Counsel"); and

WHEREAS, The County, acting through the County Administrator, the County Solicitor and Note Counsel, has developed a financing plan for the 2010 Project through the issuance of the Note, pursuant to which plan, the County, having determined that the sale of the Note shall be a private sale by invitation, as permitted by the Debt Act, heretofore submitted a Request For Proposal to various banks within the region requesting submission of a proposal, for the sale by the County of the Note and the purchase thereof by the awarded bank; and

WHEREAS, The County's Request For Proposal provided, *inter alia*, that the Pennsylvania bidding laws applicable to the County were not incorporated and made a part of the Request For Proposal and, further, that the County could negotiate with any bank with respect to the sale and issuance of the Note; and

WHEREAS, The County, at its public meeting on November 16, 2010, rejected all proposals and instructed the County Administrator, with the assistance of Note Counsel, to negotiate with a bank for a proposal that would be acceptable to, and meet the overall financial interest of, the County; and

WHEREAS, In response to negotiations, as permitted by the Debt Act, an acceptable bid was received from Jersey Shore State Bank, Williamsport, Pennsylvania (the "Bank"), and thereafter the County, acting through County officials, and the Bank came to a final agreement, in principal, as to the terms of the Bank's proposal for purchase of the Note (the "Purchase Proposal"), and such Purchase Proposal has been reviewed by the County Solicitor and Note Counsel and has, now, been presented to the County for its consideration of acceptance and approval as required by the Debt Act; and

WHEREAS, The County desires to approve and authorize the 2010 Project, issuance of the Note, incurring federal taxable, nonelectoral, general obligation debt in the maximum principal amount of \$1,373,000 pursuant to the provisions of the Debt Act, acceptance of Bank's Purchase Proposal, the form of note, and to authorize such further provisions as are required by law for the issuance of a municipal debt obligation as a Recovery Zone Economic Development Bond and, further, actions by its officers consistent with this Ordinance, the Debt Act, the Code and all other applicable law.

NOW, THEREFORE, BE IT AND IT HEREBY IS ORDAINED by the Board of Commissioners of the County of Centre, Commonwealth of Pennsylvania that:

SECTION 1. The 2010 Project. The County approves and authorizes the 2010 Capital Project and together with the financing thereof, the 2010 Project, and hereby undertakes the 2010 Project as a project defined in the Debt Act. The Recitals to this Ordinance, including the description of the 2010 Project therein, and all defined terms therein, are hereby incorporated into this Section by reference as if set out at length. The County estimates that the 2010 Project will be completed by March 1, 2012.

SECTION 2. Incurrence of Indebtedness. For the purpose of providing funds for and toward the payment of the costs, as such term is used in the Debt Act, of the 2010 Project, the incurring of federally taxable, nonelectoral, general obligation debt by the County is hereby authorized. Such debt shall be evidenced by the issuance of the County's Federally Taxable General Obligation Note (Recovery Zone Economic Development Bond), Series of 2010 in the maximum principal amount of \$1,373,000 (the "Note") for the purpose of providing funds for and toward the payment of costs, as such term is used in the Debt Act, of the 2010 Capital Project, and for the costs of issuance of the such debt obligation.

SECTION 3. Approval of Private Sale By Invitation. After considering the advantages and disadvantages of a public or private sale of the Note and of current market conditions, the Board of Commissioners hereby determines that a private sale by invitation is in the best financial interests of the County.

SECTION 4. Acceptance of Purchase Proposal. The Purchase Proposal made to the County by the Bank and presented at this meeting is hereby accepted. The Note is hereby awarded and sold to the Bank at a private sale by invitation at a dollar price of \$1,373,000 (100% of the principal amount). The Chairman, or any other member, of the Board of Commissioners, and the Chief Clerk or Deputy Chief Clerk, if any, each being a Proper Officer of the County, and, collectively, "Proper Officers," are authorized and directed, respectively, to execute, attest and affix the seal of the County to the accepted Purchase Proposal of the Bank, and thereafter, to deliver or cause the delivery of the accepted Purchase Proposal to the Bank. One counterpart of each of the accepted Purchase Proposal shall be filed with the records of the County.

SECTION 5. Maturities and Interest Rate. The Note shall bear interest at the maximum taxable rate as set forth in the Purchase Proposal for the Note, shall be subject to annual principal amortization, shall mature and shall be sold at the price as set forth in Schedule A, attached hereto and incorporated herein by reference.

