

ORDINANCE
TOWNSHIP OF EAST NORRITON
Montgomery County, Pennsylvania

ORDINANCE NO. 372

TO AUTHORIZE AND DIRECT THE INCURRING OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF TOWNSHIP OF EAST NORRITON GENERAL OBLIGATION BONDS, SERIES OF 1996 IN THE PRINCIPAL AMOUNT OF \$3,955,000 FOR THE PURPOSE OF PROVIDING FUNDS FOR AND TOWARD THE PAYMENT OF COSTS OF A PROJECT (THE "1996 PROJECT") CONSISTING OF (A) THE REFUNDING IN ADVANCE OF THE TOWNSHIP'S GENERAL OBLIGATION BONDS, SERIES OF 1992 (THE "1992 BONDS"); (B) PROVIDING FUNDS FOR VARIOUS CAPITAL PROJECTS, INCLUDING THE COMMUNITY/RECREATION FACILITY CENTER OR SUCH OTHER PROJECTS AS THE BOARD OF SUPERVISORS FINDS TO BE USEFUL OR NECESSARY, THE ROAD IMPROVEMENT PROGRAM FOR THE YEARS 1997-1998, AND THE EXPANSION OF THE MUNICIPAL BUILDING; AND (C) THE PAYMENT OF THE COSTS AND EXPENSES INCURRED IN CONNECTION WITH THE ISSUANCE OF THE 1996 BONDS; AUTHORIZING THE INCURRING OF NON-ELECTORAL DEBT TO BE EVIDENCED BY THE ISSUANCE OF THE 1996 BONDS; AUTHORIZING THE CHAIRMAN OR VICE CHAIRMAN OF THE BOARD OF SUPERVISORS AND THE TOWNSHIP SECRETARY TO FILE WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AFFAIRS THE DEBT STATEMENT AND BORROWING BASE CERTIFICATE REQUIRED UNDER THE DEBT ACT; DESIGNATING THE 1996 BONDS AS TOWNSHIP GENERAL OBLIGATION BONDS TO BE ISSUED IN FULLY REGISTERED FORM IN THE DENOMINATIONS OF FIVE THOUSAND DOLLARS AND INTEGRAL MULTIPLES THEREOF; PROVIDING FOR 1996 BONDS WITHIN SUCH MATURITIES AND VARYING RATES OF INTEREST AS SPECIFIED IN THE SUCCESSFUL NEGOTIATED SALE; AUTHORIZING THE CHAIRMAN OR VICE CHAIRMAN OF THE BOARD OF SUPERVISORS AND THE SECRETARY TO EXECUTE THE 1996 BONDS AND THE PAYING AGENT TO AUTHENTICATE THE BONDS AND PROVIDING FOR THE DELIVERY OF THE 1996 BONDS; PROVIDING FOR THE MANDATORY AND OPTIONAL REDEMPTION OF THE 1996 BONDS IN ACCORDANCE WITH THE SCHEDULE CONTAINED IN THE ACCEPTED PURCHASE PROPOSAL; STATING THAT THE TOWNSHIP WILL ASSUME AND AGREE TO PAY ANY TAX OR TAXES WHICH THE TOWNSHIP MAY BE REQUIRED TO PAY THEREON; COVENANTS TO INCLUDE THE ANNUAL AMOUNT OF PAYMENT WITH ANY TAXES COVENANTED TO BE PAID ON THE 1996 BONDS IN THE TOWNSHIP'S BUDGET AND TO PAY PRINCIPAL AND INTEREST ON THE 1996 BONDS WHEN DUE; PLEDGING THE FULL FAITH CREDIT AND TAXING POWER OF THE TOWNSHIP FOR SUCH BUDGETING, APPROPRIATION AND PAYMENT; ESTABLISHING A SINKING FUND IN RESPECT TO THE 1996 BONDS; REQUIRING THE TOWNSHIP TO DEPOSIT THEREIN ON CERTAIN DATES THE AMOUNTS REQUIRED FOR DEBT SERVICE AND ASSUMED TAXES; AUTHORIZING THE APPOINTING OF A PAYING AGENT AND APPOINTING PNC BANK, N.A., PHILADELPHIA, PENNSYLVANIA AS PAYING AGENT; COVENANTING THAT IT WILL MAKE NO INVESTMENT OR OTHER USE OF

