

TOWNSHIP OF EAST NORRITON
Montgomery County, Pennsylvania

ORDINANCE NO. 400

AUTHORIZING THE INCURRENCE OF NONELECTORAL DEBT OF THE TOWNSHIP OF EAST NORRITON BY THE ISSUANCE OF \$5,970,000 AGGREGATE PRINCIPAL AMOUNT GENERAL OBLIGATION BONDS, SERIES OF 1998, TO CURRENTLY REFUND ALL OF THE TOWNSHIP'S GENERAL OBLIGATION BONDS, SERIES OF 1993, TO ADVANCE REFUND A PORTION OF THE TOWNSHIP'S GENERAL OBLIGATION BONDS, SERIES OF 1996, TO FINANCE VARIOUS CAPITAL IMPROVEMENTS INCLUDING ROAD AND CURB IMPROVEMENTS, TRAFFIC SIGNALS AND A PRE-ENGINEERED BUILDING, AND TO PAY THE COSTS OF ISSUING THE BONDS; AUTHORIZING THE PREPARATION OF A DEBT STATEMENT AND OTHER DOCUMENTATION; COVENANTING TO CREATE A SINKING FUND AND TO BUDGET, APPROPRIATE AND PAY DEBT SERVICE ON THE BONDS; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWNSHIP FOR THE PROMPT AND FULL PAYMENT OF THE BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF THE BONDS; SETTING FORTH THE STATED PRINCIPAL MATURITY DATES AND AMOUNTS, INTEREST RATES AND INTEREST PAYMENT DATES, PLACE OF PAYMENT, SINKING FUND PROVISIONS AND OTHER DETAILS OF THE BONDS; FINDING THAT A PRIVATE NEGOTIATED SALE IS IN THE BEST FINANCIAL INTEREST OF THE TOWNSHIP; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; AUTHORIZING THE PROPER TOWNSHIP OFFICERS TO CONTRACT FOR THE SERVICES OF A PAYING AGENT, SINKING FUND DEPOSITORY AND BOND REGISTRAR; AND AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, the Township of East Norriton (the "Township") is a township of the second class, governed by the Second Class Township Code of the Commonwealth of Pennsylvania, Act of May 1, 1933, P.L. 103, as amended and reenacted; and

WHEREAS, the Township has heretofore issued its General Obligation Bonds, Series of 1993 which are currently outstanding in the principal amount of \$2,815,000 (the

"1993 Bonds"), and its General Obligation Bonds, Series of 1996 which are currently outstanding in the principal amount of \$3,705,000 (the "1996 Bonds"); and

WHEREAS, the Township is granted the power by the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, approved July 12, 1972, Act No. 185 as codified by Act 177 of 1996, approved December 19, 1996, P.L. 1158 (the "Act") to incur indebtedness and to issue bonds for the purposes of refunding its outstanding indebtedness; and

WHEREAS, the Township proposes to issue \$5,970,000 principal amount of its General Obligation Bonds, Series of 1998 (the "Bonds") for the purpose of financing (i) the current refunding of all of the Township's 1993 Bonds, (ii) the advance refunding of a portion of the 1996 Bonds (the portion of the 1996 Bonds being refunded is referred to herein as the "1996 Refunded Bonds;" the 1993 Bonds and the 1996 Refunded Bonds are referred to herein collectively as the "Prior Bonds;" and items (i) and (ii) are referred to herein collectively as the "Refunding Program"), (iii) various capital projects, including road and curb improvements, traffic signals and a pre-engineered building (collectively, the "Projects"), and (iv) the costs and expenses of issuing the Bonds; and

WHEREAS, the Township now desires to authorize the issuance of the Bonds for the purposes set forth above, has determined that it is in the best financial interest of the Township to sell the Bonds at a private negotiated sale, and has received a proposal for the purchase of the Bonds from Dolphin & Bradbury Incorporated, Philadelphia, Pennsylvania, which it desires to accept.