SECTION 6. Appointment of Paying Agent, Registrar and Sinking Fund Depository. Jersey Shore State Bank is hereby appointed Paying Agent ("Paying Agent") and Registrar ("Registrar") for the Note and Sinking Fund Depository ("Sinking Fund Depository" and for convenience, collectively, the "Paying Agent") for the Sinking Fund created in Section 12 hereof for the Note. Paying Agent may designate an office in another city within the Commonwealth of Pennsylvania to serve as the office of the Paying Agent. The County may, by resolution, from time to time appoint a successor paying agent, sinking fund depository or registrar to fill a vacancy or for any other reason.

SECTION 7. Payment Dates. The Note shall be fully registerable as to principal and interest and shall be dated as of the date of issuance and delivery thereof, anticipated to be on December 16, 2010, or such other date as the County and the Bank shall hereafter agree. The Note shall bear interest from the date of issuance thereof at the applicable rate of interest, as specified in Section 5 hereof, payable on each March 1 and September 1 (each, an "Interest Payment Date"), beginning March 1, 2011.

The principal of and interest on such Note shall be payable in lawful moneys of the United States of America to the registered owner at the office of the Paying Agent in State College, Pennsylvania, or such other office from time to time designated by written notice to the then registered owner.

If the date for payment of the principal of or interest on such Note shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the municipality where the office of the Paying Agent is located are authorized by law or executive order to close, then the date of such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or on a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the date fixed for such payment.

SECTION 8. Note Register, Registrations and Transfer. The County shall cause to be kept at the designated corporate trust office of the Paying Agent a register ("Note Register") in which, subject to such reasonable regulations as it may prescribe, the County shall provide for the registration of Note and the registration of transfers of the Note. No transfer of any Note shall be valid unless made at such office and registered in the Note Register.

The Note presented or surrendered for registration of transfer shall be duly endorsed, or be accompanied by a written instrument of transfer, in form and with guaranty of signature satisfactory to the County and the Registrar, duly executed by the registered owner thereof or his duly authorized agent or legal representative.

No service charge shall be made for any transfer of the Note, but the County may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of Note.

SECTION 9. Execution and Authentication of the Note. The Note shall be executed on behalf of the County by the manual signature of the Chairman or the Vice Chairman of the Board of Commissioners of the County and, if desired, by any other member of the Board of Commissioners, and shall have the imprint of the corporate seal of the County affixed thereto, duly attested by the Chief Clerk, or the deputy or assistant Chief Clerk, and said Proper Officers are hereby authorized and directed to execute, seal and attest the Note. The signature of each Proper Officer executing the Note shall be manual. Proper Officers of the County, or any one of them, are hereby authorized and directed to deliver the Note to the Bank and receive payment therefor on behalf of the County after sale of the same in the manner required by law and this Ordinance.

SECTION 10. General Obligation Covenant. The Note is to be issued as and is hereby declared to be a general obligation of the County. The County hereby covenants with the registered owner or owners, from time to time, of the Note outstanding pursuant to this Ordinance that it will include the amount of the debt service as specified in this Section, subject to appropriate adjustment in the event of the optional prepayment of any portion of the Note prior to maturity, on the Note for each fiscal year in which such sums are payable, in its budget for that year, will appropriate such amounts for such payments and will duly and punctually pay or cause to be paid the principal of the Note and the interest thereon on the dates, at the place and in the manner stated therein, according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, the County does hereby pledge its full faith, credit and taxing power. As provided in the Debt Act, the foregoing covenants are specifically enforceable.

The maximum amount of the debt service which the County hereby covenants to pay on the Note in each year is shown on Schedule B which is attached hereto and incorporated herein by reference as if set out here at length.

SECTION 11. Principal Payment and Optional Prepayment.

(a) **Mandatory Principal Payments.** The Note is subject to annual principal amortization on September 1 in each of the years 2011 through, and including, 2021, as more fully set forth at Schedule A attached hereto and incorporated herein.

(b) **Optional Prepayment.** The Note is subject to prepayment prior to maturity without penalty or premium, at the option of the County, as a whole, or, from time to time, in part, on any date, in each case upon payment of the principal amount thereof, together with accrued interest to the date fixed for prepayment, as more fully set forth at Schedule C, attached hereto and incorporated herein.

(c) **Notice.** Notice, if any, with respect to optional prepayments shall be given in the manner and at the times provided in the Note.

SECTION 12. Sinking Fund.

