

**ORDINANCE OF THE COUNCIL OF THE
BOROUGH OF BALLY
BERKS COUNTY, PENNSYLVANIA
Ordinance No. 301**

AN ORDINANCE OF THE COUNCIL OF THE BOROUGH OF BALLY, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO INCUR NONELECTORAL DEBT IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF \$4,010,000, WHICH IS COMPRISED OF AND REPRESENTED BY ITS GENERAL OBLIGATION NOTE, SERIES A OF 2022, IN THE AGGREGATE PRINCIPAL AMOUNT OF FOUR HUNDRED NINETY FIVE THOUSAND DOLLARS (\$495,000) (THE "SERIES A NOTE"), ITS GENERAL OBLIGATION NOTE, SERIES B OF 2022, IN THE AGGREGATE PRINCIPAL AMOUNT OF TWO MILLION FOUR HUNDRED FORTY THREE THOUSAND DOLLARS (\$2,443,000) (THE "SERIES B NOTE"), AND ITS GENERAL OBLIGATION NOTE, SERIES C OF 2022, IN THE AGGREGATE PRINCIPAL AMOUNT OF ONE MILLION SEVENTY TWO THOUSAND DOLLARS (\$1,072,000) (THE "SERIES C NOTE") (THE SERIES A NOTE, THE SERIES B NOTE AND THE SERIES C NOTE, TOGETHER, THE "NOTES"), EACH PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, 53 PA C.S. CHS 80-82, AS AMENDED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION FOR SUCH NOTES IS IN THE BEST FINANCIAL INTERESTS OF THE BOROUGH; DETERMINING THAT SUCH NOTES SHALL EVIDENCE NONELECTORAL DEBT OF THIS BOROUGH; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED (A) TO PROVIDE FUNDS TO PAY THE COSTS AND EXPENSES OF THE CURRENT REFINANCING OF THE BOROUGH'S GENERAL OBLIGATION NOTE, SERIES OF 2011, AND THE BOROUGH'S GENERAL OBLIGATION NOTE, SERIES OF 2016, AND (B) TO PAY THE COSTS AND EXPENSES OF ISSUING THE NOTES; SETTING FORTH REASONABLE ESTIMATES OF THE USEFUL LIVES OF THE CAPITAL PROJECTS TO BE REFINANCED; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH NOTES AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH NOTES, WHEN ISSUED, SHALL CONSTITUTE GENERAL OBLIGATIONS OF THE BOROUGH; FIXING THE DENOMINATION, DATED DATES, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES, REDEMPTION PROVISIONS, MANDATORY REDEMPTION PROVISIONS (IF APPLICABLE) AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTES; AUTHORIZING SPECIFIED OFFICERS OF THE BOROUGH TO CONTRACT WITH THE PAYING AGENT; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTES EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTES; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTES TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE BOROUGH IN SUPPORT THEREOF; CREATING THREE SEPARATE SINKING FUNDS IN CONNECTION WITH EACH SUCH NOTE, RESPECTIVELY, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY FOR EACH SUCH NOTE; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH NOTES WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH NOTES; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE BOROUGH TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED,

REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE NOTES, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH NOTES, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE BOROUGH, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING APPROPRIATE OFFICERS OF THE BOROUGH TO DELIVER THE NOTES UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; SETTING FORTH CERTAIN COVENANTS PRECLUDING THE BOROUGH FROM TAKING ACTIONS WHICH WOULD CAUSE EACH SUCH NOTE TO BECOME AN "ARBITRAGE BOND," AS THAT TERM IS USED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND APPLICABLE REGULATIONS PROMULGATED THEREUNDER; DESIGNATING EACH SUCH NOTE AS A "QUALIFIED TAX-EXEMPT OBLIGATION" UNDER SECTION 265(b) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

WHEREAS, the Borough of Bally, Berks County, Pennsylvania (the "Borough"), is a Borough of the Commonwealth of Pennsylvania (the "Commonwealth"); and

WHEREAS, this Borough, in contemplation of its incurrence of nonelectoral debt in the total aggregate principal amount of \$4,010,000, comprised of and represented by the issuance and sale of its General Obligation Note, Series A of 2022, in an aggregate principal amount of Four Hundred Ninety Five Thousand Dollars (\$495,000) (the "Series A Note"), its General Obligation Note, Series B of 2022, in the aggregate principal amount of Two Million Four Hundred Forty Three Thousand Dollars (\$2,443,000) (the "Series B Note"), and its General Obligation Note, Series C of 2022, in the aggregate principal amount of One Million Seventy Two Thousand Dollars (\$1,072,000) (the "Series C Note") (the Series A Note, the Series B Note and the Series C Note, together, the "Notes"), in order to provide funds for and towards certain refinancing projects of this Borough, has determined that the Notes shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act") and has determined that a private sale by negotiation is in the best financial interests of this Borough; and

WHEREAS, the Council of the Borough (the "Council") has determined to accept the proposal of Peoples Security Bank & Trust Company, Lebanon, Pennsylvania ("PSBT"), for the purchase of the Notes (PSBT sometimes referred hereafter as the "Purchaser"), such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic Development of the Commonwealth (the "Department") relating to the incurring of the indebtedness to be evidenced by the Notes; and

WHEREAS, the Council has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the amount of Four Hundred Ninety Five Thousand Dollars (\$495,000), Two Million Four Hundred Forty Three Thousand Dollars (\$2,443,000), and

One Million Seventy Two Thousand Dollars (\$1,072,000) to fund certain refinancing projects (hereinafter described) of this Borough pursuant to the provisions of the Act; and

WHEREAS, the Borough has heretofore incurred nonelectoral general obligation debt in the amount of \$1,885,000 pursuant to the Borough's issuance of One Million Eight Hundred Eighty Five Thousand Dollars (\$1,885,000) aggregate principal amount of its General Obligation Note, Series of 2011 (the "2011 Note"), pursuant to an Ordinance duly enacted by the Borough, \$627,000 of which currently remains outstanding; and

WHEREAS, the Borough has heretofore incurred nonelectoral general obligation debt in the amount of \$3,440,000 pursuant to the Borough's issuance of Three Million Four Hundred Forty Thousand Dollars (\$3,440,000) aggregate principal amount of its General Obligation Note, Series of 2016 (the "2016 Note"), pursuant to an Ordinance duly enacted by the Borough, \$3,343,000 of which currently remains outstanding; and

WHEREAS, the Borough desires to authorize the current refunding of the 2011 Note and the 2016 Note (the Refunded Notes") for the purpose of reducing debt service over the life of each of the Refunded Notes as permitted by the Act; and

WHEREAS, the Notes issued to refund the Refunded Notes will not be outstanding through a maturity date that could not have been included in each issue of the Refunded Notes.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the Borough of Bally, Berks County, Pennsylvania, in lawful session duly assembled, as follows:

Section 1. Pursuant to the provisions of this Ordinance, the Council hereby authorizes and directs the issuance of the Notes (a) in the aggregate principal amount of Four Hundred Ninety Five Thousand Dollars (\$495,000) to be designated generally as the Borough of Bally General Obligation Note, Series A of 2022, (b) in the aggregate principal amount of Two Million Four Hundred Forty Three Thousand Dollars (\$2,443,000) to be designated generally as the Borough of Bally General Obligation Note, Series B of 2022, and (c) in the aggregate principal amount of One Million Seventy Two Thousand Dollars (\$1,072,000) to be designated generally as Borough of Bally General Obligation Note, Series C of 2022. The Notes shall be issued and sold in accordance with the provisions of the Act by private sale by negotiation. In connection therewith, the Council hereby finds and determines that a private sale by negotiation is in the best financial interests of this Borough.

Section 2. The Council determines that the debt to be incurred pursuant to this Ordinance, and which will be evidenced by the Notes, shall be nonelectoral debt of this Borough.

Section 3. A brief description of the projects (the "Project") to be financed with, among other things, the proceeds of the Notes is as follows:

(a) to provide funds to pay the costs and expenses of certain refinancing projects of the Borough consisting of the current refinancing of (i) the Borough's General Obligation Note, Series of 2011, and (ii) the Borough's General Obligation Note, Series of 2016, and (b) to pay the costs and expenses of issuing the Notes.

The realistic estimated useful lives of the capital projects refinanced with the proceeds of the 2011 Note is at least fifteen years, and the realistic estimated useful lives of the capital projects refinanced with the proceeds of the 2016 Note is at least thirty (30) years. It is hereby certified that an aggregate principal amount of each Note at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of each such project. The maturity of stated installments of principal of the Notes will not be deferred beyond two years from the date of issue of the Notes.

Prior to the date hereof, the Borough has obtained realistic cost estimates for the Project from persons qualified by experience. Such cost estimates were used to determine the amount of the Notes to be issued.

