

**BOROUGH OF ALBURTIS
LEHIGH COUNTY, PENNSYLVANIA**

Ordinance No. 422

(Duly Adopted February 11, 2004)

AN ORDINANCE INCREASING THE NONELECTORAL INDEBTEDNESS OF THE BOROUGH OF ALBURTIS, LEHIGH COUNTY, PENNSYLVANIA, BY THE ISSUE OF A GENERAL OBLIGATION NOTE, SERIES 1 OF 2004, IN AN AMOUNT NOT TO EXCEED FORTY-FIVE THOUSAND DOLLARS (\$45,000), FOR AND TOWARD PAYING THE COSTS FOR THE ACQUISITION OF A 2004 FORD CROWN VICTORIA, A 2004 FORD SUPER DUTY F-250 F21 REGULAR CAB 137" XL 4 WHEEL DRIVE, AND A FISHER 8 1/2 SNOW PLOW, AND RELATED COSTS, AND PAYING THE COSTS OF ISSUING THE NOTE; PROVIDING THE FORM OF THE NOTE; FIXING THE RATE OF INTEREST TO BE PAID; PLEDGING THE FULL FAITH, CREDIT, AND TAXING POWER OF THE BOROUGH FOR THE PAYMENT OF THE NOTE; MAKING COVENANTS FOR THE PAYMENT OF THE DEBT SERVICE; CREATING A SINKING FUND; PROVIDING FOR THE APPOINTMENT OF A SINKING FUND DEPOSITARY; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE BOROUGH FROM TAKING ACTIONS WHICH WOULD CAUSE THE NOTE TO BECOME AN "ARBITRAGE BOND" OR "PRIVATE ACTIVITY BOND" AS THOSE TERMS ARE USED IN THE U.S. INTERNAL REVENUE CODE; DESIGNATING THE NOTE AS A "QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(B)(3) OF THE INTERNAL REVENUE CODE; DETERMINING THAT THE PRIVATE SALE OF THE NOTE BY NEGOTIATION, RATHER THAN PUBLIC SALE, IS IN THE BEST FINANCIAL INTEREST OF THE BOROUGH; AWARDING AND SELLING THE NOTE TO EAST PENN BANK AND ACCEPTING THE PURCHASE PROPOSAL FROM EAST PENN BANK; AUTHORIZING THE EXECUTION, PRIVATE SALE, AND DELIVERY OF THE NOTE AND OTHER NECESSARY OR CONVENIENT ACTS; AND PROVIDING FOR COMPLIANCE WITH THE REQUIREMENTS OF THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA. CONS. STAT. § 8001 ET SEQ.

Be it **ORDAINED** and **ENACTED** by the Borough Council of the Borough of Alburtis, Lehigh County, Pennsylvania, as follows:

SECTION 1. Chapter 8 of the Alburtis Codified Ordinances (relating to Budget and Finance) is amended by adding the following new Article III:

Article III — Acquisition of Vehicles and Snow Plow

§ 8-301 Background.

(a) The governing body of the Borough of Alburdis, Lehigh County, Pennsylvania (the “**Local Government Unit**”) deems it advisable to borrow up to Forty-five Thousand Dollars (\$45,000.00) for and toward paying the costs for the acquisition of a 2004 Ford Crown Victoria, a 2004 Ford Super Duty F-250 F21 Regular Cab 137” XL 4 Wheel Drive, and a Fisher 8 1/2 Snow Plow, and related costs (the “**Project**”), and paying the costs of issuance of the indebtedness.

(b) The governing body of the Local Government Unit contemplates the authorization, sale, issuance and delivery of a note evidencing such indebtedness in a principal amount not to exceed \$45,000 to be designated as the General Obligation Note, Series 1 of 2004, all in accordance with applicable and appropriate provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended, 53 PA. CONS. STAT. § 8001 *et seq.* (the “**Act**”).

(c) The proposed increase of debt, together with the Local Government Unit’s nonelectoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the debt limitations of the Act to be exceeded.

(d) The Borough Maintenance Supervisor has determined that the estimated useful life of the Project is six (6) years, except that the estimated useful life of the snow plow to be acquired as part of the Project is five (5) years.

