



January 13, 2022

Plymouth Borough
Attn: Ronald Kobusky, Borough President
162 West Shawnee Avenue
Plymouth, PA 18651

Dear Plymouth Borough:

On behalf of First Keystone Community Bank (the "Bank"), I am pleased to offer Plymouth Borough (the "Borrower") a commitment for the following credit accommodations (the "Credit Accommodations"), subject to all the following terms and conditions:

1. Time Loan.

- (a) Maker: Plymouth Borough (the "Borough")
- (b) Credit Amount: \$250,000.00
- (c) Type of Credit: Time Loan [Bank Qualified Tax Exempt]
- (d) Purpose: Fund working capital
- (e) Maturity Date: December 31, 2022
- (f) Interest Rate: 1.00% Tax Free, fixed, for the term of the loan
- (g) Payments: All principal and accrued interest is due on the Maturity Date.

2. Optional Prepayment. The principal amount due on the Note may be prepaid in whole or in part at any time prior to maturity, without any premium or penalty.

3. Collateral. The following shall be given as collateral to secure the performance and payment of all obligations respecting the Credit Accommodations:

The Note shall be a Tax Anticipation Note (TAN). The Borough shall irrevocably pledge its full faith, credit and taxing power of the Borough and a pledge of, security interest in and lien and charge on all taxes to be received during fiscal year end December 31, 2022.

4. Financial Reporting.

(a) Plymouth Borough shall furnish the following financial reports:

<u>Type of Report(s)</u>	<u>Frequency</u>	<u>Due Date</u>
Financial Statements - Audited	Annually	120 days after end of fiscal year.

In addition, Plymouth Borough shall furnish to the Bank such other reports as shall be required in the loan documents.

5. Fees and Expenses. The Borough shall pay all fees and expenses of its own Borough Solicitor. Whether or not the Credit Accommodations are closed, all costs and expenses incurred by the Bank in connection with the Credit Accommodations, including but not limited to preparation of loan documents and the recording of any lien instruments shall be paid by the Borrower on demand therefor. The Borough shall provide reimbursement of the Bank's legal fees.

Exhibit "A"

6. Loan Documents. Loan documents, including the form of Note embodying the terms hereof and of the accepted commitment letter, shall be prepared by Note Counsel, who shall provide the Bank and its counsel with drafts of all documents for review and approval at least one week prior to loan closing.

7. Closing Documents. As a condition of closing the Borough shall deliver to the "Lender" the following:

- A. An opinion of the Borough Solicitor, substantially to the effect that: 1.) the Borough is duly authorized and empowered under the laws of the Commonwealth to issue the Note evidencing the loan; 2.) the Resolution under which the Note is issued and secured is valid and binding; 3.) the Note is a valid and binding obligation of the Borough and is enforceable in accordance with the terms thereof subject to certain creditors' rights limitations; 4.) all loan documents are enforceable in accordance with their terms and do not violate any legal requirements; and 5.) such other matters as the Bank may request.
- B. A certificate of appropriate officers of the Borough and its Solicitor and an opinion of the Borough Solicitor, substantially to the effect that no litigation of any nature is pending or threatened: 1.) seeking to restrain or enjoin or restraining or enjoining: (a) execution and delivery by the Borough of the documents evidencing and securing the Note; or (b) execution, issuance, delivery or sale of the Note; or 2.) otherwise affecting the ability of the Borough to carry out the terms, provisions, covenants and agreements contained in the Resolution; or 3.) in any manner affecting or questioning proceedings and authority of the Borough for execution, authentication, issuance, delivery or sale of the Note; or 4.) affecting, directly or indirectly, or questioning: (a) the validity of the Note; or (b) the creation, organization and existence of the Borough; 5.) affecting the ability of the Borough to undertake the refinancing of any prior obligations that might be financed with proceeds of the Note.
- C. An opinion of Note Counsel, substantially to the effect that: 1.) the Note is exempt from personal property taxes and that interest on the Note is exempt from the Commonwealth's personal income tax and Corporate Net Income Tax; and 2.) such other matters as the Bank may request.
- D. Copy of IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) at time of settlement, and an IRS-receipted copy within ninety (90) days of settlement.
- E. Such other documents, certificates, loan agreements and instruments as shall be required by the Borough Solicitor, to evidence compliance with, or to comply with, the provisions of the Code, and applicable regulations with respect to the exclusion of interest payable on the Note from gross income for federal income tax purposes.