(a) **Deposit.**

There is hereby established, pursuant to Section 8221 of the Debt Act, a sinking fund to be known as County of Centre Federally Taxable General Obligation Note (Recovery Zone Economic Development Bond), Series of 2010 Sinking Fund (the "2010 Note Sinking Fund"). The County covenants to deposit, and the Treasurer is hereby authorized and directed to deposit into the 2010 Note Sinking Fund (1) on or before March 1, 2011, and on or before each March 1 and September 1 thereafter to and including September 1, 2021 (the "Maturity Date"), amounts sufficient to pay the interest due on such dates on the Note then outstanding, and (2) on or before September 1, 2011 and on or before each September 1 thereafter to and including the Maturity Date, amounts sufficient to pay the principal of the Note due pursuant to the mandatory principal payment requirements hereof or at maturity; and

Should the amounts covenanted to be paid into the Sinking Fund be, at any time, in excess of the net amounts required at such time for the payment of interest on and principal of the Note of the Sinking Fund, whether by reason of funds already on deposit in such Sinking Fund or by reason of the prepayment of a portion of the Note, or for some similar reason, the amounts covenanted to be paid may be reduced to the extent of the excess.

(b) **Application of Funds.** All sums in the Sinking Fund shall be applied exclusively to the payment of the principal and the interest covenanted to be paid by Section 10 hereof as the same from time to time become due and payable and the balance of said moneys over and above the sum so required shall remain in the Sinking Fund, to be applied to the reduction of future required deposits; subject, however, to investment or deposit at interest as authorized by law and as permitted by Section 20 hereof. The 2010 Note Sinking Fund shall be kept as a separate account at the Sinking Fund Depository. The Sinking Fund Depository, without further authorization other than as herein contained, shall pay from the moneys in the Sinking Fund, the principal of and interest on the Note as and when due to the registered owner thereof.

(c) **Optional Deposits.** Notwithstanding the foregoing, in the case of optional prepayment, in whole or in part, as permitted by Section 11 hereof, the Treasurer is hereby authorized and directed to deposit from time to time before the appropriate optional prepayment date funds which shall be sufficient when they, either alone or together with the interest to be earned thereon, if any, will equal the principal of such Note so prepaid and the interest thereon to the date of prepayment.

SECTION 13. Cost and Realistic Useful Life. Reasonable cost estimates have been obtained for the 2010 Capital Project with the assistance of persons qualified by education, training and experience. The cost of the 2010 Project is estimated to be at least \$1,373,000. The Recital pertaining to the estimated cost and estimated useful life of the 2010 Capital Project, being, at least, 20 years, is hereby incorporated into this Section by reference as if set out at length. The principal installments of the Note are in accordance with Section 8142(a)(2) of the Debt Act.

In accordance with Section 8142(b) of the Debt Act, and after giving effect to the provisions of Section 8142(d) of the Debt Act, the maturities of the Note have been fixed so that principal of the Note, together with all of the County's other outstanding debt, will be amortized on an approximately level annual debt service plan. Attached hereto, and made a part hereof is a composite schedule showing the debt service for all of the County's outstanding debt issuances (the "Combined Debt Service Schedule"). The Combined Debt Service Schedule shows, first, the annual debt service for the Note and second, the annual debt service for all other existing debt and the combined total debt (See Schedule D).

SECTION 14. Internal Revenue Code.

(a) General. The County has determined to issue the Note as a "Build America Bond" as that term is defined in Section 54AA of the Code and a "Recovery Zone Economic Development Bond" as that term is defined in Section 1400U-2 of the Code. Accordingly, the County hereby irrevocably elects to have Section 54AA of the Code apply to the Note and further designates the Note as a Recovery Zone Economic Development Bond for purposes of Section 1400U-2 of the Code in order to receive refundable credits directly from the United States Treasury in accordance with Sections 1400U-2(a) and 6431 of the Code.

(b) Compliance. Proper Officers of the County are hereby authorized and directed to take such actions as are reasonably necessary to ensure that the County complies with the requirements of the Code and the Regulations applicable to Recovery Zone Economic Development Bond throughout the term of the Note, including arbitrage limitations on investment of Note proceeds, arbitrage rebate requirements, and prohibitions against private business use or private loans resulting in private activity bond status.

(c) Filing. Proper Officers of the County are authorized and directed to file with the Internal Revenue Service IRS Form 8038-B, Forms 8038-CP, and any other forms or information required by the Code to be filed in order to receive refundable credits from the United States Treasury on or about each Interest Payment Date with respect to each interest payment on the Note.

SECTION 15. Advertisement. The actions of the Proper Officers of the County in advertising, or causing to be advertised, a summary of this Ordinance, as required by law, is ratified and confirmed. The Proper Officers of the County or any of them, are authorized and directed to advertise, or cause to be advertised, a notice of enactment of this Ordinance in a newspaper of general circulation in the County within 15 days after final enactment. The Chief Clerk is hereby directed to make a copy of this Ordinance available for inspection by any citizen during normal office hours.