(e) EAST PENN BANK (the “**Bank**”) has presented a written purchase contract (the “**Purchase Contract**”), attached to Ordinance 422 as **Exhibit A** (which is incorporated herein by reference), to purchase the note to be issued by the Local Government Unit in order to achieve the financing of the Project.

§ 8-302 Authorization.

The Local Government Unit hereby authorizes the incurrence of debt, and the increase of its nonelectoral indebtedness under the Act, in the principal amount not to exceed Forty-five Thousand Dollars (\$45,000.00), in order to pay the costs of the Project and the costs of issuing the indebtedness. The indebtedness shall be evidenced by one General Obligation Note (Series 1 of 2004), in fully registered form, in the principal sum not to exceed \$45,000, dated the date of its delivery, bearing interest at the rate of 3.25% per annum calculated on a 365-day year basis (366 days in leap years) for the actual number of days in each interest period, payable in thirty-six (36) level monthly installment payments of principal and interest commencing March 15, 2004, and in the form attached hereto as **Exhibit B** (which is incorporated herein by reference) (the “**Note**”). The Local Government Unit may prepay the Note as set forth in **Exhibit B**.

§ 8-303 Issuance.

The Note shall be executed in the name and under the corporate seal of the Local Government Unit by the President of Borough Council (or the Vice President of Borough Council) and attested to by the Secretary (or the Treasurer) (the “**Designated Officers**”). The Designated Officers are hereby authorized and directed to execute and deliver such documents, and to do and perform all acts, necessary and proper for the issuance and further security of the Note, including the execution, sealing, and delivery of the Note to the Bank. The Designated Officers are authorized to receive payment for the Note on behalf of the Local Government Unit, and to apply the proceeds to the costs of the Project and the issuance of the Note.

§ 8-304 Small Borrowing; Debt Statement.

The Local Government Unit hereby incurs the debt represented by the Note as a small borrowing for capital purposes under 53 PA. CONS. STAT. § 8109, and this Article, although adopted as an ordinance in accordance with the Borough Code, is a “resolution” under 53 PA. CONS. STAT. § 8109. *See* 53 PA. CONS. STAT. § 8002(c) (a “resolution” under the Act is

a formal action of a governmental unit to which the advertising requirements of 53 PA. CONS. STAT. § 8003 do not apply, whether, under the law applicable to the local government unit, the action is taken by ordinance or resolution). In accordance with the requirements of PA. CONS. STAT. § 8110, the Designated Officers have prepared, executed, and verified the debt statement and borrowing base certificate required by the Act prior to the adoption of this Ordinance (a true and correct copy of which is attached to Ordinance 422 as **Exhibit C** and incorporated herein by reference) and they are hereby directed to file and maintain such debt statement and certificate in the Office of the Secretary, and to take other necessary action, including, if necessary or desirable, any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

§ 8-305 Security and Payment of the Note.

The Note shall be a general, full faith and credit, unlimited tax obligation of the Local Government Unit. The Local Government Unit hereby covenants with the Bank and with subsequent holders, from time to time, of the Note that the Local Government Unit shall (a) include the amount of the debt service on the Note for each fiscal year in which any amount of principal or interest is payable in its budget for that year; (b) appropriate such amounts to the payment of such debt service; and (c) duly and punctually pay or cause to be paid the principal of and interest on the Note on the dates, at the place, and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the Local Government Unit hereby irrevocably pledges its full faith, credit and taxing power.

§ 8-306 Sinking Fund.

The Local Government Unit does hereby create, and order to be established (in its name and identified by reference to the Note), a Sinking Fund for the payment of the Note with the Bank, and does further covenant to maintain such Sinking Fund until the Note is paid in full. The Secretary or Treasurer shall deposit into the Sinking Fund sufficient amounts

for payment of principal and interest on the Note no later than the dates upon which such payments are due, without further action by the Local Government Unit. The Local Government Unit shall maintain a general account with the Bank so long as any amount remains outstanding under the Note, and hereby authorizes Bank to automatically deduct from this account and deposit into the Sinking Fund sufficient amounts to insure that the obligation of the Secretary or Treasurer under the preceding sentence is satisfied on the dates payments are due on the Note (but not more than the amounts so required). The Local Government Unit hereby designates the Bank as the Sinking Fund Depository and Paying Agent for the Note, and the Designated Officers are hereby authorized and directed to contract with the Bank for its services in such capacity, except as the same may be included in the Purchase Contract. Without further action by the Local Government Unit, the Bank may withdraw available monies from the Sinking Fund and apply them to the payment of the principal and interest on the Note.

