

BOARD OF TOWNSHIP SUPERVISORS

EAST NORRITON TOWNSHIP
MONTGOMERY COUNTYORDINANCE NO. 244

TO AUTHORIZE AND DIRECT THE INCURRING OF NONELECTORAL DEBT OF EAST NORRITON TOWNSHIP (THE "TOWNSHIP") IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,345,000 FOR THE PURPOSE OF ISSUING GENERAL OBLIGATION BONDS, SERIES OF 1987 (THE "1987 BONDS") TO PROVIDE FUNDS FOR (1) RESURFACING ROADS LOCATED WITHIN THE TOWNSHIP; (2) CONSTRUCTION OF A PUBLIC WORKS GARAGE; (3) ACQUISITION AND INSTALLATION OF FIRE HYDRANTS AND TRAFFIC SIGNALS; (4) ACQUISITION OF VEHICLES FOR USE BY THE POLICE AND OTHER MUNICIPAL DEPARTMENTS; (5) THE PREPAYMENT OF THE TOWNSHIP'S \$375,000 GENERAL OBLIGATION PROMISSORY NOTE - SERIES OF 1985; AND (6) THE PAYMENT OF COSTS OF ISSUANCE OF THE 1987 BONDS; AUTHORIZING AND DIRECTING THE ISSUANCE OF THE 1987 BONDS TO EVIDENCE SUCH DEBT AND FIXING THE DATE, INTEREST RATES, MATURITY DATES, INTEREST PAYMENT PROVISIONS AND REGISTRATION PROVISIONS OF THE 1987 BONDS; PROVIDING FOR THE REDEMPTION OF THE 1987 BONDS PRIOR TO MATURITY; PROVIDING FOR THE MANNER OF EXECUTION AND AUTHENTICATION OF THE 1987 BONDS AND FOR THE MANNER OF PAYMENT OF THE 1987 BONDS; STATING THE ESTIMATED USEFUL LIFE OF THE PROJECT FOR WHICH SUCH BONDS ARE ISSUED; APPROVING THE FORM OF THE 1987 BONDS AND CERTIFICATE OF AUTHENTICATION; APPOINTING THE PAYING AGENT, REGISTRAR AND SINKING FUND DEPOSITARY AND AUTHORIZING AUTHENTICATION OF THE 1987 BONDS; PROVIDING REMEDIES; COVENANTING TO BUDGET FOR ASSUMED TAXES AND FOR DEBT SERVICE ON THE 1987 BONDS AND TO APPROPRIATE AND PAY AMOUNTS FOR SUCH ASSUMED TAXES AND DEBT SERVICE WHEN DUE; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWNSHIP FOR SAID OBLIGATIONS; SETTING FORTH THE AMOUNTS OF ANNUAL DEBT SERVICE AND AUTHORIZING APPROPRIATIONS THEREFOR; ESTABLISHING A SINKING FUND AND PROVIDING FOR PAYMENT OF THE 1987 BONDS THEREFROM; PROVIDING THAT THE ORDINANCE AND THE LOCAL GOVERNMENT UNIT DEBT ACT SHALL CONSTITUTE A CONTRACT BETWEEN THE TOWNSHIP AND THE BONDHOLDERS; AUTHORIZING THE FILING OF A DEBT STATEMENT, BORROWING BASE CERTIFICATE, TRANSCRIPT OF PROCEEDINGS AND APPLICATION FOR APPROVAL; FINDING THAT A PRIVATE SALE OF THE 1987 BONDS BY NEGOTIATION IS IN THE BEST INTERESTS OF THE TOWNSHIP; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE 1987 BONDS AND AWARDING THE SAME; AUTHORIZING DELIVERY OF THE 1987 BONDS AND EXECUTION AND DELIVERY OF SUCH OTHER DOCUMENTS AS MAY BE ADVISABLE IN CONNECTION WITH THE SALE AND ISSUANCE THEREOF; RATIFYING THE PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE OFFICIAL STATEMENT; DIRECTING DEPOSIT OF THE PROCEEDS OF THE 1987 BONDS; APPROVING PROVISIONS RELATING TO MUNICIPAL BOND INSURANCE; AUTHORIZING PREPAYMENT OF THE TOWNSHIP'S GENERAL OBLIGATION PROMISSORY NOTE - SERIES OF 1985; AND RESCINDING INCONSISTENT ORDINANCES.