SECTION 16. Filing with Department of Community and Economic Development. Proper Officers of the County are hereby authorized and directed to prepare, verify and file with

the Department of Community and Economic Development, in accordance with the Debt Act, a transcript of the proceedings relating to the issuance of the Note including the Debt Statement and Borrowing Base Certificate required by Section 8110 of the Debt Act, and to take other necessary action, and to prepare and file all necessary documents with the Department of Community and Economic Development including, if necessary or desirable, any statements required to exclude any portion of the debt evidenced by the Note from the appropriate debt limit as self-liquidating or subsidized debt.

SECTION 17. General Authorization. Proper Officers of the County and other officers and officials of the County are hereby authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effect the execution, issuance, sale and delivery of the Note, all in accordance with this Ordinance.

SECTION 18. 2010 Project Account; Proceed Advances.

(a) 2010 Project Account. The County hereby creates a special account to be known as the County of Centre 2010 Note Project Account (the "2010 Project Account"), which 2010 Project Account shall be established in the name of the County with one or more banks or financial or investment institutions designated from time to time by the Board of Commissioners as depositories of the 2010 Project Account (each a "2010 Project Account Depository"), subject to clearance or collection, moneys, checks, drafts, Note, bills of exchange, acceptances, or other orders for the payment of moneys which may at any time come into its possession, with or without endorsement thereof by the County, payment thereof being hereby guaranteed. Any 2010 Project Account Depository is authorized and directed to honor and pay, and to charge to the account of the County, all checks, drafts, bills of exchange, acceptances, Note or orders for the payment of money when drawn on or addressed to said 2010 Project Account Depository and signed and countersigned on behalf of the County by the authorized officer or officers of the County, whether the same be payable to the order of, or in favor of the officer or person signing or countersigning them, or to any of said officers in his individual capacity, or otherwise; and whether the same be deposited to the individual credit of the officer or person signing or countersigning or to the individual credit of any other officer or person or otherwise. The signatures of any or all of the foregoing officers shall be manual. Funds deposited in the 2010 Project Account shall be used to pay the only the costs of the 2010 Project; provided that, as permitted by the Debt Act and in accordance with the Code, the County may change the purpose or purposes for which the proceeds of the Note are applied.

(b) Proceed Advances. During the period beginning with the date of issuance of the Note and ending on February 15, 2010 (the "Requisition Period"), the County shall, from time to time, requisition proceeds of the Note and the same shall be deposited into the 2010 Project Account from which Account the County shall pay (1) the costs and expenses of issuance of the Note, and (2) the costs incurred for the 2010 Capital Project. Notwithstanding the foregoing, if, at any time, the United State Treasury issues regulations or guidelines regarding periodic advances of proceeds of Recovery Zone Economic Development Bonds, the County shall forthwith comply with such regulations or guidelines and all proceeds the Note shall be requisitioned and advances in accordance therewith. Pending such expenditures, proceeds deposited in the 2010 Project Account may be invested as permitted by law until expended.

SECTION 19. Payment of Expenses. All expenses incurred in connection with issuance of the Note shall be paid out of the proceeds derived from the issuance of the Note and deposited in the 2010 Note Project Account or, as required by the Code, from other funds

provided by the County. Proper Officers of the County and officials are authorized to sign and deliver requests for payment of such expenses.

SECTION 20. Investment. Any moneys in the 2010 Project Account may be invested or deposited as permitted by applicable law for funds of the County or as permitted under the Debt Act. As to the 2010 Project Account, Proper Officers of the County shall designate such investments in such combination as to provide safety of principal, liquidity to any construction draws and maximum investment income.

Any moneys in the Sinking Fund not required for prompt expenditure may, at the direction of the County, be invested in bonds or obligations which are direct obligations of, or are fully guaranteed as to principal and interest by, the United States of America or may be deposited at interest in time accounts or certificates of deposit or other interest bearing accounts of any bank or bank and trust company, savings and loan association or building and loan association. To the extent that such deposits are insured by the Federal Deposit Insurance Corporation or similar Federal agency, they need not be secured. Otherwise, such deposits shall be secured as public deposits or as trust funds in accordance with the Debt Act. Any such investments or deposits shall mature or be subject to redemption at the option of the holder, or be subject to withdrawal at the option of the depositor, not later than the date upon which such moneys are required to be paid to the registered owners of the Note.

SECTION 21. Authorization of Officers. Any authorization granted to, power conferred on, or direction given to the Proper Officers of the County, including the Chairman, Chief Clerk or Treasurer, shall be deemed to run to the Vice Chairman, Deputy Chief Clerk or Deputy Treasurer, respectively, as if such latter titles had been expressly included in the text hereof which grants such authorization, confers such power or gives such direction.

SECTION 22. Form of Note. The form of the Note shall be substantially in the form attached hereto as Schedule E, which form hereby is incorporated herein and, together with such changes as shall be deemed appropriate by the Proper Officers of the County executing the same, hereby is approved.