§ 8-307 Tax Covenants.

(a) **No Arbitrage Bond or Private Activity Bond.** The Local Government Unit hereby covenants that it will make no use of the proceeds of the Note or do or suffer any other action, at any time, directly or indirectly, in a manner which, if such use or action had been reasonably expected on the date of issuance of the Note, would have caused the Note to be an “arbitrage bond” or a “private activity bond” within the meaning of Section 148 and Section 141 of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the regulations thereunder applicable to the Note (the “**Regulations**”) and that it will comply with the requirements of those Sections and the Regulations thereunder throughout the term of the Note.

(b) **Rebate Requirements.** If:

(1) the principal amount of the Note plus the aggregate principal amount of all other tax-exempt obligations issued and to be issued by or on behalf of the Local Government Unit during the 2004 calendar year exceeds \$5,000,000; and if

(2) the gross proceeds of the Note are invested at a yield greater than the yield on the Note; and if

(3) the gross proceeds of the Note are not expended or deemed to have been expended either within six months from the date of issuance, or, if the Project is a construction project, within two years from the date of issuance (and according to certain periodic expenditure thresholds),

all pursuant to § 1.148.7 of the Regulations, the Local Government Unit covenants that it will rebate to the U.S. Treasury, at the times and in the manner required by the Code, the difference (if a positive number) between the investment income received on the Note proceeds and the investment income that would have been earned had the Note proceeds been invested at the yield of the Note.

(c) **Qualified Tax-Exempt Obligation.** The Local Government Unit hereby designates the Note as a “qualified tax-exempt obligation,” as defined in Section 265(b)(3)(B) of the Code, for the purposes and effect contemplated by Section 265 of the Code, and represents that it has not issued, and does not reasonably expect to issue, tax-exempt obligations, together with all tax-exempt obligations issued and reasonably expected to be issued by its “subordinate entities” (within the meaning of Code § 265(b)(3)(E)) which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the 2004 calendar year. The Local Government Unit also determines that it will not engage in any action or inaction which will or may cause the Note to fail or cease to constitute a “qualified tax-exempt obligation” under Section 265(b)(3) of the Code.

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

§ 8-308 Award.

(a) **Private Sale by Negotiation.** In compliance with 53 PA. CONS. STAT. § 8161(a), the governing body of the Local Government Unit

hereby determines that private sale of the Note by negotiation, rather than public sale, is in the best financial interest of the Local Government Unit.

(b) Award to Bank. The governing body of the Local Government Unit hereby awards and sells the Note to the Bank at par in accordance with the Purchase Contract. The Local Government Unit accepts the Purchase Contract and authorizes the Designated Officers to execute an appropriate acceptance document.

§ 8-309 Financial Statements.

So long as any amount remains outstanding under the Note, the Local Government Unit shall provide the Bank, or subsequent holders of the Note, with an annual financial statement prepared by a certified public accountant.

§ 8-310 Contract.

This Article shall be deemed to be a contract with the holders, from time to time, of the Note.

§ 8-311 Necessary Acts.

The Designated Officers are hereby authorized and directed to take all such action, execute, deliver, file and/or record all such documents, and publish all notices which shall be necessary or convenient to comply with the provisions of this Article and the Act in the name and on behalf of the Local Government Unit.

§ 8-312 Compliance With Debt Act.

This Article is enacted pursuant to, and the Note issued hereunder shall be subject to, the provisions of the Act relating to general obligation notes issued as small borrowings for capital purposes under PA. CONS. STAT. § 8109, and all of the mandatory provisions of the Act relating to such notes shall apply whether or not explicitly stated in this Article.

§ 8-313 Severability.

In case any one or more of the provisions contained in this Article or in the Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Article or of the Note, and this Article or the Note shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

§ 8-314 Advertisement.

The prior advertisement of a summary of this Article and Ordinance 422 as required by law in a newspaper of general circulation, is ratified and confirmed.