WHEREAS, East Norriton Township, Montgomery County, Pennsylvania (the "Township"), is a Township of the second class existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is a Local Government Unit, as defined in the Local Government Unit Debt Act, Act of July 12, 1972 (P.L. 781, No. 185), as amended and reenacted by the Act of April 28, 1978 (P.L. 124, No. 1978-52) (the "Act"); and

WHEREAS, the Board of Township Supervisors of the Township (the "Board") has determined to undertake certain municipal improvements as hereinafter described; and

WHEREAS, the Board has heretofore issued its General Obligation Promissory Note - Series of 1985, in the aggregate principal amount of \$375,000 (the "1985 Note") and has determined to provide for the retirement of the 1985 Note; and

WHEREAS, the purpose of refunding the 1985 Note is to reduce the annual debt service in particular years and to substitute bonds for the 1985 Note; and

WHEREAS, the Board desires to incur nonelectoral debt and to issue a series of general obligation bonds, to be sold at private sale by negotiation, pursuant to the Act, in the aggregate principal amount of \$1,345,000, with proceeds from the sale thereof to be applied for and toward purposes hereinafter set forth; and

WHEREAS, the payment of principal of and interest on the 1987 Bonds shall be guaranteed by a municipal bond guarantee insurance policy (the "Municipal Bond Guarantee Insurance

Policy"), issued by the Municipal Bond Investors Assurance Corporation ("MBIA").

NOW, THEREFORE, THE BOARD, PURSUANT TO THE ACT, HEREBY ORDAINS AND ENACTS AS FOLLOWS:

SECTION 1. The incurring of debt of the Township in the amount of \$1,345,000 is hereby authorized, which debt is to be nonelectoral debt, and which, together with the existing net nonelectoral debt and the existing lease rental debt of the Township, will not result in a violation of the limitations of the Constitution of the Commonwealth of Pennsylvania or of the Act. Such debt shall be incurred for the purpose of providing funds for and toward the cost of: (a) resurfacing roads located in the Township; (b) constructing a Township public works garage; (c) acquiring and installing fire hydrants and traffic signals throughout the Township; (d) purchasing vehicles for use by the police and other municipal departments; (e) retiring the 1985 Note; and (f) paying costs and expenses (including without limitation the cost of any insurance premiums) of issuing the 1987 Bonds (all of which are collectively referred to herein as the "Project").

SECTION 2. The above-mentioned incurring of debt shall be evidenced by an issue of bonds of the Township, which are hereby classified as general obligation bonds, as defined in the Act, in the principal amount of \$1,345,000 and designated "East Norriton Township, General Obligation Bonds, Series of 1987" (the "1987 Bonds"), the execution, issuance, sale and

delivery of which are hereby authorized and directed in accordance with the provisions hereof. The Township in issuing the 1987 Bonds may use CUSIP numbers; and, the Paying Agent, hereinafter appointed in Section 8 hereof, may use such CUSIP numbers in notices of redemption as a convenience to the holders of the 1987 Bonds, provided that any notice which lists CUSIP numbers shall state that no representation is made as to the correctness of such numbers either as printed on the 1987 Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers printed on the 1987 Bonds. The 1987 Bonds shall be fully registerable as to principal and interest in denominations of \$5,000 each or any whole multiple thereof, shall be dated February 15, 1987, shall bear interest from such date, payable by check or draft of the Paying Agent semi-annually on August 15 and February 15 of each year until maturity or earlier redemption, commencing August 15, 1987, at the following rates of interest, and shall mature on February 15 in the years as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1988	\$100,000	4.00%	1995	70,000	5.50%
1989	105,000	4.25%	1996	75,000	5.70%
1990	110,000	4.50%	1997	75,000	5.85%
1991	110,000	4.75%	1998	80,000	5.95%
1992	120,000	5.00%	1999	85,000	6.10%
1993	60,000	5.20%	2000	90,000	6.25%
1994	65,000	5.35%	2001	95,000	6.35%
			2002	105,000	6.45%