THE PROCEEDS WHICH CAUSE THE 1996 BONDS TO BE ARBITRAGE BONDS WITHIN THE MEANING OF SECTION 148 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; FINDING THAT A PRIVATE SALE OF THE 1996 BONDS BY NEGOTIATION IS IN THE BEST FINANCIAL INTEREST OF THE TOWNSHIP; PROVIDING FOR THE 1996 BONDS TO BE SOLD AT SUCH SALE UPON RECEIPT OF AN ACCEPTABLE PROPOSAL; PROVIDING FOR ACCEPTANCE OF A PROPOSAL AUTHORIZING THE DELIVERY OF THE 1996 BONDS TO THE PURCHASER UPON RECEIPT OF THE ACCEPTED PURCHASE PRICE; DESIGNATING THE 1996 BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS UNDER SECTION 265 OF THE INTERNAL REVENUE CODE; REPEALING PRIOR INCONSISTENT ORDINANCES AND RESOLUTIONS; ADOPTING THE FORM OF THE 1996 BONDS WITH SUCH AMENDMENTS AND ADDITIONS AS MAY BE REQUIRED; COVENANTING TO ENTER INTO A PROGRAM OF CONTINUING DISCLOSURE.

WHEREAS, the Board of Supervisors of the Township of East Norriton, Montgomery County, Pennsylvania (the "Township") desires to incur debt in an amount of Three Million Nine Hundred Fifty-five Thousand Dollars (\$3,955,000), without the assent of the electors and to issue general obligation bonds (the "1996 Bonds") in order to reduce the total debt service over the remaining life of its General Obligation Bonds, Series of 1992 in evidence of such debt for the purpose of providing funds for a project (the "1996 Project") consisting of (i) the refunding in advance of the Township's General Obligation Bonds, Series of 1992; (ii) the construction of a capital project consisting of an expansion to the Township's Municipal Building, Road Improvements and the construction of a Township Recreation Center or such other projects as the Board of Supervisors finds to be useful or necessary and (iii) to the payment of the costs and expenses of issuing the 1996 Bonds; and

WHEREAS, such incurrence of authorized debt by the Township, will not, when aggregated with the existing net non-electoral debt of the Township, result in a violation of the limitations of the Constitution of the Commonwealth of Pennsylvania or of the Local Government Unit Debt Act (Act No. 52 of April 28, 1978), as amended (the "Act"); and

WHEREAS, the Board of Supervisors of the Township (the "Board") has determined that it is desirable and in the best interests of the Township to sell the 1996 Bonds at private negotiated sale, as authorized by Section 701(a) of the Act; and

WHEREAS, the Township has invited CoreStates Capital Markets (the "Underwriter") to make a proposal with respect to the purchase of the 1996 Bonds at private negotiated sale; and

WHEREAS, the Board has received a negotiated proposal from the Underwriter for the purchase of the Bonds specifying a purchase price of the 1996 Bonds of 98.95% of par or \$3,913,472.50, less original issue discount of \$11,337.90, plus accrued interest of \$1,633.40 with a "net interest cost" of \$2,243,198.54 and a "net interest rate" of 5.28% (as those terms are used in Section 709 of the Act), in each case assuming a settlement date of September 18, 1996, which was read aloud at the meeting; and

WHEREAS, the Board deems it in the best interests of the Township that the aforesaid proposal to purchase the 1996 Bonds be accepted; and

WHEREAS, to reduce interest costs and to secure the payment of principal of and

interest on the Bonds for the benefit of the purchasers thereof, the Township will acquire a municipal bond insurance policy from AMBAC Indemnity Corporation ("AMBAC") guaranteeing the prompt payment of the principal of and interest on the Bonds when and as due.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF EAST NORRITON AND IT IS HEREBY ENACTED AND ORDAINED BY THE AUTHORITY OF SAID BOARD THAT:

Section 1. The Board of Supervisors of East Norriton Township does hereby authorize and direct the incurring of non-electoral debt through the issuance of General Obligation Bonds, Series of 1996 in the aggregate principal amount of Three Million Nine Hundred Fifty-five Thousand Dollars (\$3,955,000) for the purposes of providing funds for and towards the costs of the 1996 Project consisting of: (a) the refunding in advance of the Township's General Obligation Bonds, Series of 1992 (the "1992 Series Bonds"); (b) the completion of several capital projects including the expansion of the Township's Municipal Building, various road improvements and the construction of a recreation center for the Township; and (c) the payment of the costs and expenses incurred in connection with the issuance of the 1996 Bonds.