SECTION 2. The following attached Exhibits are incorporated into this Ordinance by reference:

- Exhibit A Purchase Contract presented by East Penn Bank.
- Exhibit B Form of Note
- Exhibit C Debt Statement and Borrowing Base Certificate

SECTION 3. This Ordinance shall take effect on the earliest date permitted by the Local Government Unit Debt Act, 53 PA. CONS. STAT. § 8001 *et seq.*

DULY ORDAINED and **ENACTED** by the Borough Council of the Borough of Al-
burtis, this 11th day of February, 2004, in lawful session duly assembled.

**BOROUGH COUNCIL
BOROUGH OF ALBURTIS**

Steven R. Hill, President

Attest:

Melanie Hansen, Secretary

AND NOW, this 11th day of February, 2004, the above Ordinance is hereby
APPROVED.

Russell J. Afflerbach, Mayor

EXHIBIT A



January 6, 2004

Board of Supervisors
Borough of Alburtis
260 Franklin Street
Alburtis, PA 18011

To Whom It May Concern:

East Penn Bank has approved the request of the Borough of Alburtis for financing. I have indicated the nature of the terms and conditions of the financing with the final agreement to be contained in the document to be signed at closing.

Borrower: Borough of Alburtis
Loan Type: Unsecured tax-free term loan
Amount: \$45,000
Term: 3 years
Rate: 3.25% fixed (tax-free).
Fee: None
Collateral: None
Guarantors: None
Repayment Schedule: 36 monthly payments of \$1,313.62 principal and interest.
Conditions: 1) Payment to be automatically deducted from general account maintained at East Penn Bank.
2) Annual CPA prepared financial statement

If you have any questions I can be reached at 610-965-5959, extension 1234.

Sincerely,

Robert B. Kern
Commercial Loan Officer

RBK/vef

EXHIBIT B**{Form of Note, including Registration Form}****UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA****BOROUGH OF ALBURTIS
LEHIGH COUNTY, PENNSYLVANIA
GENERAL OBLIGATION NOTE, SERIES 1 OF 2004****Dated February 12, 2004**

\$45,000.00	3.25%	February 15, 2007
Principal Amount	Interest Rate	Maturity Date

The BOROUGH OF ALBURTIS, Lehigh County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania (“**Local Government Unit**”), intending to be legally bound, promises to pay to the registered owner shown on the attached registration form, at the place shown on the registration form, and in such coin or currency as at the time and place of payment is legal tender for the payment of public and private debts, without any right of set-off, the principal sum of Forty-five Thousand Dollars (\$45,000.00) in level monthly payments of principal and interest in the amount of One Thousand Three Hundred Thirteen Dollars and ninety-two cents (\$1,313.92) commencing on March 15, 2004 and continuing on the fifteenth (15th) day of each succeeding calendar month until paid in full. Any outstanding principal and accrued interest shall be due and payable in full on February 15, 2007. (The attached amortization schedule indicates the due dates and amounts of each payment under this Note, and the allocation of each payment between principal and interest, assuming the disbursement of funds on the indicated disbursement date, timely payment of all installments under this Note in the exact amount shown, and no prepayments. Any variation in these assumptions may cause the schedule to change. The Local Government Unit acknowledges that the level payment of principal and interest is calculated on the assumption that each periodic payment will be made on the date when due, and if there is any variation in the actual payment dates, there may be an additional amount due upon maturity of this Note.)

The principal amount outstanding under this Note will bear interest at a rate per annum which is at all times equal to three and twenty-five hundredths percent (3.25%). Interest will be calculated on the basis of a year of 365 days (366 days in leap years) for the actual number of days in each interest period.

Upon at least five (5) business days prior written notice to the registered owner of this Note, the Local Government Unit has the right to prepay all or part of the outstanding principal and interest hereunder, without cost or penalty.

The Local Government Unit hereby covenants with the registered owner hereof that it will include the amount of the debt service payable hereunder in its budget for the applicable fiscal year, will appropriate such amounts to the payment of such debt service and will duly and punctually pay or cause to be paid the entire principal hereof and the interest hereon at the place, on the dates and in the manner stated above, according to the

true meaning and intent hereof, and for such budgeting, appropriation, and payment, the Local Government Unit hereby pledges its full faith, credit, and taxing power.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, against any officer, agent, or employee, past, present or future, of the Local Government Unit, as such, either directly or through the Local Government Unit, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty, or otherwise. All such liability of such officers, agents, or employees is hereby renounced, waived, and released as a condition of and as consideration for the issuance, execution, and acceptance of this Note.