All 1987 Bonds authenticated after the original issuance of the 1987 Bonds shall bear interest from the interest payment date to which interest has been paid next preceding the date of authentication, unless the date of authentication: (i) is an interest payment date to which interest has been paid, in which event such 1987 Bonds shall be dated and bear interest from the date of authentication or (ii) is prior to the first interest payment date for the 1987 Bonds, in which event such 1987 Bonds shall be dated and bear interest from February 15, 1987.

Interest on any 1987 Bond which is payable, and is punctually paid or provided for on any interest payment date, shall be paid to the holder in whose name that 1987 Bond is registered in the Bond Register (the "Bond Register") maintained by the Registrar (appointed pursuant to Section 8 hereof) (the "Registered Owner") at the close of business on the last business day of the calendar month next preceding the interest payment date (the "Regular Record Date") for payment of such interest.

Any interest on any 1987 Bond which is payable, but is not punctually paid or provided for on any interest payment date (herein called "Defaulted Interest"), shall forthwith cease to be payable to the Registered Owner in whose name that 1987 Bond is registered in the Bond Register on the relevant Regular Record Date, and such Defaulted Interest shall be instead paid to the Registered Owner in whose name the 1987 Bond is registered

in the Bond Register at the close of business on a special record date (the "Special Record Date") to be fixed by the Paying Agent, such Special Record Date to be not less than fifteen (15) calendar days prior to the date of proposed payment of such Defaulted Interest. Notice of the Special Record Date shall be mailed, first class postage prepaid, by the Paying Agent to each Registered Owner of 1987 Bonds, at his or her address as it appears in the Bond Register, not less than fifteen (15) days prior to such Special Record Date. The Paying Agent may, in its discretion, cause a similar notice to be published once in a newspaper in each place where 1987 Bonds are payable, but such publication shall not be a condition precedent to the establishment of such Special Record Date.

Subject to the foregoing provisions of this Section 2, each 1987 Bond delivered upon transfer of, or exchange for, or in lieu of, any other 1987 Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other 1987 Bond.

At the option of the holder, 1987 Bonds may be exchanged for other 1987 Bonds of any authorized denomination, of a like aggregate principal amount, upon surrender of the 1987 Bonds to be exchanged at the principal office of the Registrar.

Every 1987 Bond presented or surrendered for transfer or exchange shall be duly endorsed or shall be accompanied by a written instrument or instruments of transfer in form and

with guaranty of signature satisfactory to the Paying Agent, duly executed by the holder or his or her agent or legal representative duly authorized in writing. No transfer of any 1987 Bond will be effective until entered on the Bond Register.

Transfers and exchanges shall be made without service charge to the holder, except that, subject to the provisions of Section 5 hereof, the Township may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of 1987 Bonds.

Neither the Township nor the Registrar on behalf of the Township shall be required to transfer or exchange any 1987 Bond during a period of fifteen (15) days next preceding an interest payment date or next preceding the first publication of any redemption notice or after such 1987 Bond has been called for redemption.

Subject to the above provisions relating to payment of interest to Registered Owners on the applicable Regular Record Date or Special Record Date, the Township and Paying Agent may deem and treat the person in whose name any outstanding 1987 Bond shall be registered upon the Bond Register as the absolute owner of such 1987 Bond, whether or not such 1987 Bond shall be overdue, for the purpose of receiving payment of, or on account of, the principal and redemption price, if any, of such 1987 Bond and for all other purposes and all such payments so made to any such Registered Owner shall be valid and effectual

to satisfy and discharge the liability of the Township upon such 1987 Bond to the extent of the sum or sums so paid, and neither the Township nor the Paying Agent shall be affected by any notice to the contrary.