At the time of the issuance of the 1992 Bonds, the project for which the 1992 Bonds were issued was determined to have a realistic estimated useful life of at least Twenty-five (25) years. The realistic estimated useful life of the capital projects contemplated is as follows:

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| A. Municipal Building Expansion: | 40 Years |
| B. Road Improvements: | 25 Years |
| C. Township Recreation Center: | 40 Years |

The realistic estimated useful life of the 1996 Project is hereby determined to be in excess of twenty-five (25) years.

The Township shall, from the proceeds of the 1996 Bonds, deposit any accrued interest received in the Sinking Fund for application to the payment of the interest on the 1996 Bonds on the next succeeding Interest Payment Date and pay the costs of issuance of the 1996 Bonds. The proceeds then remaining, shall be made available to the Township for the purposes set forth above.

Section 2. Pursuant to Section 410 of the Act, the Chairman or Vice Chairman of the Board, and the Secretary of the Township and their respective successors are hereby authorized

and directed to prepare or cause to be prepared, certify and file with the Department of Community and Economic Development of the Commonwealth of Pennsylvania a debt statement and borrowing base certificate and an application for exclusion of self-liquidating debt and the Township shall certify to and send to the Department of Community and Economic Development an accurate copy of the proceedings held for increasing the debt of the Township, and shall take all such further action as may be required by the Act for the purpose for obtaining said Department's approval of said increase of debt.

Section 3. The 1996 Bonds shall be issued in fully registered form, without coupons, in the denomination of \$5,000 each or in integral multiples of \$5,000 thereof, shall be numbered from 1 upward, shall be dated September 15, 1996, shall bear interest from such date or from the most recent date to which interest has been paid until payment of the principal sum has been made or provided for upon redemption or at maturity, payable initially on February 15, 1997 and semi-annually thereafter on August 15 and February 15 of each year (each an "Interest Payment Date"), at the rates of interest per annum and shall mature on August 15 of the years and in the amounts, as follows:

<u>Year of Maturity</u> <u>(August 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Issue</u> <u>Price</u>
1997	\$95,000	3.75	\$100.00
1998	\$155,000	3.90	\$100.00
1999	\$160,000	4.15	\$100.00
2000	\$165,000	4.30	\$100.00
2001	\$170,000	4.40	\$100.00
2002	\$180,000	4.55	\$100.00
2003	\$185,000	4.65	\$100.00
2004	\$195,000	4.75	\$100.00
2005	\$205,000	4.85	\$100.00
2006	\$215,000	4.95	\$100.00
2007	\$225,000	5.00	\$99.579
2008	\$230,000	5.10	\$99.554
2009	\$240,000	5.20	\$99.530

2010	\$250,000	5.30	\$99.508
2011	\$270,000	5.35	\$99.487
2012	\$285,000	5.40	\$99.467
2013	\$300,000	5.45	\$99.448
2014	\$430,000	5.50	\$99.431

The 1996 Bonds maturing on and after August 15, 2002 shall be subject to redemption, in whole or in part, in any order of maturity and in any principal amount within a maturity, prior to their respective maturities at the option of the Township at any time on or after August 15, 2001 upon payment of a redemption price of 100% of the principal amount plus unpaid interest accrued to the date fixed for redemption.

Any such redemption shall be made by notice thereof sent by the Paying Agent, hereinafter appointed, by first class mail, postage prepaid to the registered owners of the 1996 Bonds at the registered addresses set forth on the bond registry books kept by the Paying Agent not less than thirty (30) days before the date fixed for such redemption, unless notice thereof is waived in writing by the registered owners of the 1996 Bonds so called for redemption. Any notice of redemption shall state the redemption date and the redemption price and shall identify the 1996 Bonds to be redeemed and shall further state that on such redemption date, the redemption price, together with accrued interest, shall be payable at the principal corporate trust office of the Paying Agent and that from such date interest thereon shall cease to accrue. If the Township shall have caused notice of redemption to be so mailed (or if such notice has been so waived) and shall have deposited funds sufficient for redemption, the 1996 Bonds so called for redemption shall become due and payable on the date fixed for redemption, and interest shall cease to accrue thereon on the date fixed for redemption, whether such 1996 Bonds shall be presented for payment or not. Any defect in any such notice or in the mailing thereof shall not affect the validity of any redemption of 1996 Bonds as to which proper notice of redemption shall have been given. The Township hereby recites that the debt service on the 1996 Bonds shall be as set forth on the Debt Service Schedule attached hereto as Exhibit "A".