NOW, THEREFORE, BE IT ORDAINED by the Board of Supervisors of the Township of East Norriton and IT IS HEREBY ORDAINED, as follows:

Section 1. Authorization of Refunding Program, Projects and Incurrence of Indebtedness; Purpose of the Refunding Program. The Township shall undertake the Refunding Program and construction and improvement of the Projects described in the recitals hereto. The Township shall incur indebtedness, pursuant to the Act, in the aggregate principal amount of \$5,970,000 for the purpose of providing funds for and toward the costs of said purposes, including the payment of the expenses of the financing.

It is hereby determined and set forth that the purpose of the Refunding Program is to reduce the debt service that would otherwise be payable on the Prior Bonds as shown on the schedule of debt service savings attached hereto as Exhibit A and made a part hereof. It is also hereby determined and declared that the estimated useful life of the Projects is in excess of 20 years, and that the Township has obtained realistic estimates of the costs of the Projects, determined through bid prices or estimates from persons qualified by experience to provide such estimates.

The Township hereby reserves the right to undertake the Projects in such order and at such time or times as it shall determine and to allocate the portion of the proceeds of the Bonds representing the capitalized savings from the Refunding Program and other available moneys, to the costs of the Projects in such amounts and order of priority as it shall determine.

Section 2. Issuance of Bonds. The Township shall issue, pursuant to this Ordinance, \$5,970,000 aggregate principal amount General Obligation Bonds, Series of 1998 to finance the purposes set forth in Section 1 hereof.

Section 3. Type of Indebtedness. The indebtedness authorized by this Ordinance is nonelectoral debt.

Section 4. Execution of Debt Statement, Bonds and Other Documents. The Chairman or Vice-Chairman of the Board of Supervisors and the Township Secretary or Treasurer and their successors are hereby authorized to prepare and verify the Debt Statement required by Section 8110 of the Act, to execute and deliver the Bonds in the name and on behalf of the Township and to take all other action required by the Act or this Ordinance in order to effect the issuance of the Bonds. Said officers or any of them are further authorized to apply to the Department of Community and Economic Development for approval of the debt herein authorized and to file with such application a transcript of the proceedings including a certified copy of this Ordinance, the Debt Statement, a Borrowing Base Certificate signed by the appropriate officials of the Township or by the accountants of the Township responsible for auditing its financial affairs, a No-Decrease Statement pursuant to Section 8110(b) of the Act and to take any and all such further action and to execute and deliver such other documents as may be necessary or proper to comply with all requirements of the Act or to carry out the intent and purpose of this Ordinance.

Section 5. Type of Bonds. The Bonds when issued will be general obligation bonds.

Section 6. Covenant to Pay Debt Service - Pledge of Taxing Power. The Township hereby covenants with the registered owners of the Bonds: (a) that the Township will include in its budget for the fiscal year ending December 31, 1999 and each year thereafter, the amount of the debt service on the Bonds which will be payable in each such fiscal year so long as the Bonds shall remain outstanding; (b) that the Township shall appropriate such amounts to the payment of such debt service; and (c) that the Township shall duly and punctually pay or cause to be paid from the sinking fund hereinafter created the principal of the Bonds and the interest thereon on the dates and at the place and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the Township hereby pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable. The amounts to be budgeted, appropriated and paid pursuant to the foregoing covenant are those set forth in Exhibit B attached hereto and made a part hereof which are hereby incorporated in the foregoing covenant with the same effect as if the same were specified in the text of such covenant.

Section 7. Form of Bonds. The Bonds shall be substantially in the following form with appropriate omissions, insertions and variations:

(FORM OF BOND)

(BOND TEXT - FACE OF BOND)

TOWNSHIP OF EAST NORRITON
(Montgomery County, Pennsylvania)

GENERAL OBLIGATION BOND, SERIES OF 1998

No. R- _____ \$ _____

Interest Rate	Maturity Date	Dated Date	CUSIP
	August 15, ____	December 1, 1998	

REGISTERED OWNER:

PRINCIPAL SUM: _____ DOLLARS

The Township of East Norriton, Montgomery County, Pennsylvania (the "Township"), a municipal corporation of the Commonwealth of Pennsylvania, for value received, hereby promises to pay to the registered owner hereof on the maturity date set forth above the principal sum set forth above, unless this Bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for, and to pay interest thereon from December 1, 1998 or the most recent Interest Payment Date to which interest has been paid or duly provided for, initially on August 15, 1999 and semiannually thereafter on February 15 and August 15 of each year (each, an "Interest Payment Date"), at the annual rate specified above, calculated on the basis of a 360-day year of twelve 30-day months until the principal sum is paid or has been provided for. The principal of this Bond is payable upon presentation and surrender hereof at the corporate trust office of First Financial Bank, Downingtown, Pennsylvania (the "Paying Agent"). Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Township maintained by the Paying Agent, as bond registrar, at the address appearing thereon at the close of business on the last day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Regular Record Date, and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date

shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date and payment date shall be given by first class mail to the registered owners of the Bonds not less than fifteen (15) days prior to the Special Record Date. The principal of and interest on this Bond are payable in lawful money of the United States of America.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HEREIN.

IN WITNESS WHEREOF, the Township of East Norriton, Montgomery County, Pennsylvania has caused this Bond to be signed in its name and on its behalf by the facsimile signature of the Chairman of its Board of Supervisors and a facsimile impression of its corporate seal to be hereunto affixed, duly attested by the facsimile signature of its Secretary.

TOWNSHIP OF EAST NORRITON

By: (facsimile signature)
Chairman of Board of Supervisors

Attest: (facsimile signature)
Township Secretary

(SEAL)

(FORM OF AUTHENTICATION CERTIFICATE)

AUTHENTICATION CERTIFICATE

This Bond is one of the Township of East Norriton General Obligation Bonds, Series of 1998, described in the within mentioned Ordinance.

The Text of Opinion printed hereon is the text of opinion of Saul, Ewing, Remick & Saul LLP on file with the undersigned, which was dated and delivered on the date of delivery of and payment for the Bonds.

DATE OF AUTHENTICATION:

FIRST FINANCIAL BANK

By: _____
Authorized Officer

(BOND TEXT - BACK OF BOND)

This Bond is one of a duly authorized issue of General Obligation Bonds, Series of 1998, of the Township in the aggregate principal amount of \$5,970,000 (the "Bonds"), issued in fully registered form in the denomination of \$5,000 or any whole multiple thereof, all of like date and tenor, except as to dates of maturity, rates of interest and provisions for redemption, and all issued in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended (the "Act"), and pursuant to an ordinance of the Board of Supervisors of the Township duly enacted on November 9, 1998 (the "Ordinance"). The Bonds are issued for the purpose of currently refunding all of the Township's outstanding General Obligation Bonds, Series of 1993, advance refunding a portion of the Township's outstanding General Obligation Bonds, Series of 1996, to finance various capital improvements, and to pay the costs of issuing the Bonds.

Under the laws of the Commonwealth, this Bond, and the interest thereon shall at all times be free from taxation within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession, or inheritance taxes or any other taxes not levied or assessed directly on this Bond or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of this Bond are subject to state and local taxation.

The Bonds maturing on and after August 15, 2005 are subject to redemption prior to maturity, at the option of the Township, in whole or from time to time in part (in such order of maturity as the Township shall select and within a maturity by lot) on any date on or after February 15, 2004 upon payment of a redemption price of 100% of principal amount, together with accrued interest to the date fixed for redemption.

The Bonds stated to mature on August 15, 2005, 2013 and 2017 (the "Term Bonds") are subject to mandatory redemption by the Township prior to their stated maturity, in the order of their maturity and with a maturity by lot from moneys to be deposited in the Sinking Fund for the Bonds established under the Ordinance at a redemption price of 100% of principal amount together with accrued interest to the date fixed for redemption. The Township hereby covenants that it will cause the Paying Agent to give notice of redemption and to redeem Term Bonds at said price from moneys deposited in the Sinking Fund sufficient to effect such redemption (to the extent that such Term Bonds shall not have been previously purchased from said moneys as permitted by law) on the dates, from the maturity and in the annual principal amounts as set forth in the following schedule, or such lesser principal amounts as shall at the time represent all Term Bonds of the maturity currently required to be redeemed which shall then be outstanding:

Mandatory Redemption Schedule

<u>Sinking Fund Redemption Date (August 15)</u>	<u>Maturity From Which Selected</u>	<u>Principal Amount to be Redeemed or Purchased</u>
2004	2005	\$250,000
2007	2013	275,000
2008	2013	295,000
2009	2013	305,000
2010	2013	320,000
2011	2013	330,000
2012	2013	345,000
2014	2017	320,000
2015	2017	550,000
2016	2017	575,000

For the purpose of selection of Bonds for redemption, any Bond of a denomination greater than \$5,000 shall be treated as representing such number of separate Bonds, each of the denomination of \$5,000, as is obtained by dividing the actual principal amount of such Bond by \$5,000. Any Bond which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory to the Paying Agent, and the registered owner of such Bond shall receive, without service charge, a new Bond or Bonds of any authorized denomination as requested by such registered owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Notice of any redemption shall be given by first-class mail, postage prepaid, mailed by the Paying Agent not less than 30 days nor more than 60 days before the redemption date to the registered owners of Bonds at their addresses as they appear on the bond register maintained by the Paying Agent. Such notice shall also be mailed to The Bond Buyer, or if no longer published, to such substitute financial journal as shall be acceptable to the Paying Agent. Such notice shall be given in the name of the Township, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and that from the date of redemption interest will cease to accrue. The Paying Agent shall use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to Bond owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed "R-" printed on the Bonds. Failure to mail any notice of redemption, or any defect therein, or in the mailing thereof, with respect to any

Bond shall not affect the validity of any proceeding for the redemption of other Bonds so called for redemption.

With respect to any optional redemption of the Bonds, if at the time of mailing such notice of redemption, the Township shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The Bonds are transferable by the owners thereof, subject to payment of any required tax, fee or other governmental charge, upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory to the Paying Agent. The Paying Agent shall not be required: (i) to issue, transfer or exchange any of the Bonds during a period beginning at the close of business on the fifth (5th) day next preceding the day on which notice of redemption is to be given and ending at the close of business on the day on which such notice is given, or (ii) to transfer or exchange any Bond selected for redemption in whole or in part.

The Township and the Paying Agent may treat the person in whose name this Bond is registered on the bond register maintained by the Paying Agent as the absolute owner of this Bond for all purposes and neither the Township nor the Paying Agent shall be affected by any notice to the contrary.

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

Whenever the due date for payment of interest on or principal of this Bond shall be a Saturday, Sunday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law to close (a "Holiday"), then the payment of such interest or principal need not be made on such date, but may be made on the succeeding day which is not a Holiday, with the same force and effect as if made on the due date for payment of principal or interest.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania for the Township to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth of Pennsylvania to exist, to have happened or to

have been performed, precedent to or in the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the Township, is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania; that the Township has established a sinking fund for the Bonds and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the Township are hereby irrevocably pledged.

This Bond shall not be entitled to any benefit under the Ordinance or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the Paying Agent by execution of the certificate endorsed hereon.

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF
ASSIGNEE

_____ / _____ /

_____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ attorney to transfer said Bond on the books of the within named Paying Agent, with full power of substitution in the premises.

Dated:

Signature Guaranteed by:

(Bank, Trust Company or Firm)

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

(Authorized Signature)

[END OF BOND FORM]