In the event of a default hereunder, the entire principal balance hereof shall, at the option of the registered owner, accelerate and shall be and become immediately due and payable without notice or demand, and the Local Government Unit will pay the registered owner's reasonable costs and expenses incurred in collection of the amounts due hereunder.

This Note evidences a borrowing for a project under the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended, 53 PA. CONS. STAT. § 8001 *et seq.*, pursuant to Ordinance No. 422 of the Local Government Unit and Chapter 8, Article III of the Alburtis Codified Ordinances, duly and regularly enacted in accordance with the provisions of the Debt Act.

The Local Government Unit hereby certifies that all acts, conditions, and things required to be done, to occur or be performed precedent to and in the issuance of this Note, or in the creation of the indebtedness of which this Note is evidence, have been done, have occurred, and have been performed in regular and due form and manner as required by law, and that the debt evidenced by this Note is not in excess of any constitutional or statutory limitation.

This Note is a Qualified Tax-Exempt Obligation within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, the authorized officers of the Local Government Unit have duly executed this Note on behalf of the Local Government Unit and affixed its seal as of the Dated date set forth above.

BOROUGH OF ALBURTIS

By: _____
Steven R. Hill, President of Borough
Council

Attest:

Melanie Hansen, Secretary

{SEAL}

REGISTRATION FORM

This Note can be validly negotiated only upon proper execution of the form set forth below, and upon notation of the same upon the books of the Local Government Unit maintained by the Sinking Fund Depository, as Registrar, for such purpose. The Local Government Unit shall treat the registered owner of this Note, as noted on this Note and on the books, as the absolute owner hereof, and shall not be affected by any changed circumstances, nor by any notice to the contrary.

Original Registered Owner

East Penn Bank
731 Chestnut Street
P.O. Box 869
Emmaus, PA 18049

<u>Date</u>	<u>Transferor</u>	<u>Subsequent Purchaser</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

For value received, the last-named Transferor, by its due execution above, hereby, on the above-stated date, sells, transfers and negotiates this Note to the last-named Subsequent Purchaser, warranting that this transfer is effective and rightful; that this Note is genuine and has not been materially altered; and that it has no knowledge of any fact which might impair the validity of this Note.