Section 4. The proceeds of the Notes shall be issued for the purpose of currently refunding the Refunded Notes. In connection with the issuance and sale of such Notes, the Council, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose for the Project is to reduce debt service over the life of each of the 2011 Note and the 2016 Note, and (b) that the Project is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Council further finds and determines that the final maturity dates of the Notes issued to effect the refunding of the Refunded Notes does not extend to a date that could not have been included in each issue of the Refunded Notes. Specifically, the portion of the Series B Note issued to refinance the 2011 Note will not mature beyond 2025, the maturity date of the 2011 Note.

The Council hereby authorizes and directs its appropriate officers, agents and employees to execute all documents and take all actions necessary in connection with effecting the Project. In accordance with Section 8250 of the Act, it is the intent of the Council that the Refunded Notes shall no longer be outstanding from and after the date of issue of the Notes.

Section 5. Subject to the approval of the Department, as required by the provisions of the Act, the Council shall and does hereby accept the proposal of PSBT for the purchase of the Notes in accordance with the terms and conditions of this Ordinance and PSBT's proposal, dated October 22, 2021 (the "Proposal"), attached hereto as Exhibit "A" and incorporated herein. Specifically, the Borough chooses Option III in the Proposal. The sale of the Notes shall be for an aggregate purchase price of \$495,000, \$2,443,000 and \$1,072,000, respectively, plus accrued interest, if any, from the date of the Notes to the date of delivery thereof. The President or Vice President of the Council is hereby authorized and directed to accept and to execute the Proposal in the name and on behalf of this Borough, and the Secretary of the Borough is hereby authorized and directed to attest to such acceptance and execution. A copy of the Proposal, as presented to this Council and accepted by this Ordinance, is incorporated herein by reference and shall be attached to this Ordinance and maintained with the minutes of this meeting. The bid security, if any, accompanying the Proposal shall be held and shall be applied as provided by the Act; provided, however, that no allowance for interest shall be made by this Borough with respect to such bid security, except as provided by the Act.

The Notes, when issued, will constitute general obligations of the Borough.

Section 6. The Notes shall be fully registered, without coupons, in the denominations of \$495,000, \$2,443,000 and \$1,072,000, respectively, in substantially the form hereinafter set

forth in Section 8. The Notes shall be dated as of their dates of issue, and shall bear interest from that date at the applicable rates per annum as set forth in the Proposal.

Section 7.

(a) Commencing on May 15, 2022, and on the fifteenth day of each November and May thereafter to and including November 15, 2041, the Series A Note shall bear interest and this Borough shall pay to PSBT semiannual payments of interest. Commencing on May 15, 2022, and on the fifteenth day of each November and May thereafter to and including November 15, 2041, the Series B Note shall bear interest and the Borough shall pay to PSBT semiannual payments of interest. Commencing on May 15, 2022, and on the fifteenth day of each November and May thereafter to and including November 15, 2041, the Series C Note shall bear interest and the Borough shall pay to PSBT semiannual payments of interest. On November 15, 2022, and on each November 15 thereafter through and including November 15, 2041, the Borough shall pay PSBT annual installments of principal on the Series A Note in the amounts set forth at Exhibit "B" hereto. On November 15, 2022, and on each November 15 thereafter through and including November 15, 2041, the Borough shall pay to PSBT annual installments of principal on the Series B Note in the amounts set forth at Exhibit "B" hereto. On November 15, 2022, and on each November 15 thereafter through and including November 15, 2041, the Borough shall pay to PSBT annual installments of principal on the Series C Note in the amounts set forth at Exhibit "B" hereto. Accrued interest due on the Notes in such remaining installments shall be calculated on the aggregate amount of the outstanding principal balance of the Notes, from time to time, for the period next preceding any installment payment. All interest due on the Notes shall be calculated on the outstanding principal balance thereof based upon twelve 30 day months and a 360 day year.

(b) On November 15, 2041, the remaining principal and interest due on the respective Notes shall be paid to the Purchaser thereof, if not prepaid earlier as provided in subsection (e) of this Section 7.

(c) The dates upon which this Borough is required to make payments of interest and principal on the Notes pursuant to subsections (a) and (b) of this Section 7 are hereinafter referred to as "Payment Dates." Whenever a Payment Date shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then payment of such interest or principal need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banking institutions in the Commonwealth are authorized by law or executive order to close with the same force and effect as if made on the Payment Date and no interest or penalty shall accrue thereon for any period after such Payment Date.

(d) A schedule of the maximum amounts of principal and interest on each of the Notes to be paid on the Payment Dates is set forth in Exhibit "B" which is attached hereto and incorporated by reference as though fully set forth herein.

(e) The principal of and interest due on the Notes may be prepaid at any time without notice by the Borough, as provided in the form of Notes set forth at Exhibit "C" and the Proposal.

Section 8. The appropriate officers of this Borough are hereby authorized, empowered and directed to contract with PSBT with respect to each of the Notes (PSBT, in its capacity as paying agent, is sometimes referred to hereinafter as the "Paying Agent"), for its services as paying agent and sinking fund depository in accordance with the terms and conditions of the Proposal, this Ordinance and the Act. Payment of the principal of and interest on the Notes shall be made, when due, on the Payment Dates in accordance with the provisions of the Notes, at the designated office of the Paying Agent in lawful money of the United States of America.

Section 9. The Notes shall be in substantially the form set forth in Exhibit "C," with appropriate insertions, omissions and variations.

Section 10. The Notes shall be executed in the name and on behalf of this Borough by the true or facsimile signature of the President or Vice President of the Council and the true or facsimile official seal of this Borough shall be affixed thereunto, duly attested by the true or facsimile signature of the Secretary or Assistant Secretary of the Borough. Said officers are authorized and directed to execute and attest the Notes.

Section 11. This Borough covenants to and with the registered owners from time to time of the Notes that this Borough (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of this Borough in which such sums are payable, (ii) shall appropriate from its general revenues in each such fiscal year the amount required to pay debt service on the Notes for such year, and (iii) shall duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal amount of the Notes and the interest due thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, this Borough shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 8104 of the Act, the foregoing covenant of this Borough shall be enforceable specifically.

Section 12. This Borough hereby covenants to create and there is hereby created, pursuant to Section 8221 of the Act, sinking funds for the Notes, to be known respectively as "Sinking Fund-General Obligation Note, Series A of 2022" (the "Series A Sinking Fund"), "Sinking Fund-General Obligation Note, Series B of 2022" (the "Series B Sinking Fund"), and "Sinking Fund-General Obligation Note, Series C of 2022" (the "Series C Sinking Fund") (together, the Series A Sinking Fund, the Series B Sinking Fund and the Series C Sinking Fund, sometimes collectively referred to hereinafter as the "Sinking Funds"), which sinking funds shall be established with the applicable Paying Agent and administered in accordance with applicable provisions of the Act and this Ordinance.

Section 13. PSBT shall be the "sinking fund depository" with respect to the Series A Sinking Fund, the Series B Sinking Fund, and the Series C Sinking Fund, each created pursuant to Section 12. This Borough covenants and agrees to deposit in the applicable Sinking Fund, on or before each Payment Date, an amount which shall be sufficient to permit the Paying Agent to pay on such Payment Date all principal and accrued interest becoming due with respect to the Notes. After such deposit, the Paying Agent shall, without further authorization or direction from the Borough or any of its officials, on the Payment Dates, with respect to the payment of principal and interest on the Notes, withdraw moneys from the Sinking Funds and apply such moneys to the prompt and full payment of such obligations in accordance with the terms thereof, the terms and conditions of this Ordinance and the provisions of the Act.

The Notes shall be transferable or exchangeable by the registered owner thereof upon surrender thereof to the Paying Agent, at its designated office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to such Paying Agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of either of the Notes in the registration books of this Borough maintained by the Paying Agent with respect to each of the Notes and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Note of the same maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

This Borough and the Paying Agent may deem and treat the persons in whose names the Notes shall be registered on the registration books of this Borough maintained by the Paying Agent as the absolute owners thereof for all purposes, whether such Notes shall be overdue or not, and payment of the principal of and/or interest on the Notes shall be made only to or upon the order of the registered owners thereof or their legal representatives, but such registration may be changed, as herein and in the Notes provided. All such payments shall be valid and effectual to satisfy in full and discharge the liability of this Borough upon the Notes so paid, to the extent of the sum or sums so paid, and neither this Borough nor the Paying Agent shall be affected by any notice to the contrary.

This Borough shall cause to be kept, and the Paying Agents shall keep, at the designated office of the Paying Agent, books for the registration, exchange and transfer of Notes in the manner provided herein and therein so long as the Notes shall remain outstanding. Such registrations, exchanges and transfers shall be made without charge to Noteholders, except for actual costs, including postage, insurance and any taxes or other governmental charges required to be paid with respect to the same.

Section 14. The appropriate officials of the Borough, and, if applicable, their duly qualified respective successors, are hereby authorized and directed, in the name and on behalf of the Borough: (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Notes, including the debt statement and borrowing base certificate; (c) to prepare and file, or cause to be filed, all documents, certificates, and instruments necessary to cause all or a portion of the debt evidenced by the Notes to be excluded as self-liquidating; (d) to pay or to cause to be paid to the Department all proper filing fees required by the Act in connection with the foregoing; (e) to pay or cause to be paid from proceeds of the Notes or otherwise, all costs and expenses incurred by the Borough in connection with the issuance of the Notes; (f) to advertise the enactment of this Ordinance, as required by the Act; and (g) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Proposal of the Purchaser, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Notes, to the extent not inconsistent with this Ordinance or applicable law.

Section 15. It is hereby declared that the debt to be evidenced by the Notes, together with all other indebtedness of this Borough, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by this Borough.

Section 16. The appropriate officers of this Borough are hereby authorized and directed to deliver the Notes to PSBT upon due registration thereof as provided for herein, and upon receipt of full and proper payment of the purchase price therefor, provided, however, that such delivery shall be effected only after the Department has certified its approval pursuant to Section 8204 of the Act.

Section 17. This Borough covenants to and with the registered owners of the Notes that it will make no use of the proceeds of such issue or do or suffer any other action which, if such use or action had been reasonably expected on the date of issue of such Notes, would cause any or all of such Notes to be an "arbitrage bond" as that term is defined in Section 148 of the Code and the applicable regulations thereunder. This Borough further covenants that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this issue. In addition, the President or Vice President of the Council, being the official(s) responsible for issuing the Notes, attested by the Secretary or Assistant Secretary of the Borough, are hereby authorized and directed to execute and deliver, in the name and on behalf of the Borough, any and all documents or other instruments which Bond Counsel may reasonably request in connection with the providing of its opinion that the Notes are not "arbitrage bonds" within the meaning of Section 148 and the regulations promulgated thereunder, including, without limitation, a certificate dated the date of issuance and delivery of the Notes, which certificate shall set forth the reasonable expectations of the Borough as to the amount and use of the proceeds of the Notes.

Section 18. The Notes, when issued, will be general obligations of this Borough. In accordance with the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), this Borough hereby finds, determines and designates the Notes as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code, for the purposes of Section 265(b) of the Code.

Section 19. The Council hereby authorizes and directs the appropriate officers, agents and employees to execute any and all other documents and to take any and all action necessary in connection with the Project to cause the 2011 Note and the 2016 Note to "no longer be deemed outstanding" as of the date of delivery of the Notes, within the meaning and for the purposes of Section 8250 of the Act and to cause the redemption of each of the 2011 Note and the 2016 Note as of the date of delivery of the Notes.

Section 20. The Borough hereby ratifies and confirms its appointment of Georgeadis Setley, Wyomissing, Pennsylvania, as Bond Counsel, and Concord Public Financial Advisors, Inc., as Financial Advisor, in connection with the issuance of the Notes.

Section 21. 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 Borough that the remainder of this Ordinance shall remain in full force and effect.

Section 22. All Ordinances or parts of Ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.

Section 22. This Ordinance shall be effective in accordance with Section 8003 of the Act.

DULY ORDAINED, THIS 7th DAY OF DECEMBER 2021, BY THE COUNCIL OF THE BOROUGH OF BALLY, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

**BOROUGH OF BALLY
BERKS COUNTY, PENNSYLVANIA**

BY: 

PRESIDENT, COUNCIL OF THE BOROUGH

ATTEST: 

ASSISTANT SECRETARY OF THE BOROUGH

APPROVED: 

MAYOR

EXHIBIT "A"

PROPOSAL

**BOROUGH OF BALLY
GENERAL OBLIGATION NOTE
SERIES OF 2022
FORM OF PROPOSAL**

Peoples Security Bank & Trust Co. (the "Bank" or "Lender") hereby agrees to the purchase of the General Obligation Note, Series of 2022 (the "Note"), in the proposed principal amount of \$4,015,000 to be issued by the Borough of Bally, Berks County, Pennsylvania (the "Borough"), subject to the following terms and conditions set forth in this Term Sheet. The final aggregate principal amount of any one maturity or the entire issue itself shall not differ from the preliminary principal amount of any one maturity or the entire issue itself as presented on the Preliminary Note Amortization Schedule (attached hereto) by more than \$250,000. The Bank agrees to be legally bound to such terms from the date of the Form of Proposal (attached hereto) to the Closing Date of the Note. In connection with the Bank's proposal, it represents that it is acquiring the Note for its own account and not with the view or intention of making any public offering of the Note. It acknowledges it will deliver a certificate substantially to that effect at closing of the Note.

Rate of Interest:

I. Fixed Rate of Interest

A fixed rate of interest for the term of the Note (maturing November 15, 2041) equal to 2.29% per annum. *(2.88% taxable equivalent)*

or

II. Fixed/Variable Rate of Interest - (7 Year Fixed Rate, Variable Rate Thereafter)

Initial Interest Rate: The initial interest rate on the Notes shall be 1.89% *(2.38% taxable equivalent)* for a period of approximately seven years, ending November 15, 2029.

Interest Rate Reset: After the initial fixed interest rate period, the rate shall be continually reset at 79% of the Wall Street Journal Prime Rate (or its equivalent).

or

III. Fixed/Variable Rate of Interest - (10 Year Fixed Rate, Variable Rate Thereafter)

Initial Interest Rate: The initial interest rate on the Notes shall be 1.99% *(2.50% taxable equivalent)* for a period of approximately ten years, ending November 15, 2032.

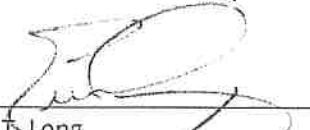
Interest Rate Reset: After the initial fixed interest rate period, the rate shall be continually reset at 79% of the Wall Street Journal Prime Rate (or its equivalent).

Maximum Cap Interest Rate (With respect to II, III above): In no instance shall the interest rate ever exceed 2.75%.

COSTS AND EXPENSES

The Bank shall request the payment of its fees and expenses (including counsel), subject to a maximum of \$3,000.

The Bank acknowledges that the Borough reserves the right to reject any and all proposals received in connection with this Request for Proposals.


Eric T. Long
Vice President | Commercial Loan Officer

10/22/2021
Date



830 Norman Drive
Lebanon, PA 17042
717-279-2202 office
717-798-0531 cell
717-279-2210 fax
eric.long@psbt.com
NMLS #649681

Approved by:
Borough of Bally

Authorized Officer

Date

EXHIBIT "B"

MAXIMUM DEBT SERVICE SCHEDULES

Borough of Bally						
General Obligation Note					DATED	1/6/2022
Series A of 2022 (General Fund)						
General Fund Portion that Refunds 2016 Note						
	45	46	47	48	49	50
	Principal					Annual
Date	Installment	Rate	Interest	Debt Service	Debt Service	Debt Service
		1.990				
		2.750				
11/15/2021						
5/15/2022		1.990	3,529.76	3,529.76		
11/15/2022	9,000	1.990	4,925.25	13,925.25	17,455.01	
5/15/2023		1.990	4,835.70	4,835.70		
11/15/2023	22,000	1.990	4,835.70	26,835.70	31,671.40	
5/15/2024		1.990	4,616.80	4,616.80		
11/15/2024	22,000	1.990	4,616.80	26,616.80	31,233.60	
5/15/2025		1.990	4,397.90	4,397.90		
11/15/2025	23,000	1.990	4,397.90	27,397.90	31,795.80	
5/15/2026		1.990	4,169.05	4,169.05		
11/15/2026	23,000	1.990	4,169.05	27,169.05	31,338.10	
5/15/2027		1.990	3,940.20	3,940.20		
11/15/2027	24,000	1.990	3,940.20	27,940.20	31,880.40	
5/15/2028		1.990	3,701.40	3,701.40		
11/15/2028	24,000	1.990	3,701.40	27,701.40	31,402.80	
5/15/2029		1.990	3,462.60	3,462.60		
11/15/2029	24,000	1.990	3,462.60	27,462.60	30,925.20	
5/15/2030		1.990	3,223.80	3,223.80		
11/15/2030	25,000	1.990	3,223.80	28,223.80	31,447.60	
5/15/2031		1.990	2,975.05	2,975.05		
11/15/2031	25,000	1.990	2,975.05	27,975.05	30,950.10	
5/15/2032		1.990	2,726.30	2,726.30		
11/15/2032	26,000	1.990	2,726.30	28,726.30	31,452.60	
5/15/2033		2.750	3,410.00	3,410.00		
11/15/2033	25,000	2.750	3,410.00	28,410.00	31,820.00	
5/15/2034		2.750	3,066.25	3,066.25		
11/15/2034	25,000	2.750	3,066.25	28,066.25	31,132.50	
5/15/2035		2.750	2,722.50	2,722.50		
11/15/2035	26,000	2.750	2,722.50	28,722.50	31,445.00	
5/15/2036		2.750	2,365.00	2,365.00		
11/15/2036	27,000	2.750	2,365.00	29,365.00	31,730.00	
5/15/2037		2.750	1,993.75	1,993.75		
11/15/2037	27,000	2.750	1,993.75	28,993.75	30,987.50	
5/15/2038		2.750	1,622.50	1,622.50		
11/15/2038	28,000	2.750	1,622.50	29,622.50	31,245.00	
5/15/2039		2.750	1,237.50	1,237.50		
11/15/2039	29,000	2.750	1,237.50	30,237.50	31,475.00	
5/15/2040		2.750	838.75	838.75		
11/15/2040	30,000	2.750	838.75	30,838.75	31,677.50	
5/15/2041		2.750	426.25	426.25		
11/15/2041	31,000	2.750	426.25	31,426.25	31,852.50	
TOTALS	495,000		119,917.61	614,917.61	614,917.61	

*Rate Assumes 1.99% fixed through 11/15/32, Cap Rate of 2.75% thereafter
Variable Rate begin 11/15/32 - 79% of Prime



Borough of Bally					
General Obligation Note				DATED	1/6/2022
Series B of 2022 (Sewer)					
Aggregate - Sewer Fund Portion that Refunds 2011 & 2016 Notes					
61	62	63	64	65	66
Date	Principal Installment	Rate	Interest	Debt Service	Annual Debt Service
		1.990			
		2.750			
11/15/2021					
5/15/2022		1.990	17,420.63	17,420.63	
11/15/2022	172,000	1.990	24,307.85	196,307.85	213,728.48
5/15/2023		1.990	22,596.45	22,596.45	
11/15/2023	168,000	1.990	22,596.45	190,596.45	213,192.90
5/15/2024		1.990	20,924.85	20,924.85	
11/15/2024	172,000	1.990	20,924.85	192,924.85	213,849.70
5/15/2025		1.990	19,213.45	19,213.45	
11/15/2025	175,000	1.990	19,213.45	194,213.45	213,426.90
5/15/2026		1.990	17,472.20	17,472.20	
11/15/2026	97,000	1.990	17,472.20	114,472.20	131,944.40
5/15/2027		1.990	16,507.05	16,507.05	
11/15/2027	99,000	1.990	16,507.05	115,507.05	132,014.10
5/15/2028		1.990	15,522.00	15,522.00	
11/15/2028	100,000	1.990	15,522.00	115,522.00	131,044.00
5/15/2029		1.990	14,527.00	14,527.00	
11/15/2029	102,000	1.990	14,527.00	116,527.00	131,054.00
5/15/2030		1.990	13,512.10	13,512.10	
11/15/2030	105,000	1.990	13,512.10	118,512.10	132,024.20
5/15/2031		1.990	12,467.35	12,467.35	
11/15/2031	107,000	1.990	12,467.35	119,467.35	131,934.70
5/15/2032		1.990	11,402.70	11,402.70	
11/15/2032	109,000	1.990	11,402.70	120,402.70	131,805.40
5/15/2033		2.750	14,258.75	14,258.75	
11/15/2033	103,000	2.750	14,258.75	117,258.75	131,517.50
5/15/2034		2.750	12,842.50	12,842.50	
11/15/2034	106,000	2.750	12,842.50	118,842.50	131,685.00
5/15/2035		2.750	11,385.00	11,385.00	
11/15/2035	109,000	2.750	11,385.00	120,385.00	131,770.00
5/15/2036		2.750	9,886.25	9,886.25	
11/15/2036	112,000	2.750	9,886.25	121,886.25	131,772.50
5/15/2037		2.750	8,346.25	8,346.25	
11/15/2037	115,000	2.750	8,346.25	123,346.25	131,692.50
5/15/2038		2.750	6,765.00	6,765.00	
11/15/2038	118,000	2.750	6,765.00	124,765.00	131,530.00
5/15/2039		2.750	5,142.50	5,142.50	
11/15/2039	121,000	2.750	5,142.50	126,142.50	131,285.00
5/15/2040		2.750	3,478.75	3,478.75	
11/15/2040	125,000	2.750	3,478.75	128,478.75	131,957.50
5/15/2041		2.750	1,760.00	1,760.00	
11/15/2041	128,000	2.750	1,760.00	129,760.00	131,520.00
TOTALS	2,443,000		517,748.78	2,960,748.78	2,960,748.78
	2,443,000		517,748.78	2,960,748.78	2,960,748.78

*Rate Assumes 1.99% fixed through 11/15/32, Cap Rate of 2.75% thereafter
 Variable Rate begin 11/15/32 - 79% of Prime



Borough of Bally					
General Obligation Note				DATED	1/6/2022
Series C of 2022 (Water)					
Water Fund Portion that Refunds 2016 Note					
73	74	75	76	77	78
Date	Principal Installment	Rate	Interest	Debt Service	Annual Debt Service
		1.990			
		2.750			
11/15/2021					
5/15/2022		1.990	7,644.25	7,644.25	
11/15/2022	20,000	1.990	10,666.40	30,666.40	38,310.65
5/15/2023		1.990	10,467.40	10,467.40	
11/15/2023	47,000	1.990	10,467.40	57,467.40	67,934.80
5/15/2024		1.990	9,999.75	9,999.75	
11/15/2024	48,000	1.990	9,999.75	57,999.75	67,999.50
5/15/2025		1.990	9,522.15	9,522.15	
11/15/2025	49,000	1.990	9,522.15	58,522.15	68,044.30
5/15/2026		1.990	9,034.60	9,034.60	
11/15/2026	50,000	1.990	9,034.60	59,034.60	68,069.20
5/15/2027		1.990	8,537.10	8,537.10	
11/15/2027	51,000	1.990	8,537.10	59,537.10	68,074.20
5/15/2028		1.990	8,029.65	8,029.65	
11/15/2028	52,000	1.990	8,029.65	60,029.65	68,059.30
5/15/2029		1.990	7,512.25	7,512.25	
11/15/2029	53,000	1.990	7,512.25	60,512.25	68,024.50
5/15/2030		1.990	6,984.90	6,984.90	
11/15/2030	54,000	1.990	6,984.90	60,984.90	67,969.80
5/15/2031		1.990	6,447.60	6,447.60	
11/15/2031	55,000	1.990	6,447.60	61,447.60	67,895.20
5/15/2032		1.990	5,900.35	5,900.35	
11/15/2032	56,000	1.990	5,900.35	61,900.35	67,800.70
5/15/2033		2.750	7,383.75	7,383.75	
11/15/2033	53,000	2.750	7,383.75	60,383.75	67,767.50
5/15/2034		2.750	6,655.00	6,655.00	
11/15/2034	55,000	2.750	6,655.00	61,655.00	68,310.00
5/15/2035		2.750	5,898.75	5,898.75	
11/15/2035	56,000	2.750	5,898.75	61,898.75	67,797.50
5/15/2036		2.750	5,128.75	5,128.75	
11/15/2036	58,000	2.750	5,128.75	63,128.75	68,257.50
5/15/2037		2.750	4,331.25	4,331.25	
11/15/2037	60,000	2.750	4,331.25	64,331.25	68,662.50
5/15/2038		2.750	3,506.25	3,506.25	
11/15/2038	61,000	2.750	3,506.25	64,506.25	68,012.50
5/15/2039		2.750	2,667.50	2,667.50	
11/15/2039	63,000	2.750	2,667.50	65,667.50	68,335.00
5/15/2040		2.750	1,801.25	1,801.25	
11/15/2040	65,000	2.750	1,801.25	66,801.25	68,602.50
5/15/2041		2.750	907.50	907.50	
11/15/2041	66,000	2.750	907.50	66,907.50	67,815.00
TOTALS	1,072,000		259,742.15	1,331,742.15	1,331,742.15

*Rate Assumes 1.99% fixed through 11/15/32, Cap Rate of 2.75% thereafter
 Variable Rate begin 11/15/32 - 79% of Prime

EXHIBIT "C"

FORM OF NOTES

Number 1

\$495,000.00

BOROUGH OF BALLY, BERKS COUNTY, PENNSYLVANIA
General Obligation Note, Series A of 2022

KNOW ALL MEN BY THESE PRESENTS that the **BOROUGH OF BALLY, BERKS COUNTY, PENNSYLVANIA** (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth"), promises to pay to the order of Peoples Security Bank & Trust Company, 830 Norman Drive, Lebanon, Pennsylvania 17042 ("Purchaser"), or registered assigns, on the 15th day of November, 2041, unless this Note (hereinafter defined) shall be prepaid, upon surrender hereof, the principal sum of Four Hundred Ninety Five Thousand Dollars (\$495,000), or such lesser particular sum as shall represent the unpaid balance of such principal sum, and to pay interest on the principal sum hereof, which from time to time, shall be outstanding and shall remain unpaid, until the principal sum hereof fully shall have been paid, initially at the rate of one and ninety nine hundredths percent (1.99%) per annum through and including November 15, 2032 (the "Fixed Rate Period"), and thereafter to and including November 15, 2041, at a floating rate which continually resets at 79% of the Prime Rate published as such in the Wall Street Journal; provided, however that in no event shall such floating rate ever exceed 2.75%. Commencing on May 15, 2022, and on the first day of each May and November thereafter to and including November 15, 2041, the Borough shall pay to the Purchaser semi-annual payments of interest. On November 15, 2022, and on each November 15 thereafter through and including November 15, 2041, the Borough shall pay to the Purchaser annual payments of principal in the amounts set forth at Exhibit "A" hereto. On November 15, 2041, the Borough shall pay a final payment of remaining outstanding principal and accrued interest, together with all other charges due hereunder. Accrued interest due on this Note in such remaining installments shall be calculated on the aggregate amount of the outstanding principal balance of this Note, from time to time, for the period next preceding any installment payment. All interest due on this Note shall be calculated on the basis of twelve 30 day months and a year of 360 days.