SECTION 23. Ratification. The County hereby ratifies and confirms authorization to the County Solicitor, Note Counsel and Proper Officers of the County, to undertake the necessary action relating to the marketing and the issuance of the Note; and to the extent such aforementioned persons have taken action in furtherance of the intent of this Ordinance, such prior action is hereby ratified and affirmed.

SECTION 24. County Financial Reports. The County hereby covenants to provide to the Bank a copy of its annual audited financial statements prepared in conformity with generally accepted accounting principles.

SECTION 25. Severability. 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 this County that such remainder shall be and shall remain in full force and effect.

SECTION 26. Repealer. Any resolutions or ordinances, or parts thereof, not in accordance with this Ordinance are hereby repealed insofar as they conflict with this Ordinance.

SECTION 27. Effective Date. This Ordinance shall become effective in accordance with Section 8003 of the Debt Act.

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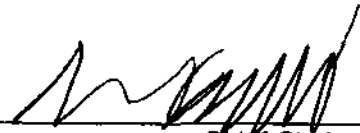
ENACTED by the Board of Commissioners of the County of Centre, in lawful session assembled, this 18th day of November, 2010.

COUNTY OF CENTRE
COMMONWEALTH OF PENNSYLVANIA

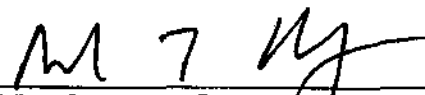
ATTEST:



Chairman, Board of Commissioners

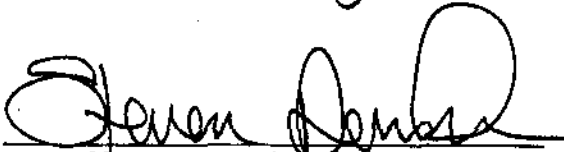


Chief Clerk



Vice Chairman, Board of Commissioners

[SEAL]



Member, Board of Commissioners

SCHEDULE A

County of Centre
Commonwealth of Pennsylvania
Federally Taxable General Obligation Note, Series of 2010
\$1,373,000

PURCHASE PRICE

100% of the Principal Amount of the Note.
Bank Fee maximum of \$5,000.00.

PRINCIPAL AMORTIZATION AND MATURITY SCHEDULE

Interest accrues from: Date of Delivery Due: March 1 and September 1,
as shown below

Federally Taxable, Fixed Interest
Rate per the Purchase Proposal: 3.790% (Federally Taxable)

The Note, stated to mature on September 1, 2021, is subject to annual principal amortization payments prior to the stated maturity date, by application of money available for such purposes in the 2010 Note Sinking Fund established under the Ordinance, upon payment of the principal amount thereof, together with accrued interest, to the date fixed for each annual amortization payment on March 1 and September 1 of the following years and in the following principal amounts

<u>Payment Date</u>	<u>Amount</u>
09.01.2011	\$ 5,000
09.01.2012	\$ 5,000
09.01.2013	\$ 5,000
09.01.2014	\$ 5,000
09.01.2015	\$ 5,000
09.01.2016	\$ 5,000
09.01.2017	\$ 5,000
09.01.2018	\$ 5,000
09.01.2019	\$ 5,000
09.01.2020	\$ 5,000
09.01.2021*	\$ 1,323,000

* FINAL MATURITY

SCHEDULE B

County of Centre
Commonwealth of Pennsylvania
Federally Taxable General Obligation Note, Series of 2010
\$1,373,000

MAXIMUM ANNUAL DEBT
SERVICE SCHEDULE

Centre County

2010 RZEDBs

(Wrap Scenario)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
03/01/2011	-	-	10,840.98	10,840.98
09/01/2011	5,000.00	3.790%	26,018.35	31,018.35
03/01/2012	-	-	25,923.60	25,923.60
09/01/2012	5,000.00	3.790%	25,923.60	30,923.60
03/01/2013	-	-	25,828.85	25,828.85
09/01/2013	5,000.00	3.790%	25,828.85	30,828.85
03/01/2014	-	-	25,734.10	25,734.10
09/01/2014	5,000.00	3.790%	25,734.10	30,734.10
03/01/2015	-	-	25,639.35	25,639.35
09/01/2015	5,000.00	3.790%	25,639.35	30,639.35
03/01/2016	-	-	25,544.60	25,544.60
09/01/2016	5,000.00	3.790%	25,544.60	30,544.60
03/01/2017	-	-	25,449.85	25,449.85
09/01/2017	5,000.00	3.790%	25,449.85	30,449.85
03/01/2018	-	-	25,355.10	25,355.10
09/01/2018	5,000.00	3.790%	25,355.10	30,355.10
03/01/2019	-	-	25,260.35	25,260.35
09/01/2019	5,000.00	3.790%	25,260.35	30,260.35
03/01/2020	-	-	25,165.60	25,165.60
09/01/2020	5,000.00	3.790%	25,165.60	30,165.60
03/01/2021	-	-	25,070.85	25,070.85
09/01/2021	1,123,000.00	3.790%	25,070.85	1,148,070.85
Total	\$1,373,000.00	-	\$546,803.83	\$1,919,803.83

Centre County
 2010 RZEDBs
 (Wrap Scenario)

Debt Service Schedule

Date	Principal	Coupon	Interest	RZEDBs Subsidy	Total P+I
03/01/2011	-	-	10,840.98	(4,878.44)	5,962.54
09/01/2011	5,000.00	3.790%	26,013.35	(11,283.25)	19,310.10
03/01/2012	-	-	25,923.60	(11,665.62)	14,257.98
09/01/2012	5,000.00	3.790%	25,923.60	(11,665.62)	19,257.98
03/01/2013	-	-	25,828.85	(11,622.98)	14,205.87
09/01/2013	5,000.00	3.790%	25,828.85	(11,622.98)	19,205.87
03/01/2014	-	-	25,734.10	(11,580.34)	14,153.76
09/01/2014	5,000.00	3.798%	25,734.10	(11,580.34)	19,153.76
03/01/2015	-	-	25,639.35	(11,537.70)	14,101.65
09/01/2015	5,000.00	3.790%	25,639.35	(11,537.70)	19,101.65
03/01/2016	-	-	25,544.60	(11,495.87)	14,049.53
09/01/2016	5,000.00	3.790%	25,544.60	(11,495.87)	19,049.53
03/01/2017	-	-	25,449.85	(11,452.45)	13,997.42
09/01/2017	5,000.00	3.790%	25,449.85	(11,452.45)	18,997.42
03/01/2018	-	-	25,355.10	(11,409.79)	13,945.31
09/01/2018	5,000.00	3.790%	25,355.10	(11,409.79)	18,945.31
03/01/2019	-	-	25,260.35	(11,367.15)	13,893.20
09/01/2019	5,000.00	3.790%	25,260.35	(11,367.15)	18,893.20
03/01/2020	-	-	25,165.60	(11,324.52)	13,841.08
09/01/2020	5,000.00	3.790%	25,165.60	(11,324.52)	18,841.08
03/01/2021	-	-	25,070.85	(11,281.88)	13,788.97
09/01/2021	1,323,000.00	3.790%	25,070.85	(11,281.88)	1,336,788.97
Total	\$1,373,000.00		\$546,803.83	(246,061.65)	\$1,673,742.18

SCHEDULE C

County of Centre
Commonwealth of Pennsylvania
Federally Taxable General Obligation Note, Series of 2010
\$1,373,000

OPTIONAL REDEMPTION PROVISIONS

The Note is subject to prepayment prior to maturity without penalty or premium, at the option of the County, as a whole, or, from time to time, in part, on any date, in each case upon payment of the principal amount thereof, together with accrued interest to the date fixed for prepayment.

SCHEDULE D

County of Centre
Commonwealth of Pennsylvania
Federally Taxable General Obligation Note, Series of 2010
\$1,373,000

COMBINED ANNUAL DEBT
SERVICE SCHEDULE

Centre County
 2010 RZEDBs
 (Wrap Scenario)

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P&I	Existing D/S	Net New D/S
12/31/2010	-	-	-	-	-	-
12/31/2011	5,000.00	3.790%	36,859.33	41,859.33	3,813,106.26	3,854,965.59
12/31/2012	5,000.00	3.790%	31,847.20	36,847.20	3,858,323.76	3,915,370.96
12/31/2013	5,000.00	3.790%	27,657.70	32,657.70	3,906,576.26	3,923,233.96
12/31/2014	5,000.00	3.790%	23,468.20	28,468.20	3,863,141.26	3,919,809.46
12/31/2015	5,000.00	3.790%	19,278.70	24,278.70	3,861,657.76	3,917,932.46
12/31/2016	5,000.00	3.790%	15,089.20	20,089.20	3,858,161.26	3,914,350.46
12/31/2017	5,000.00	3.790%	10,899.70	15,899.70	3,859,736.76	3,915,635.96
12/31/2018	5,000.00	3.790%	6,710.20	11,710.20	3,858,636.26	3,914,376.46
12/31/2019	5,000.00	3.790%	2,520.70	7,520.70	3,864,305.00	3,920,025.70
12/31/2020	5,000.00	3.790%	1,331.20	6,331.20	3,859,815.00	3,915,146.20
12/31/2021	1,323,000.00	3.790%	50,141.70	1,373,141.70	-	1,373,141.70
Total	\$1,373,000.00	-	\$546,803.83	\$1,919,803.83	\$38,564,045.08	\$40,483,848.91

**DRAFT OF NOTE FORM
NOT FOR EXECUTION**

SCHEDULE E

County of Centre
Commonwealth of Pennsylvania
Federally Taxable General Obligation Note, Series of 2010
\$1,373,000

FORM OF NOTE

\$1,373,000

\$1,373,000

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA

COUNTY OF CENTRE
FEDERALLY TAXABLE GENERAL OBLIGATION NOTE
SERIES OF 2010

The COUNTY OF CENTRE, Pennsylvania (the "County"), a municipality existing under laws of the Commonwealth of Pennsylvania, for value received, acknowledges itself to be indebted to and promises to pay to JERSEY SHORE STATE BANK (the "Purchaser"), or registered assigns, the maximum principal sum of ONE MILLION THREE HUNDRED SEVEN THREE THOUSAND AND 00/100 Dollars (\$1,373,000.00), payable in the stated minimum principal installments set forth in the Payment Record attached hereto and incorporated herein on September 1 of each year, beginning September 1, 2011, through and including September 1, 2021 (the "Maturity Date"), unless this Note shall have been prepaid, in whole, as herein permitted, and to pay interest on the unpaid principal balance (calculated on the basis of twelve (12) 30-day months over a 360-day year), payable on each March 1 and September 1 (each, an "Interest Payment Date"), beginning on March 1, 2011, from the immediately preceding Interest Payment Date to which interest has been paid, through and including the Maturity Date, unless: (a) this Note is registered prior to March 1, 2011, in which event this Note shall bear interest from the date of issuance; or (b) as shown by the records of the Paying Agent, interest on this Note shall be in default, in which event this Note shall bear interest from the date on which interest was last paid, until the principal sum thereof is paid.

This Note shall bear interest at the federally taxable, fixed rate of 3.79% per annum (the "Fixed Rate") from the date of delivery hereof to the Maturity Date on the principal amount hereof, or so much thereof as is drawn by the terms hereof.

Payments of principal hereof, in whole or in part, and of interest hereon shall be made in any coin or currency of the United States of America which, at time of payment, shall be legal tender for payment of public and private debts, at the office of Jersey Shore State Bank, (the "Paying Agent" which term shall include any duly appointed alternate or successor paying agent), at 300 Market Street, Williamsport, Pennsylvania 16801-4628. So long as the Purchaser shall be the registered owner hereof, payment of any part of the principal of and interest on this Note by or on behalf of the County shall be valid and effective to satisfy and discharge fully the obligations of the County or its Paying Agent, with respect to such payments of principal and interest, without surrender hereof to the Paying Agent for appropriate notation upon the Payment Record attached hereto and made part hereof. So long as the registered owner hereof shall not be the Purchaser, payment of any part of the principal of and interest on this Note shall be made only upon surrender hereof by the registered owner at the office of the Paying Agent (or the office of any successor paying agent) for appropriate notations with respect to such payments and any unrecorded prior payments upon such Payment Record. Notations upon such Payment Record with respect to payments of principal and interest shall satisfy and discharge fully the obligations of the County with respect to such payments of principal and interest, and such notations upon such Payment Record shall be conclusive and binding upon the registered owner hereof. Final payment of principal and interest appertaining hereto shall be made only upon complete surrender hereof to the Paying Agent.

If the date for payment of the principal of or interest on this Note shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the municipality where the office of the Paying Agent is located are authorized by law or executive order to close, then the date of such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or on a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the date fixed for such payment.

The principal hereof is subject to prepayment, at the option of the County, without prior notice, as a whole, or, from time to time, in part, on any date, in any amount, in each case upon payment of the principal amount thereof, together with accrued interest to the date fixed for prepayment. The registered owner hereof, by acceptance hereof, agrees that any such prepayment may be made by the County without any prior notice, of any nature whatsoever, to the registered owner hereof.

This Note is issued in accordance with provisions of the Local Government Unit Debt Act, 53 Pa. C.S. § 8001 *et seq.*, as amended and supplemented (the "Debt Act"), and by virtue of a duly enacted Ordinance (the "Ordinance") of the Board of Commissioners of the County. The Debt Act, as such shall have been in effect when this Note was authorized, and the Ordinance shall constitute a contract between the County and the registered owner, from time to time, of this Note. A copy of the Ordinance, duly certified by the Chief Clerk of the County, is on file at the principal office of the County.