AMORTIZATION SCHEDULE

Borrower: x x		Lender: East Penn Bank 731 Chestnut Street P.O. Box 869 Emmaus, PA 18049				
Disbursement Date: February 12, 2004 Interest Rate: 3.250			Repayment Schedule: Installment Calculation Method: 365/365 U.S. Rule			
Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance	
1	03-15-2004	1,313.92	128.22	1,185.70	43,814.30	
2	04-15-2004	1,313.92	120.94	1,192.98	42,621.32	
3	05-15-2004	1,313.92	113.85	1,200.07	41,421.25	
4	06-15-2004	1,313.92	114.33	1,199.59	40,221.66	
5	07-15-2004	1,313.92	107.44	1,206.48	39,015.18	
6	08-15-2004	1,313.92	107.69	1,206.23	37,808.95	
7	09-15-2004	1,313.92	104.36	1,209.56	36,599.39	
8	10-15-2004	1,313.92	97.77	1,216.15	35,383.24	
9	11-15-2004	1,313.92	97.67	1,216.25	34,166.99	
10	12-15-2004	1,313.92	91.27	1,222.65	32,944.34	
2004 TOTALS:		13,139.20	1,083.54	12,055.66		
11	01-15-2005	1,313.92	90.94	1,222.98	31,721.36	
12	02-15-2005	1,313.92	87.56	1,226.36	30,495.00	
13	03-15-2005	1,313.92	78.03	1,237.89	29,257.11	
14	04-15-2005	1,313.92	80.76	1,233.16	28,023.95	
15	05-15-2005	1,313.92	74.86	1,239.06	26,784.89	
16	06-15-2005	1,313.92	73.93	1,239.99	25,544.90	
17	07-15-2005	1,313.92	68.24	1,245.68	24,299.22	
18	08-15-2005	1,313.92	67.07	1,246.85	23,052.37	
19	09-15-2005	1,313.92	63.83	1,250.09	21,802.08	
20	10-15-2005	1,313.92	58.24	1,255.68	20,546.40	
21	11-15-2005	1,313.92	56.71	1,257.21	19,289.19	
22	12-15-2005	1,313.92	51.53	1,262.39	18,026.80	
2005 TOTALS:		15,767.04	849.50	14,917.54		
23	01-15-2006	1,313.92	49.76	1,264.16	16,762.64	
24	02-15-2006	1,313.92	46.27	1,267.65	15,494.99	
25	03-15-2006	1,313.92	38.63	1,275.29	14,219.70	
26	04-15-2006	1,313.92	39.25	1,274.67	12,945.03	
27	05-15-2006	1,313.92	34.58	1,279.34	11,685.69	
28	06-15-2006	1,313.92	32.20	1,281.72	10,383.97	
29	07-15-2006	1,313.92	27.74	1,286.18	9,097.79	
30	08-15-2006	1,313.92	25.11	1,288.81	7,808.98	
31	09-15-2006	1,313.92	21.55	1,292.37	6,516.61	
32	10-15-2006	1,313.92	17.41	1,296.51	5,220.10	
33	11-15-2006	1,313.92	14.41	1,299.51	3,920.59	
34	12-15-2006	1,313.92	10.47	1,303.45	2,617.14	
2006 TOTALS:		15,767.04	357.38	15,409.66		
35	01-15-2007	1,313.92	7.22	1,306.70	1,310.44	
36	02-15-2007	1,314.06	3.62	1,310.44	0.00	
2007 TOTALS:		2,627.98	10.84	2,617.14		
TOTALS:		47,301.26	2,301.26	45,000.00		

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

LASER PRO Lending, Ver. 3.13.26.022 Corp., Maryland Financial Solutions, Inc. 1997, 2004. All Rights Reserved - PA PH-12

EXHIBIT C
DEBT STATEMENT OF

Borough of Albutis
Lehigh County, Pennsylvania

We, the undersigned Designated Officers of the above named Local Government Unit, being duly sworn, depose and say that as of the date hereof:

I. The **GROSS INDEBTEDNESS** of the Local Government Unit is:

A. Electoral Debt Amount Outstanding

\$ 0

\$ 0

B. Nonelectoral (Direct) Debt

[Include all Bonds, Notes or other Loans, exclude Tax Anticipation Notes or Loans]

1. 1998-1 Note	\$ 5,761.97
2. 2000-1 Note	\$ 24,865.02
3.	\$
4.	\$
5.	\$
6.	\$
7.	\$
8.	\$
9.	\$

30,626.99

\$ (x)

C. Lease Rental (Authority) Debt

1. 1971-1 Bonds	\$ 275,000.00
2.	\$
3.	\$
4.	\$
5.	\$

\$ 275,000.00 (y)

II. The **PRINCIPAL AMOUNT OF THE NOTE** to be issued as new nonelectoral debt is:

\$ 45,000.00 (z)

A. The principal amount of the bonds or notes which will no longer be deemed to be outstanding pursuant to Section 8250(b) after settlement of the issue:

\$ 0

III. Total Indebtedness

A. Nonelectoral (x + z) \$ 75,626.99

B. Nonelectoral plus Lease Rental (x + y + z) \$ 350,626.99

IV. Credits and exclusions claimed at this time are:

	Nonelectoral	Lease Rental
A. All funds in sinking funds and net bond proceeds	\$ <u>0</u>	\$ 0
B. Current appropriations for payment of principal and interest	\$ <u>0</u>	\$ 0
C. Uncollected amounts of assessments (to extent available for payment of principal)	\$ <u>0</u>	\$ 0
D. Delinquent taxes and other municipal liens*	\$ <u>0</u>	\$ 0
E. Self-liquidating and subsidized debt properly excluded and concurrently excludable	\$ <u>0</u>	\$ 0
F. Surplus cash not specifically appropriated and available for payment of principal*	\$ <u>0</u>	\$ 0
G. Other solvent debts	\$ <u>0</u>	\$ 0
H. Indemnifying insurance coverage in connection with debt	\$ <u>0</u>	\$ 0
TOTAL CREDITS AND EXCLUSIONS	\$ <u>0</u> (r)	\$ <u>0</u> (s)

V. Net Nonelectoral Debt (III A - r) \$ 75,626.99

VI. Net Nonelectoral and Net Lease Rental Debt Combined (III B - s) \$ 350,626.99

* To be applied first to nonelectoral debt,
any excess then to lease rental debt.