On and after the occurrence of a Determination of Taxability (defined below), principal and interest shall continue to be due and payable as provided above, provided that interest shall accrue at the rate of interest determined in this paragraph. If a Determination of Taxability shall occur, the rate of interest applicable on this Note shall be equal to (a) 2.50% during the Fixed Rate Period, and thereafter at the Prime Rate published as such in the Wall Street Journal, or (b) an annual rate of interest which more accurately reflects the actual tax burden on the Purchaser resulting from the Determination of Taxability. The Purchaser or such other registered owner shall calculate the new rate of interest described in clause (b) above. The Purchaser shall submit written calculations of such new rate of interest in reasonable detail to the Borough for review. Absent manifest error in such calculations, the Purchaser's calculations shall be binding.

Notwithstanding the prepayment or repayment of this Note, the Borough also promises to pay, within fifteen (15) days after written notice from the Purchaser: (i) additional interest, if any, in an amount that, together with the interest actually received for the period commencing

upon the date of issuance hereof or upon an Event of Taxability (whichever is applicable) and ending on the date of Determination of Taxability, shall equal interest calculated on the various outstanding principal balances under this Note during such period at the Taxable Rate, (ii) any deficiency (as defined in Section 6211 of the Internal Revenue Code of 1986, as amended (the "Code")) assessed by the Internal Revenue Service by the issuance of a statutory notice under Section 6212 of the Code alleging that all or some part of the interest paid or payable with respect to this Note is includable in the gross income of the registered owner hereof under Section 103(a) of the Code (plus statutory interest and penalties due thereon) on account of such Event of Taxability and (iii) all other interest (if any), lost deductions, charges, costs, fees, penalties or assessments paid or payable by the Purchaser, which may be retroactive to the date of issuance of the Note, resulting from a Determination of Taxability. The Purchaser shall not have an obligation to contest a Determination of Taxability.

"Determination of Taxability" means the first to occur of the following events: (i) the date on which the Borough determined that an Event of Taxability (hereinafter defined) has occurred by filing with the Purchaser, a statement to that effect supported by one or more tax schedules, returns or documents that disclose that such an Event of Taxability has occurred; (ii) the date on which the Borough is advised by private ruling, technical advice or other written communication from any authorized official of the Internal Revenue Service that, based upon any filings of the Borough or any other person or entity, or upon any review or audit of the Borough or any other person or entity, or upon any other grounds whatsoever, an Event of Taxability has occurred; (iii) the date on which the Borough is advised that a court of competent jurisdiction has issued an order, declaration, ruling or judgment to the effect that an Event of Taxability has occurred; (iv) the date the Borough shall have received written notice from any owner of the Note that such owner has received a written assertion or claim by any authorized official of the Internal Revenue Service that an Event of Taxability has occurred; or (v) the date the Borough is notified that the Internal Revenue Service has issued any private ruling, technical advice or any other written communication, with or to the effect that an Event of Taxability has occurred; provided, however, that (x) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred unless the Borough shall have received a written opinion of Georgeadis Setley, Wyomissing, Pennsylvania, or other nationally recognized bond counsel satisfactory to the Purchaser and not unsatisfactory to the Borough, and in form and substance satisfactory to the Purchaser and not unsatisfactory to the Borough, to the effect that an Event of Taxability has occurred; and (y) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred until ninety (90) days shall have elapsed from the dates described in clauses (i), (ii), (iii), (iv) or (v) above without such Determination of Taxability having been suspended, rescinded or cancelled.

"Event of Taxability" means a change of law or regulations, or the interpretation thereof, or the occurrence of any other event or the existence of any other circumstances (including without limitation the fact that any representations or warranties of the Borough made in connection with the issuance of the Note is or was untrue or that a covenant of the Borough has been breached) that has the effect of (a) causing more interest payable on the Note to be taken into account by "financial institutions" (as defined in Section 265(b) of the Code) for purposes of determining the allocation of interest expenses to tax-exempt interest under Sections 265(b) (1) and (2) of the Code than is currently required to be taken into account on the date of issuance of

this Note or (b) causing interest payable on the Note to be includable in gross income for federal income purposes under Section 103 of the Code.

Whenever the due date for payment of interest on or principal of this Note shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then payment of such interest, principal or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banking institutions in the Commonwealth are authorized by law or executive order to close with the same force and effect as if made on the due date for payment of principal and interest and no interest or penalty shall accrue thereon for any period after such due date.

This General Obligation Note, Series A of 2022 (the "Note"), is issued under and pursuant to provisions of the Ordinance enacted by the Borough on December 7, 2021 (the "Ordinance"). This Note is authorized to be issued under the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act"), without the assent of electors, and pursuant to the Ordinance. This Note shall be issued in the maximum principal amount of \$495,000 and is subject to provisions and is entitled to the benefit of provisions of the Ordinance. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

This Note may be prepaid, at any time without notice to the Purchaser, without penalty, by the Borough prior to maturity, at the option of the Borough, as a whole, upon payment of 100% of the outstanding principal balance thereof, together with accrued interest. The Borough may, at its option, from time to time, prepay any part of the outstanding principal balance of this Note by payment of the amount selected for such prepayment, together with accrued interest on the amount selected for such prepayment, to the prepayment date. Any partial prepayment of principal may be credited against such stated installments of principal on this Note as the Borough may designate in writing to the Purchaser at the time of prepayment; otherwise, any partial prepayment of principal shall be applied in the inverse order of maturity and shall not postpone or reduce any regularly scheduled payment of principal and interest.

All payments of principal or interest due hereunder shall be payable to Peoples Security Bank & Trust Company, Lebanon, Pennsylvania, as paying agent (the "Paying Agent"), at its office located at 830 Norman Drive, Lebanon, Pennsylvania 17042, or any successor Paying Agent as directed in writing by the Purchaser, in lawful money of the United States of America in immediately available funds which, at the time of payment, shall be legal tender for the payment of all debts, public and private.

The Borough has covenanted in the Ordinance, to and with the registered owners (s) hereof, that it (i) shall include the amount of debt service for this Note, for each fiscal year of the Borough in which such amounts are payable, in its budget for that fiscal year, (ii) that it shall appropriate such amounts from its general revenues for the payment of such debt service in each such fiscal year, and (iii) that it shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal amount of this Note and the interest due thereon at the dates and places and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Borough has pledged, irrevocably, its full-faith, credit and taxing power. In the

Ordinance, the Borough has covenanted to and with registered owners of this Note that it will make no use of the proceeds of this Note, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Note, would cause this Note to be an “arbitrage bond” as such term is defined in Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable regulations thereunder. The Borough has further covenanted that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this Note.

The Note does not pledge the credit or taxing power of the Commonwealth; nor shall this Note be deemed an obligation of the Commonwealth; nor shall the Commonwealth be liable for payment of the principal of or interest of this Note.

This Note is transferable by the registered owner hereof, but only upon surrender of this Note to the Paying Agent, at its designated office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Borough and the Paying Agent, duly executed by the registered owner of this Note or his attorney-in-fact or legal representative, for registration of transfer. Upon surrender, the Paying Agent shall enter any transfer of ownership of this Note in the registration books maintained for the purpose and shall deliver this Note to the transferee with notation of such registration written hereon. The Borough and any paying agent designated by the Borough may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Note shall be overdue) for the purposes of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Borough shall not be affected by any notice to the contrary.

Any notice to the Borough with respect to this Note shall be served sufficiently for all purposes if placed in the United States mail addressed to, or if left upon the premises at, the address shown on records of the Paying Agent.

This Note has been designated, in the Ordinance, by the Borough as a “qualified tax-exempt obligation,” within the meaning of Section 265 (b) (3) (B) of the Code.

So long as the Purchaser is the registered owner of this Note, the Borough covenants to provide the Purchaser, for each fiscal year during which this Note is outstanding, with annual audited financial statements prepared by an independent accountant.

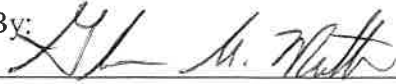
No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the Borough or of any successor body, as such, either directly or through the Borough or any 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 issuance of the Note.

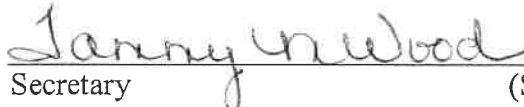
It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the Borough to issue and deliver this Note has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this 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 this Note, together with all other indebtedness of the Borough are within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the Borough has established with the Paying Agent, as sinking fund depository, a sinking fund for this Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Borough are hereby irrevocably pledged.