It is hereby certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Note or in creation of the debt of which this Note is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Note, together with any other indebtedness of the County, if any, is not in excess of any limitation imposed by the Debt Act upon the incurring of debt by the County. The County has covenanted in the Ordinance with the registered owners, from time to time, of this Note that the County, as appropriate, shall include the maximum principal amortization and debt service as set forth in Exhibit B to the Ordinance, for each fiscal year of the County in which sums are payable, in its budget for that fiscal year, shall appropriate such amounts to the payment of such debt service and duly and punctually shall pay or shall cause to be paid the principal of this Note and the interest thereon at the dates and place and in the manner stated herein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the County has and does pledge, irrevocably, its full faith, credit and taxing power. The Debt Act provides that the foregoing covenant of the County shall be enforceable specifically.

The County, in the Ordinance, has established a sinking fund with the Paying Agent, as the sinking fund depository, into which funds for the payment of the principal of and the interest on this Note shall be deposited not later than the date fixed for disbursement thereof. The County has covenanted in the Ordinance to make payments out of such sinking fund or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of this Note.

This Note, immediately upon execution and delivery hereof by the County, shall be registered, both as to principal and interest, in the name of the owner, on records of the County to be kept for that purpose by the Paying Agent, such registration to be noted hereon by a duly authorized representative of the Paying Agent. After such registration, no transfer hereof shall be valid unless made by the registered owner hereof in person or by his duly authorized attorney

and similarly noted upon said records and hereon. Rights of any registered owner hereof, subsequent to the initial registered owner hereof, shall not exceed rights of the predecessor registered owner hereof.

This Note is issuable only in the form of a fully registered Note, without coupons.

THE INTEREST PAYABLE ON THIS NOTE IS SUBJECT TO FEDERAL INCOME TAXATION. The County has NOT designated, under and for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, this Note as a "qualified tax-exempt obligation", as such phrase is defined in Section 265(b)(3)(B) of such Code.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the COUNTY OF CENTRE, Pennsylvania, has caused this Note to be duly executed in its name and on its behalf by the manual signature of a majority of its Board of Commissioners, and a manual seal to be imprinted hereon and attested by the manual signature of its Secretary, all as of the ____ day of December, 2010.

COUNTY OF CENTRE
Commonwealth of Pennsylvania

ATTEST:

Chairman, Board of Commissioners

Chief Clerk

(SEAL)

Vice Chairman, Board of Commissioners

Member, Board of Commissioners

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED
REPRESENTATIVE OF CENTRE COUNTY NATIONAL BANK
GETTYSBURG, PENNSYLVANIA (THE "PAYING AGENT")

DATE OF REGISTRY	NAME OF REGISTERED OWNER	REGISTERED BY AUTHORIZED REPRESENTATIVE OF THE PAYING AGENT
December ____, 2010	Jersey Shore State Bank 300 Market Street Williamsport, Pennsylvania 17701	

PAYMENT RECORD

Due Date of Semi-Annual Payment	Minimum Installment of Principal	Amount of Interest	Date of Prepayment	Amount of Principal Prepaid	Amount of Principal Remaining Unpaid	Signature of Authorized Officer of the Paying Agent, Date
		\$		\$	\$	
09/1/11	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/12	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/13	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/14	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/15	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/16	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/17	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/18	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/19	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/20	\$ 5,000	\$		\$	\$	
		\$		\$	\$	
09/1/21	\$ 1,323,000	\$		\$	\$	

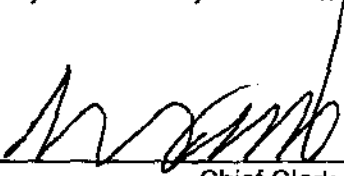
[END FORM OF NOTE]

CERTIFICATE

I, the undersigned officer the County of Centre, Pennsylvania ("County"), hereby certify that: (a) attached to this Certificate is a true, correct and complete copy of an ordinance (the "Ordinance") which was duly enacted at a meeting of the Board of Commissioners of the County on November 18, 2010, at which a quorum was present and acting throughout, and which was at all times open to the public; (b) the Ordinance was duly recorded in the County Ordinance Book, and a summary of the Ordinance was published as required by law in a newspaper of general circulation in the County; (c) the County met the advance notice requirements of the Sunshine Act, 65 Pa. C.S. § 701 *et seq.*, as amended, by advertising the date of the meeting and posting a notice of the meeting at the public meeting place of the Board of Commissioners; (d) the total number of members of the Board of Commissioners is three; and (e) the vote upon the Ordinance was called and duly recorded upon the minutes and that the members voted in the following manner:

	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Jon W. Eich, Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rich Rogers, Vice Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Steven G. Dershem, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

WITNESS my hand and seal of the County this 18th day of November, 2010.



Chief Clerk

(SEAL)