The proceeds of Additional Bonds shall be applied in accordance with the supplemental ordinance authorizing the issuance thereof.

Section 4. The principal of the 1996 Bonds shall be payable at the principal corporate

trust office in Philadelphia, Pennsylvania of the Paying Agent hereinafter appointed, or the corporate trust office of any successor fiscal agent appointed by the Township pursuant to Section 403 of the Act.

Interest on the 1996 Bonds shall be paid by check drawn upon the Paying Agent and mailed, on each Interest Payment Date, to the addresses of the registered owners of the 1996 Bonds as recorded on the registration books maintained at the principal corporate trust office of the Paying Agent in Philadelphia, Pennsylvania as of the close of business on the fifteenth day next preceding each Interest Payment Date (the "Record Date") notwithstanding any exchange or transfer thereof by the registered owners subsequent to the record date and prior to the Interest Payment Date. If and to the extent there shall be a default in the payment of the interest due on an Interest Payment Date, such defaulted interest shall be paid to the registered owners in whose name the 1996 Bonds (or any bonds issued upon transfer or exchange thereof) are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed to the registered owners not less than fifteen (15) days preceding such special record date. Any notice of a special record date will be mailed to the person in whose name the 1996 Bonds are registered at the close of business on the fifth (5th) day next preceding the date of mailing.

Any payments of principal of or interest on the 1996 Bonds shall be in such coin or currency as at the respective times of payment shall constitute legal tender for the payment of public and private debts, without deduction for any tax or taxes (except gift, estate, succession or inheritance taxes or any other taxes not levied directly on the 1996 Bonds) on the income therefrom of which the Township may be required to pay thereon or retain therefrom under or pursuant to any present or future law of the Commonwealth of Pennsylvania.

Section 5. The 1996 Bonds shall be executed with the facsimile signature of the Chairman or Vice Chairman of the Board, attested with the facsimile signature of the Township Secretary, and shall have affixed thereto a facsimile of the corporate seal of the Township. No 1996 Bond shall be valid or enforceable unless such bond has been authenticated by the certificate endorsed thereon, manually signed by an officer of the Paying Agent appointed in Section 10 of this Ordinance. The Chairman or Vice Chairman and the Secretary of the Township are hereby authorized to execute the 1996 Bonds and the Paying Agent is hereby

authorized to authenticate and deliver the 1996 Bonds as directed by the Underwriter.

Section 6. Until 1996 Bonds in definitive form are ready for delivery, the proper officers of the Township may execute, and upon their request in writing, the Paying Agent shall authenticate and deliver in lieu of the 1996 Bonds in definitive form and subject to the same provisions, limitations and conditions, one or more printed or typewritten bonds in temporary form, substantially of the form of the 1996 Bonds herein before described in fully registered form, without coupons and with appropriate omissions, variations and insertions. Such bond or bonds in temporary form may be for the principal amount of Five Thousand Dollars (\$5,000) or any whole multiple or multiples thereof, as such officers may determine. The aforesaid officers, without unnecessary delay, shall cause 1996 Bonds in definitive form to be prepared, executed and delivered to said Paying Agent, and thereupon, upon presentation and surrender of the bond or bonds in temporary form, said Paying Agent shall authenticate and deliver, in exchange therefor, 1996 Bonds in definitive form in authorized denominations for the same aggregate principal amount and bearing interest at the same rate per annum as the bond or bonds in temporary form surrendered. Such exchange shall be made by the Township at its own expense and without any charge therefor to the holders thereof. When and as interest is paid upon the bond or bonds in temporary form, the fact of such payment shall be endorsed thereon. Until so exchanged, the temporary bond or bonds shall be in full force and effect according to its or their terms.

Section 7. The 1996 Bonds are general obligations of the Township and shall be payable from any general tax or other general revenues of the Township. The Township hereby unconditionally covenants with the registered owners from time to time of the 1996 Bonds that for each fiscal year so long as any of such 1996 Bonds shall remain outstanding it: (i) shall include the amount of debt service on the 1996 Bonds for each fiscal year in which such sums are payable in its budget for that year; (ii) shall appropriate such amounts from its general revenues for the payment of such debt service and (iii) shall duly and punctually cause to be paid from its Sinking Fund or any other of its revenues or funds the principal of and interest on the 1996 Bonds at the times and places and in the manner stated in the 1996 Bonds according to the intent and meaning therein. For such guaranty, budgeting, appropriation and payment, the Township irrevocably pledges its full faith, credit and taxing power. This covenant shall be