VII. A. The Borrowing Base shown on the
attached Borrowing Base Certi-
ficate (Item D) is:

\$ 1,265,865

VIII. B. Applicable Debt Limitations:


Nonelectoral: Borrowing
Base x 250% (300% for counties)
(N/A for School Districts)

\$ 3,164,663

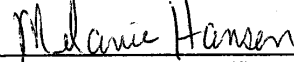
Nonelectoral plus Lease Rental:
Borrowing Base x 350%
(400% for counties)
(225% for School Districts)

\$ 4,430,528

IN WITNESS THEREOF, we, the Designated Officers, being duly authorized to prepare, certify and
file the foregoing debt statement, have hereunto set our hands on this 11th day of February,
2004.

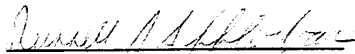
By: 

Chief Legislative Officer

By: 

Chief Administrative Officer

Sworn to and subscribed before me this 11th day of February, ~~19~~ 2004.



~~Notary Public~~ Mayor of the Borough of Albury
(authorized to administer oaths in matters pertaining to

My Commission Expires: borough affairs by Borough Code § 1028(a)(1))

FORM OF BORROWING BASE CERTIFICATE
5a - RF

BORROWING BASE CERTIFICATE OF

Borough of Alburdis

(Name of Local Government Unit)
Lehigh County, Pennsylvania

We, the undersigned Designated Officers, hereby certify pursuant to Section 102(c)(3) of the Local Government Unit Debt Act (the "Debt Act") that:

The Total Revenues received by the Local Government Unit for the three full fiscal years preceding the date hereof are:

Fiscal year: _____	2001	2002	2003
A. All moneys received:	\$ 1,302,807	\$ 1,316,471	\$ 1,333,117

Deductions:

1. Subsidies or reimbursements from U.S.A. or Commonwealth of Pennsylvania given or paid on account of projects financed by debt.	\$ 0	\$ 0	\$ 0
2. Project revenues, rates, and special assessments pledged or budgeted for specific self-liquidating debt or for payments under leases, guaranties, or other forms of agreements which could constitute lease rental debt.	\$ 51,600	\$ 51,600	\$ 51,600
3. Interest from funds pledged or budgeted for the payment or security of outstanding debt and interest on bond or note proceeds, if similarly pledged.	\$ 0	\$ 0	\$ 0

4. Grants and gifts in aid of, or measured by the construction or acquisition of, specific projects.

\$ 0 \$ 0 \$ 0

5. Proceeds from disposition of capital assets and other nonrecurring items including bond or note proceeds not considered income under GAAP.

\$ 0 \$ 0 \$ 0

6. Total Deductions (Add B-1 through B-5)

\$ 51,600 \$ 51,600 \$ 51,600

C. Total Revenues (A minus B-6)

\$ 1,251,207(x) \$ 1,264,871 (y) \$ 1,281,517(z)

D. The Borrowing Base (i.e., the arithmetic average of the Total Revenues for the three full fiscal years; $(x + y + z) \div 3$) is \$ 1,265,865

By:  President of
Chief Legislative Officer Borough Council

By:  Borough
Chief Administrative Officer Secretary

Date: 2/11, 19 2004

2001 and 2002 Derived from Audit Report; 2003 derived from bookkeeper's records

A = Total revenues from all funds except fiduciary funds (trust & agency)

B2= Subsidy from Lehigh County to pay Sewer Bonds

BOROUGH OF ALBURTIS

8110(b) CERTIFICATE

I, the undersigned officer of the Local Government Unit named above, hereby certify, pursuant to Section 8110(b) of the Local Government Unit Debt Act that no change in any amounts previously excluded as subsidized or self-liquidating in determining the outstanding debt of the Local Government Unit, is required by any circumstances other than payment.

DULY executed on February 11, 2004.

By: 

Chief Legislative Officer

President of Borough Council