IN WITNESS WHEREOF, the Borough of Bally, Berks County, Pennsylvania has caused this Note to be executed in its name and on its behalf by its President or Vice President and its official seal to be affixed hereto, duly attested by its Secretary or Assistant Secretary, all as of the ____ day of January, 2022.

**BOROUGH OF BALLY,
BERKS COUNTY, PENNSYLVANIA**

By: 
President
Council of the Borough

Attest: 
Secretary (Seal)

REGISTRATION RECORD

Date of Registration	Name of Registered Owner	Registrar (Registered By Authorized Representative of Paying Agent)
January __, 2022	Peoples Security Bank & Trust Company	

ASSIGNMENT

FOR VALUE RECEIVED, _____
hereby sells, assigns and transfers unto

Name (the "Transferee")

Address

Social Security or Federal Employer Identification No. _____
the within Note and all rights thereunder and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Note on the books kept for
registration thereof, with full power of substitution in the premises.

Date:

Notice: No
transfer will be issued in the name of the Transferee
unless the signature (s) to this assignment
correspond (s) with the name as it appears upon the
face of the within Note in every particular, without
alteration or enlargement or any change whatever
and the Social Security or Federal Employer
Identification Number of the Transferee is supplied.
If the Transferee is a trust, the names and Social
Security or Federal Employer Identification
Numbers of the settlor and beneficiaries of the trust,
the Federal Employer Identification Number and the
name of the trustee should be supplied.

Exhibit "A"

Principal Installment Schedule

<u>November 15</u>	<u>Amount</u>
2022	\$9,000
2023	\$22,000
2024	\$22,000
2025	\$23,000
2026	\$23,000
2027	\$24,000
2028	\$24,000
2029	\$24,000
2030	\$25,000
2031	\$25,000
2032	\$26,000
2033	\$25,000
2034	\$25,000
2035	\$26,000
2036	\$27,000
2037	\$27,000
2038	\$28,000
2039	\$29,000
2040	\$30,000
2041	\$31,000

Number 1

\$2,443,000.00

BOROUGH OF BALLY, BERKS COUNTY, PENNSYLVANIA
General Obligation Note, Series B of 2022

KNOW ALL MEN BY THESE PRESENTS that the **BOROUGH OF BALLY, BERKS COUNTY, PENNSYLVANIA** (the “Borough”), a political subdivision of the Commonwealth of Pennsylvania (the “Commonwealth”), promises to pay to the order of Peoples Security Bank & Trust, 830 Norman Drive, Lebanon, Pennsylvania 17042 (“Purchaser”), or registered assigns, on the 15th day of November, 2041, unless this Note (hereinafter defined) shall be prepaid, upon surrender hereof, the principal sum of Two Million Four Hundred Forty Three Thousand Dollars (\$2,443,000), or such lesser particular sum as shall represent the unpaid balance of such principal sum, and to pay interest on the principal sum hereof, which from time to time, shall be outstanding and shall remain unpaid, until the principal sum hereof fully shall have been paid, initially at the rate of one and ninety nine hundredths percent (1.99%) per annum through and including November 15, 2032 (the “Fixed Rate Period”), and thereafter to and including November 15, 2041, at a floating rate which continually resets at 79% of the Prime Rate published as such in the Wall Street Journal; provided, however, that in no event shall such floating rate ever exceed 2.75%. Commencing on May 15, 2022, and on the first day of each May and November thereafter to and including November 15, 2041, the Borough shall pay to the Purchaser semi-annual payments of interest. On November 15, 2022, and on each November 15 thereafter through and including November 15, 2041, the Borough shall pay to the Purchaser annual payments of principal in the amounts set forth at Exhibit “A” hereto. On November 15, 2041, the Borough shall pay a final payment of remaining outstanding principal and accrued interest, together with all other charges due hereunder. Accrued interest due on this Note in such remaining installments shall be calculated on the aggregate amount of the outstanding principal balance of this Note, from time to time, for the period next preceding any installment payment. All interest due on this Note shall be calculated on the basis of twelve 30 day months and a year of 360 days.

On and after the occurrence of a Determination of Taxability (defined below), principal and interest shall continue to be due and payable as provided above, provided that interest shall accrue at the rate of interest determined in this paragraph. If a Determination of Taxability shall occur, the rate of interest applicable on this Note shall be equal to (a) 2.50% during the Fixed Rate Period, and thereafter at the Prime Rate published as such in the Wall Street Journal, or (b) an annual rate of interest which more accurately reflects the actual tax burden on the Purchaser resulting from the Determination of Taxability. The Purchaser or such other registered owner shall calculate the new rate of interest described in clause (b) above. The Purchaser shall submit written calculations of such new rate of interest in reasonable detail to the Borough for review. Absent manifest error in such calculations, the Purchaser’s calculations shall be binding.

Notwithstanding the prepayment or repayment of this Note, the Borough also promises to pay, within fifteen (15) days after written notice from the Purchaser: (i) additional interest, if any, in an amount that, together with the interest actually received for the period commencing upon the date of issuance hereof or upon an Event of Taxability (whichever is applicable) and ending on the date of Determination of Taxability, shall equal interest calculated on the various outstanding principal balances under this Note during such period at the Taxable Rate, (ii) any

deficiency (as defined in Section 6211 of the Internal Revenue Code of 1986, as amended (the “Code”)) assessed by the Internal Revenue Service by the issuance of a statutory notice under Section 6212 of the Code alleging that all or some part of the interest paid or payable with respect to this Note is includable in the gross income of the registered owner hereof under Section 103(a) of the Code (plus statutory interest and penalties due thereon) on account of such Event of Taxability and (iii) all other interest (if any), lost deductions, charges, costs, fees, penalties or assessments paid or payable by the Purchaser, which may be retroactive to the date of issuance of the Note, resulting from a Determination of Taxability. The Purchaser shall not have an obligation to contest a Determination of Taxability.

“Determination of Taxability” means the first to occur of the following events: (i) the date on which the Borough determined that an Event of Taxability (hereinafter defined) has occurred by filing with the Purchaser, a statement to that effect supported by one or more tax schedules, returns or documents that disclose that such an Event of Taxability has occurred; (ii) the date on which the Borough is advised by private ruling, technical advice or other written communication from any authorized official of the Internal Revenue Service that, based upon any filings of the Borough or any other person or entity, or upon any review or audit of the Borough or any other person or entity, or upon any other grounds whatsoever, an Event of Taxability has occurred; (iii) the date on which the Borough is advised that a court of competent jurisdiction has issued an order, declaration, ruling or judgment to the effect that an Event of Taxability has occurred; (iv) the date the Borough shall have received written notice from any owner of the Note that such owner has received a written assertion or claim by any authorized official of the Internal Revenue Service that an Event of Taxability has occurred; or (v) the date the Borough is notified that the Internal Revenue Service has issued any private ruling, technical advice or any other written communication, with or to the effect than an Event of Taxability has occurred; provided, however, that (x) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred unless the Borough shall have received a written opinion of Georgeadis Setley, Wyomissing, Pennsylvania, or other nationally recognized bond counsel satisfactory to the Purchaser and not unsatisfactory to the Borough, and in form and substance satisfactory to the Purchaser and not unsatisfactory to the Borough, to the effect that an Event of Taxability has occurred; and (y) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred until ninety (90) days shall have elapsed from the dates described in clauses (i), (ii), (iii), (iv) or (v) above without such Determination of Taxability having been suspended, rescinded or cancelled.

“Event of Taxability” means a change of law or regulations, or the interpretation thereof, or the occurrence of any other event or the existence of any other circumstances (including without limitation the fact that any representations or warranties of the Borough made in connection with the issuance of the Note is or was untrue or that a covenant of the Borough has been breached) that has the effect of (a) causing more interest payable on the Note to be taken into account by “financial institutions” (as defined in Section 265(b) of the Code) for purposes of determining the allocation of interest expenses to tax-exempt interest under Sections 265(b) (1) and (2) of the Code than is currently required to be taken into account on the date of issuance of this Note or (b) causing interest payable on the Note to be includable in gross income for federal income purposes under Section 103 of the Code.

Whenever the due date for payment of interest on or principal of this Note shall be a

Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then payment of such interest, principal or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banking institutions in the Commonwealth are authorized by law or executive order to close with the same force and effect as if made on the due date for payment of principal and interest and no interest or penalty shall accrue thereon for any period after such due date.

This General Obligation Note, Series B of 2022 (the "Note"), is issued under and pursuant to provisions of the Ordinance enacted by the Borough on December 7, 2021 (the "Ordinance"). This Note is authorized to be issued under the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act"), without the assent of electors, and pursuant to the Ordinance. This Note shall be issued in the maximum principal amount of \$2,443,000 and is subject to provisions and is entitled to the benefit of provisions of the Ordinance. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

This Note may be prepaid, at any time without notice to the Purchaser, without penalty, by the Borough prior to maturity, at the option of the Borough, as a whole, upon payment of 100% of the outstanding principal balance thereof, together with accrued interest. The Borough may, at its option, from time to time, prepay any part of the outstanding principal balance of this Note by payment of the amount selected for such prepayment, together with accrued interest on the amount selected for such prepayment, to the prepayment date. Any partial prepayment of principal may be credited against such stated installments of principal on this Note as the Borough may designate in writing to the Purchaser at the time of prepayment; otherwise, any partial prepayment of principal shall be applied in the inverse order of maturity and shall not postpone or reduce any regularly scheduled payment of principal and interest.

All payments of principal or interest due hereunder shall be payable to Peoples Security Bank & Trust Company, Lebanon, Pennsylvania, as paying agent (the "Paying Agent"), at its office located at 830 Norman Drive, Lebanon, Pennsylvania 17042, or any successor Paying Agent as directed in writing by the Purchaser, in lawful money of the United States of America in immediately available funds which, at the time of payment, shall be legal tender for the payment of all debts, public and private.

The Borough has covenanted in the Ordinance, to and with the registered owners (s) hereof, that it (i) shall include the amount of debt service for this Note, for each fiscal year of the Borough in which such amounts are payable, in its budget for that fiscal year, (ii) that it shall appropriate such amounts from its general revenues for the payment of such debt service in each such fiscal year, and (iii) that it shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal amount of this Note and the interest due thereon at the dates and places and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Borough has pledged, irrevocably, its full-faith, credit and taxing power. In the Ordinance, the Borough has covenanted to and with registered owners of this Note that it will make no use of the proceeds of this Note, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Note, would cause this Note to be an "arbitrage bond" as such term is defined in Section 148 of the Internal Revenue Code of

1986, as amended (the "Code"), and the applicable regulations thereunder. The Borough has further covenanted that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this Note.

The Note does not pledge the credit or taxing power of the Commonwealth; nor shall this Note be deemed an obligation of the Commonwealth; nor shall the Commonwealth be liable for payment of the principal of or interest of this Note.

This Note is transferable by the registered owner hereof, but only upon surrender of this Note to the Paying Agent, at its designated office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Borough and the Paying Agent, duly executed by the registered owner of this Note or his attorney-in-fact or legal representative, for registration of transfer. Upon surrender, the Paying Agent shall enter any transfer of ownership of this Note in the registration books maintained for the purpose and shall deliver this Note to the transferee with notation of such registration written hereon. The Borough and any paying agent designated by the Borough may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Note shall be overdue) for the purposes of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Borough shall not be affected by any notice to the contrary.

Any notice to the Borough with respect to this Note shall be served sufficiently for all purposes if placed in the United States mail addressed to, or if left upon the premises at, the address shown on records of the Paying Agent.

This Note has been designated, in the Ordinance, by the Borough as a "qualified tax-exempt obligation," within the meaning of Section 265 (b) (3) (B) of the Code.

So long as the Purchaser is the registered owner of this Note, the Borough covenants to provide the Purchaser, for each fiscal year during which this Note is outstanding, with annual audited financial statements prepared by an independent accountant.


No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the Borough or of any successor body, as such, either directly or through the Borough 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 issuance of the Note.

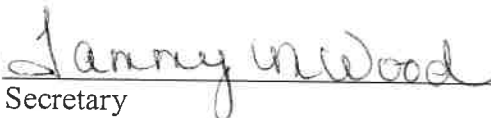
It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the Borough to issue and deliver this Note has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this 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 this Note, together with all other indebtedness of the Borough are within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the Borough has established with the Paying Agent, as sinking fund depository, a sinking

fund for this Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Borough are hereby irrevocably pledged.

IN WITNESS WHEREOF, the Borough of Bally, Berks County, Pennsylvania has caused this Note to be executed in its name and on its behalf by its President or Vice President and its official seal to be affixed hereto, duly attested by its Secretary or Assistant Secretary, all as of the ____ day of January, 2022.

**BOROUGH OF BALLY,
BERKS, COUNTY, PENNSYLVANIA**

By: 
President
Council of the Borough

Attest: 
Secretary (Seal)

REGISTRATION RECORD

Date of Registration	Name of Registered Owner	Registrar (Registered By Authorized Representative of Paying Agent)
January __, 2022	Peoples Security Bank & Trust Company	

ASSIGNMENT

FOR VALUE RECEIVED, _____
hereby sells, assigns and transfers unto

Name (the "Transferee")

Address

Social Security or Federal Employer Identification No. _____
the within Note and all rights thereunder and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Note on the books kept for
registration thereof, with full power of substitution in the premises.

Date:

Notice: No
transfer will be issued in the name of the Transferee
unless the signature (s) to this assignment
correspond (s) with the name as it appears upon the
face of the within Note in every particular, without
alteration or enlargement or any change whatever
and the Social Security or Federal Employer
Identification Number of the Transferee is supplied.
If the Transferee is a trust, the names and Social
Security or Federal Employer Identification
Numbers of the settlor and beneficiaries of the trust,
the Federal Employer Identification Number and the
name of the trustee should be supplied.

Exhibit "A"

Principal Installment Schedule

<u>November 15</u>	<u>Amount</u>
2022	\$172,000
2023	\$168,000
2024	\$172,000
2025	\$175,000
2026	\$97,000
2027	\$99,000
2028	\$100,000
2029	\$102,000
2030	\$105,000
2031	\$107,000
2032	\$109,000
2033	\$103,000
2034	\$106,000
2035	\$109,000
2036	\$112,000
2037	\$115,000
2038	\$118,000
2039	\$121,000
2040	\$125,000
2041	\$128,000

Number 1

\$1,072,000.00

BOROUGH OF BALLY, BERKS COUNTY, PENNSYLVANIA
General Obligation Note, Series C of 2022

KNOW ALL MEN BY THESE PRESENTS that the **BOROUGH OF BALLY, BERKS COUNTY, PENNSYLVANIA** (the “Borough”), a political subdivision of the Commonwealth of Pennsylvania (the “Commonwealth”), promises to pay to the order of Peoples Security Bank & Trust, 830 Norman Drive, Lebanon, Pennsylvania 17042 (“Purchaser”), or registered assigns, on the 15th day of November, 2041, unless this Note (hereinafter defined) shall be prepaid, upon surrender hereof, the principal sum of One Million Seventy Two Thousand Dollars (\$1,072,000), or such lesser particular sum as shall represent the unpaid balance of such principal sum, and to pay interest on the principal sum hereof, which from time to time, shall be outstanding and shall remain unpaid, until the principal sum hereof fully shall have been paid, initially at the rate of one and ninety nine hundredths percent (1.99%) per annum through and including November 15, 2032 (the “Fixed Rate Period”), and thereafter to and including November 15, 2041, at a floating rate which continually resets at 79% of the Prime Rate published as such in the Wall Street Journal; provided, however, that in no event shall such floating rate ever exceed 2.75%. Commencing on May 15, 2022, and on the first day of each May and November thereafter to and including November 15, 2041, the Borough shall pay to the Purchaser semi-annual payments of interest. On November 15, 2022, and on each November 15 thereafter through and including November 15, 2041, the Borough shall pay to the Purchaser annual payments of principal in the amounts set forth at Exhibit “A” hereto. On November 15, 2041, the Borough shall pay a final payment of remaining outstanding principal and accrued interest, together with all other charges due hereunder. Accrued interest due on this Note in such remaining installments shall be calculated on the aggregate amount of the outstanding principal balance of this Note, from time to time, for the period next preceding any installment payment. All interest due on this Note shall be calculated on the basis of twelve 30 day months and a year of 360 days.

On and after the occurrence of a Determination of Taxability (defined below), principal and interest shall continue to be due and payable as provided above, provided that interest shall accrue at the rate of interest determined in this paragraph. If a Determination of Taxability shall occur, the rate of interest applicable on this Note shall be equal to (a) 2.50% during the Fixed Rate Period, and thereafter at the Prime Rate published as such in the Wall Street Journal, or (b) an annual rate of interest which more accurately reflects the actual tax burden on the Purchaser resulting from the Determination of Taxability. The Purchaser or such other registered owner shall calculate the new rate of interest described in clause (b) above. The Purchaser shall submit written calculations of such new rate of interest in reasonable detail to the Borough for review. Absent manifest error in such calculations, the Purchaser’s calculations shall be binding.

Notwithstanding the prepayment or repayment of this Note, the Borough also promises to pay, within fifteen (15) days after written notice from the Purchaser: (i) additional interest, if any, in an amount that, together with the interest actually received for the period commencing upon the date of issuance hereof or upon an Event of Taxability (whichever is applicable) and ending on the date of Determination of Taxability, shall equal interest calculated on the various outstanding principal balances under this Note during such period at the Taxable Rate, (ii) any

deficiency (as defined in Section 6211 of the Internal Revenue Code of 1986, as amended (the "Code")) assessed by the Internal Revenue Service by the issuance of a statutory notice under Section 6212 of the Code alleging that all or some part of the interest paid or payable with respect to this Note is includable in the gross income of the registered owner hereof under Section 103(a) of the Code (plus statutory interest and penalties due thereon) on account of such Event of Taxability and (iii) all other interest (if any), lost deductions, charges, costs, fees, penalties or assessments paid or payable by the Purchaser, which may be retroactive to the date of issuance of the Note, resulting from a Determination of Taxability. The Purchaser shall not have an obligation to contest a Determination of Taxability.