8. Closing. Closing shall occur at a time and place mutually acceptable to the Borough and the Bank.

9. Additional Requirements for Tax-Exempt Note. The Borough will enter into such covenants as shall be necessary, in the opinion of Note Counsel, to assure compliance by the Borough with the Internal Revenue Code of 1986, as amended (the "Code").

In the Resolution, the Borough will designate the Note as a "**qualified tax-exempt obligation**" under Section 265 (b)(3)(B) of the Code.

Note Counsel will stipulate that the Note has been designated as a "**qualified tax-exempt obligation**" for purposes and effect contemplated by Section 265 of the Internal Revenue Code, and interest on the Note is not includable in gross income for Federal income tax purposes under Section 103(a) of the Code.

10. Indemnification. Borrower agrees to indemnify the Bank and hold it harmless from and against all costs, expenses (including fees and expenses of counsel) and liabilities arising out of or relating to any litigation or other proceeding (regardless of whether the Bank is a party thereto) which relate to the proposed transactions, including the financing contemplated hereby or any transactions connected therewith, provided that the Bank will not be indemnified for its gross negligence or willful misconduct.

Borrower's obligations under this paragraph shall survive any termination of the Bank's proposal hereunder and shall be effective regardless of whether definitive loan and collateral documentation is executed or any loans are made respecting the Credit Accommodations.

11. Acceptance of Commitment. This commitment letter must be accepted and returned to the Bank no later than at the close of business on January 27, 2022 (along with any fees due with the acceptance of this letter), and the closing of the Credit Accommodations must occur within 90 days thereafter. The Bank's commitment hereunder will expire in the event the Bank has not received such acceptance and applicable fees, if any, on or before January 27, 2022 or the closing has not occurred within such 90 day period, all in accordance with the prior sentence.

12. Use of Proceeds. No portion of any of the Credit Accommodations is to be used for (i) the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. 221 and 224 or (ii) primarily personal, family or household purposes

13. Supersedes Prior Dealings. This letter supersedes Borrower's application for the Credit Accommodations and any other prior dealings between the Borrower and its agents and the Bank in connection with the Credit Accommodations.

14. Survival of Conditions. The terms, conditions, requirements and obligations of the Borrower and any guarantor set forth herein shall survive and remain in full force and effect after the closing of the Credit Accommodations unless expressly superseded by the loan documents or by written waiver of the Bank.

15. Governing Law. This letter shall be governed by the laws of the Commonwealth of Pennsylvania.

16. Counterparts. This letter may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement.

17. Additional Terms. This letter does not include all the terms and conditions that will be covered in the Bank's legal documentation for the Credit Accommodations, but it does state the essential business terms of the Bank's proposal. These terms have been approved in reliance on the financial statements, projections, and other information provided by Borrower and any guarantor to the Bank, and are therefore conditional upon there being no material adverse change in the Borrower's (or any guarantor's) financial condition or any adverse change, governmental or judicial action concerning the Borrower's business or assets. In addition, the extension of any financial accommodation by the Bank is subject to the execution of, and compliance with, documentation that is satisfactory to the Bank and its counsel, which shall include additional terms and conditions, including without limitation additional reports, as well as the filing by Bank, in its discretion, of initial financing statements.

If you have any questions or comments on the terms of this letter, please do not hesitate to call me. If the foregoing terms and conditions are acceptable to you, please acknowledge below and return a signed counterpart to this letter on or before the close of business on January 27, 2022 together with all applicable fees, if any. The Bank's commitment hereunder will expire at such time in the event the Bank has not received such acceptance and applicable fees, if any, in accordance with the prior sentence.

Very truly yours,
First Keystone Community Bank

By: _____
Stacia L. Arnaud
Vice President

The above commitment is hereby accepted:

Witness:

Borrower:

Plymouth Borough

By: _____

Name:

Title:

By: _____

Name:

Title: