

SUPPLEMENT TO
PRELIMINARY OFFICIAL STATEMENT DATED MAY 24, 2019

relating to

\$15,310,000*
Township of Spring
Berks County, Pennsylvania
General Obligation Bonds, Series of 2019

PLEASE BE ADVISED that the above-referenced Preliminary Official Statement has been supplemented to replace the Federal Tax Laws section in its entirety in the “TAX MATTERS” section on page 17 with the following.

Federal Tax Laws

Numerous provisions of the Internal Revenue Code of 1986, as amended (the “Code”), affect the issuers of state and local government bonds, such as the Township, and impair or restrict the ability of the Township to finance projects on a tax-exempt basis. Failure on the part of the Township to comply with any one or more of such provisions of the Code, or any regulations under the Code, could render interest on the Bonds includable in the gross income of the owners thereof for purposes of federal income tax retroactively to the date of issuance of the Bonds. Among these provisions are more restrictive rules relating to: (a) investment of funds treated as proceeds of the Bonds; (b) the advance refunding of tax-exempt bonds; and (c) the use of proceeds of the Bonds to benefit private activities. In addition, under the Code, the Township is required to file an information return with respect to the Bonds and, if applicable, to “rebate” to the federal government certain arbitrage profits on an ongoing basis throughout the term of the issue constituting the Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds such as the Bonds. Prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on (a) indebtedness incurred or continued to purchase or carry certain state or local government bonds, such as the Bonds, or, (b) in the case of a financial institution, that portion of a financial institution’s interest expense allocated to interest on certain state or local government bonds, such as the Bonds, unless the issuer of the state or local government bonds designates the bonds as “qualified tax-exempt obligations” for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code (the Township has **NOT** designated the Bonds as “qualified tax exempt obligations” under Section 265(b)(3)(B) of the Code, as such phrase is defined in the Code); (ii) certain corporations must take into account interest on certain state or local government bonds, such as the Bonds, in determining adjusted current earnings for the purpose of computing alternative minimum tax imposed on such corporations; (iii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(1) of the Code reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government bonds, such as the Bonds; (iv) interest on certain state or local government bonds, such as the Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (v) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state and local government bonds such as the Bonds) exceeding 25% of such Subchapter S corporation’s gross receipts and if such Subchapter S corporation has Subchapter “C” earnings and profits, then interest income derived from state and local government bonds, such as the Bonds, may be subject to federal income tax under Section 1375 of the Code; and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on certain state or local government bonds such as the Bonds.

PLEASE BE ADVISED that the above-referenced Preliminary Official Statement has been supplemented to replace in its entirety “APPENDIX B- FORM OF OPINION OF BOND COUNSEL” with the following.

The date of this Supplement is MAY 29, 2019.

Kozloff Stoudt Attorneys

FORM OF OPINION

Re: TOWNSHIP OF SPRING
Berks County, Pennsylvania
\$_____ General Obligation Bonds, Series of 2019
Dated as of _____

TO THE REGISTERED OWNER OF THE ABOVE-CAPTIONED BONDS:

We have served as Counsel in connection with the issuance by the Township of Spring, Berks County, Pennsylvania (the "Township"), of its \$_____ aggregate principal amount General Obligation Bonds, Series of 2019, dated as of the date of delivery (the "Bonds"). The Bonds are being issued, without the assent of the electors, in fully registered form, pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as re-enacted and amended (the "Act") and an Ordinance adopted by the Board of Supervisors of the Township (the "Ordinance") on May 13, 2019.

The Bonds are being issued to provide funds for (1) the refunding of the Township's General Obligation Bonds, Series of 2010 (Federally Taxable-Issuer Subsidy - Build America Bonds), currently outstanding in the aggregate principal amount of \$15,085,000; and (2) the payment of the costs of issuance on the Bonds.

The Township has covenanted in the Ordinance that it will make no use of the proceeds of the Bonds and it has neither done nor will do any other action which, if such use or action had been reasonably expected on the date of issue of the Bonds, would cause the Bonds to be "arbitrage bonds", as that term is defined in the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder. The Township has further covenanted that it will comply with the requirements of Section 148 of the Code and with the applicable regulations thereunder throughout the term of the Bonds.

In the Ordinance, the Township has covenanted that (1) it will include in its budget in each fiscal year the amount required to pay debt service on the Bonds for such year, (2) it will appropriate from its general revenues in each such fiscal year, the amount required to pay debt service on the Bonds for such year and (3) it will duly and punctually pay or cause to be paid when due, from its sinking fund or any other of its revenues or funds, the principal of and interest on the Bonds 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, the Township has irrevocably pledged its full faith, credit and taxing power. In addition, the Township has established with U.S. Bank, National Association (the "Paying Agent"), as paying agent and sinking fund depository, a sinking fund, and has covenanted to deposit into such sinking fund amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable.