"Determination of Taxability" means the first to occur of the following events: (i) the date on which the Borough determined that an Event of Taxability (hereinafter defined) has occurred by filing with the Purchaser, a statement to that effect supported by one or more tax schedules, returns or documents that disclose that such an Event of Taxability has occurred; (ii) the date on which the Borough is advised by private ruling, technical advice or other written communication from any authorized official of the Internal Revenue Service that, based upon any filings of the Borough or any other person or entity, or upon any review or audit of the Borough or any other person or entity, or upon any other grounds whatsoever, an Event of Taxability has occurred; (iii) the date on which the Borough is advised that a court of competent jurisdiction has issued an order, declaration, ruling or judgment to the effect that an Event of Taxability has occurred; (iv) the date the Borough shall have received written notice from any owner of the Note that such owner has received a written assertion or claim by any authorized official of the Internal Revenue Service that an Event of Taxability has occurred; or (v) the date the Borough is notified that the Internal Revenue Service has issued any private ruling, technical advice or any other written communication, with or to the effect that an Event of Taxability has occurred; provided, however, that (x) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred unless the Borough shall have received a written opinion of Georgeadis Setley, Wyomissing, Pennsylvania, or other nationally recognized bond counsel satisfactory to the Purchaser and not unsatisfactory to the Borough, and in form and substance satisfactory to the Purchaser and not unsatisfactory to the Borough, to the effect that an Event of Taxability has occurred; and (y) no Determination of Taxability described in each of clauses (i), (ii), (iii), (iv) or (v) above shall be deemed to have occurred until ninety (90) days shall have elapsed from the dates described in clauses (i), (ii), (iii), (iv) or (v) above without such Determination of Taxability having been suspended, rescinded or cancelled.

"Event of Taxability" means a change of law or regulations, or the interpretation thereof, or the occurrence of any other event or the existence of any other circumstances (including without limitation the fact that any representations or warranties of the Borough made in connection with the issuance of the Note is or was untrue or that a covenant of the Borough has been breached) that has the effect of (a) causing more interest payable on the Note to be taken into account by "financial institutions" (as defined in Section 265(b) of the Code) for purposes of determining the allocation of interest expenses to tax-exempt interest under Sections 265(b) (1) and (2) of the Code than is currently required to be taken into account on the date of issuance of this Note or (b) causing interest payable on the Note to be includable in gross income for federal income purposes under Section 103 of the Code.

Whenever the due date for payment of interest on or principal of this Note shall be a

Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then payment of such interest, principal or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banking institutions in the Commonwealth are authorized by law or executive order to close with the same force and effect as if made on the due date for payment of principal and interest and no interest or penalty shall accrue thereon for any period after such due date.

This General Obligation Note, Series C of 2022 (the "Note"), is issued under and pursuant to provisions of the Ordinance enacted by the Borough on December 7, 2021 (the "Ordinance"). This Note is authorized to be issued under the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the "Act"), without the assent of electors, and pursuant to the Ordinance. This Note shall be issued in the maximum principal amount of \$1,072,000 and is subject to provisions and is entitled to the benefit of provisions of the Ordinance. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

This Note may be prepaid, at any time without notice to the Purchaser, without penalty, by the Borough prior to maturity, at the option of the Borough, as a whole, upon payment of 100% of the outstanding principal balance thereof, together with accrued interest. The Borough may, at its option, from time to time, prepay any part of the outstanding principal balance of this Note by payment of the amount selected for such prepayment, together with accrued interest on the amount selected for such prepayment, to the prepayment date. Any partial prepayment of principal may be credited against such stated installments of principal on this Note as the Borough may designate in writing to the Purchaser at the time of prepayment; otherwise, any partial prepayment of principal shall be applied in the inverse order of maturity and shall not postpone or reduce any regularly scheduled payment of principal and interest.

All payments of principal or interest due hereunder shall be payable to Peoples Security Bank & Trust Company, Lebanon, Pennsylvania, as paying agent (the "Paying Agent"), at its office located at 830 Norman Drive, Lebanon, Pennsylvania 17042, or any successor Paying Agent as directed in writing by the Purchaser, in lawful money of the United States of America in immediately available funds which, at the time of payment, shall be legal tender for the payment of all debts, public and private.

The Borough has covenanted in the Ordinance, to and with the registered owners (s) hereof, that it (i) shall include the amount of debt service for this Note, for each fiscal year of the Borough in which such amounts are payable, in its budget for that fiscal year, (ii) that it shall appropriate such amounts from its general revenues for the payment of such debt service in each such fiscal year, and (iii) that it shall duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal amount of this Note and the interest due thereon at the dates and places an in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the Borough has pledged, irrevocably, its full-faith, credit and taxing power. In the Ordinance, the Borough has covenanted to and with registered owners of this Note that it will make no use of the proceeds of this Note, or do or suffer any other action, which, if such use or action had been reasonably expected on the date of issuance of the Note, would cause this Note to be an "arbitrage bond" as such term is defined in Section 148 of the Internal Revenue Code of

1986, as amended (the "Code"), and the applicable regulations thereunder. The Borough has further covenanted that it will comply with the requirements of such Section 148 and with the regulations thereunder throughout the term of this Note.

The Note does not pledge the credit or taxing power of the Commonwealth; nor shall this Note be deemed an obligation of the Commonwealth; nor shall the Commonwealth be liable for payment of the principal of or interest of this Note.

This Note is transferable by the registered owner hereof, but only upon surrender of this Note to the Paying Agent, at its designated office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Borough and the Paying Agent, duly executed by the registered owner of this Note or his attorney-in-fact or legal representative, for registration of transfer. Upon surrender, the Paying Agent shall enter any transfer of ownership of this Note in the registration books maintained for the purpose and shall deliver this Note to the transferee with notation of such registration written hereon. The Borough and any paying agent designated by the Borough may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Note shall be overdue) for the purposes of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Borough shall not be affected by any notice to the contrary.

Any notice to the Borough with respect to this Note shall be served sufficiently for all purposes if placed in the United States mail addressed to, or if left upon the premises at, the address shown on records of the Paying Agent.

This Note has been designated, in the Ordinance, by the Borough as a "qualified tax-exempt obligation," within the meaning of Section 265 (b) (3) (B) of the Code.

So long as the Purchaser is the registered owner of this Note, the Borough covenants to provide the Purchaser, for each fiscal year during which this Note is outstanding, with annual audited financial statements prepared by an independent accountant.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the Borough or of any successor body, as such, either directly or through the Borough 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 issuance of the Note.


It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the Borough to issue and deliver this Note has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this 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 this Note, together with all other indebtedness of the Borough are within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the Borough has established with the Paying Agent, as sinking fund depository, a sinking

fund for this Note and shall deposit therein amounts sufficient to pay the principal of and interest on this Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Borough are hereby irrevocably pledged.

IN WITNESS WHEREOF, the Borough of Bally, Berks County, Pennsylvania has caused this Note to be executed in its name and on its behalf by its President or Vice President and its official seal to be affixed hereto, duly attested by its Secretary or Assistant Secretary, all as of the ____ day of January, 2022.

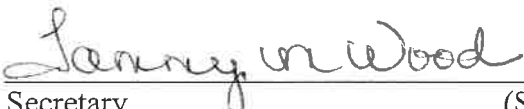
**BOROUGH OF BALLY,
BERKS, COUNTY, PENNSYLVANIA**

By:



President
Council of the Borough

Attest:



Secretary (Seal)

REGISTRATION RECORD

Date of Registration	Name of Registered Owner	Registrar (Registered By Authorized Representative of Paying Agent)
January __, 2022	Peoples Security Bank & Trust Company	

ASSIGNMENT

FOR VALUE RECEIVED, _____
hereby sells, assigns and transfers unto

Name (the "Transferee")

Address

Social Security or Federal Employer Identification No. _____
the within Note and all rights thereunder and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Note on the books kept for
registration thereof, with full power of substitution in the premises.

Date:

Notice: No
transfer will be issued in the name of the Transferee
unless the signature (s) to this assignment
correspond (s) with the name as it appears upon the
face of the within Note in every particular, without
alteration or enlargement or any change whatever
and the Social Security or Federal Employer
Identification Number of the Transferee is supplied.
If the Transferee is a trust, the names and Social
Security or Federal Employer Identification
Numbers of the settlor and beneficiaries of the trust,
the Federal Employer Identification Number and the
name of the trustee should be supplied.

Exhibit "A"

Principal Installment Schedule

<u>November 15</u>	<u>Amount</u>
2022	\$20,000
2023	\$47,000
2024	\$48,000
2025	\$49,000
2026	\$50,000
2027	\$51,000
2028	\$52,000
2029	\$53,000
2030	\$54,000
2031	\$55,000
2032	\$56,000
2033	\$53,000
2034	\$55,000
2035	\$56,000
2036	\$58,000
2037	\$60,000
2038	\$61,000
2039	\$63,000
2040	\$65,000
2041	\$66,000