Kozloff Stoudt, Professional Corporation

In our capacity as Counsel, we have reviewed: (a) a certified copy of the Ordinance; (b) the sworn debt statement and borrowing base certificate of the Township, filed with Department of Community and Economic Development of the Commonwealth of Pennsylvania (the "Department") in accordance with the provisions of the Act, (c) the proceedings of the Township and the various proofs of publication in connection with the advertisement of the Ordinance, all of which were filed with the Department as required by the provisions of the Act; (d) the approval of the Department; (e) a specimen copy of the Bonds; (f) the Nonarbitrage Certificate of the Township executed and delivered pursuant to the provisions of the Code and the regulations applicable thereto; (g) the General Certificate signed by the officials of the Township; (h) a completed and executed Form 8038-G to be filed with the Internal Revenue Service; (i) the opinion of the solicitor to the Township; and (j) the other documents, certificates and opinions executed and delivered at the closing held this day.

Based and in reliance upon our examination of the foregoing, our attendance at the closing held this day and subject to the qualifications set forth herein, it is our opinion that, as of the date hereof, under existing law:

1. The Township is empowered under provisions of the Constitution and laws of the Commonwealth of Pennsylvania to issue the Bonds for the purposes hereinbefore set forth.

2. The Ordinance was duly adopted by the Board of Supervisors of the Township and continues to be in full force and effect as of the date hereof.

3. The Bonds have been duly authorized and executed and constitute a valid and binding obligation of the Township, enforceable in accordance with its terms, except as the enforceability thereof may be limited by (a) applicable bankruptcy, insolvency, or other laws or equitable principles now or hereafter affecting the enforcement of creditors' rights generally, or (b) general principles of equity.

4. Interest on the Bonds is not includable in gross income for federal income tax purposes under Section 103(a) of the Code.

5. Under the laws of the Commonwealth of Pennsylvania, the Bonds and the interest thereon shall at all times be free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but this exemption shall not extend to gift, estate, succession or inheritance taxes or other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of certain government obligations, including the Bonds, are subject to state and local taxation within the Commonwealth of Pennsylvania.

6. We are also of the opinion that the Township has effectively covenanted, subject to statutory restrictions and limitations, to make payments out of its sinking fund or any other of its revenues or funds at such times and in such semi-annual amounts, specified in such covenant, as shall be sufficient for the payment of the interest agreed to be paid on the Bonds and the principal thereof when due; and the full faith, credit and taxing power of the Township is pledged for payment of the principal of and interest on the Bonds.

7. Under the Code, interest on the Bonds held by persons other than corporations (as defined for federal tax purposes) does not constitute an item of tax preference under Section 57 of the Code and thus is not subject to alternative minimum tax for federal income tax purposes.

8. Under the Code, interest on the Bonds held by a corporation (as defined for federal tax purposes) does not constitute an item of tax preference under Section 57 of the Code; however, corporations subject to alternative minimum tax will be required to include, among other things, interest on the Bonds as an adjustment in computing alternative minimum taxable income in the manner provided in Section 56 of the Code.

9. The Bonds have not been designated by the Township as "qualified tax exempt obligations" under Section 265(b)(3)(B) of the Code.

In connection with providing the foregoing opinions, we call to your attention the following:

A. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, reports and certificates furnished to us at or in connection with the issuance of the Bonds without undertaking to verify the same by independent investigation. We have also relied upon the accuracy of the representations and warranties and the performance of the covenants and agreements of the Township set forth in the Ordinance and the various certificates and other agreements delivered at or in connection with the closing held this day.

B. In providing the opinion set forth in paragraph 4. above, we have assumed continuing compliance by the Township with the requirements of the Code and applicable regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

C. Except as specifically set forth above, we express no opinion regarding other federal income tax consequences arising with respect to the Bonds, including, without limitation, the treatment for federal income tax purposes of gain or loss, if any, upon the sale, redemption, or other disposition of the Bonds prior to maturity of the Bonds subject to original issue discount and the effect, if any, of certain other provisions of the Code which could result in collateral federal income tax consequences to certain investors as a

result of adjustments in the computation of tax liability dependent on tax-exempt interest.

It is to be understood that the rights of Bond Holders and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

KOZLOFF STOUDT
Professional Corporation