If any 1987 Bond becomes mutilated, the Township shall execute, and thereupon the Paying Agent shall authenticate and deliver, a new 1987 Bond of like tenor and denomination in exchange and substitution for the 1987 Bond so mutilated but only upon surrender to the Paying Agent of such mutilated 1987 Bond for cancellation, and the Township and the Paying Agent may require reasonable indemnity therefor. If any 1987 Bond is reported lost, stolen, or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Township and the Paying Agent; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the Township shall execute, and thereupon the Paying Agent shall authenticate and deliver, a new 1987 Bond of like tenor and denomination. The cost of providing any substitute 1987 Bond for a mutilated, destroyed, lost or stolen 1987 Bond shall be borne by the holder of the 1987 Bond for whose benefit the substitute 1987 Bond is provided. If any mutilated, lost, stolen or destroyed 1987 Bond shall have matured or is about to mature, the Township may, with the consent of the Paying Agent, pay to the Registered Owner the principal amount of such 1987 Bond upon the maturity thereof,

and any accrued and unpaid interest thereon without the issuance of a substitute 1987 Bond therefor.

SECTION 3. In the manner and with the effect hereinafter provided, 1987 Bonds maturing on and after February 15, 1993 are subject to redemption prior to their respective maturities at the option of the Township, as a whole at any time on or after February 15, 1992, or from time to time, in part on any interest payment date on or after February 15, 1992, in inverse order of maturity and within a maturity by lot, at a redemption price equal to the principal amount thereof plus accrued interest thereon.

Any such redemption, either in whole or in part, shall be made on notice of redemption given not less than fifteen (15) nor more than forty-five (45) days prior to the date fixed for redemption, by first class mail postage prepaid, to each Registered Owner of 1987 Bonds to be redeemed at his or her address as it then appears in the Bond Register; provided, however, that neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one 1987 Bond shall affect the validity of the proceedings for such redemption of any other 1987 Bond. If the Township shall have duly given notice of redemption and shall have provided funds for the payment of the principal of the 1987 Bonds so called for redemption and interest accrued thereon to the date fixed for redemption, interest on such 1987 Bonds shall cease to accrue after said redemption date.

SECTION 4. The 1987 Bonds shall be executed with the manual or facsimile signature of the Chairman of the Board of Township Supervisors and shall have imprinted thereon a facsimile of the seal of the Township, attested with the manual or facsimile signature of the Secretary of the Board of Township Supervisors. No 1987 Bond shall be valid or binding until it has been authenticated by the Paying Agent, hereinafter appointed.

SECTION 5. The principal of the 1987 Bonds shall be payable at the principal corporate office of the Paying Agent hereinafter appointed, in Reading, Pennsylvania, or at a designated office of any successor paying agent appointed by the Township pursuant to the Act, in such coin or currency as at the respective times of payment shall constitute legal tender for the payment of public and private debts. Principal of and interest on the 1987 Bonds shall be paid without deduction for any tax or taxes levied on the 1987 Bonds, or the income therefrom (including any profits from the sale thereof) for state or local purposes in the Commonwealth (except for gift, estate, succession or inheritance taxes or any other taxes not levied directly on the 1987 Bonds, the transfer thereof, the income therefrom, or the realization of profits on the sale thereof) which the Township may be required to pay thereon or retain therefrom, all of which taxes, except as above provided, the Township hereby assumes and agrees to pay, by depositing the amounts of taxes due, on or before the due date thereof, with the Paying Agent

and Sinking Fund Depository for deposit into the Sinking Fund, to be held and applied as provided in Section 12 below.

SECTION 6. In Ordinance No. 207 enacted by the Township on December 17, 1984, the realistic estimated useful life of the project financed by the 1985 Note was stated to be in excess of 25 years.

The realistic estimated useful lives of the various components of the Project being financed with the proceeds of the 1987 Bonds are as follows:

vehicles	4 - 8 years
all other components	20 years

An aggregate principal amount of the 1987 Bonds equal to the cost of the vehicles will mature prior to the end of their useful life, and the balance of the 1987 Bonds will mature prior to the end of the longest useful life of all other components of the 1987 Project.

SECTION 7. The form of the 1987 Bonds and the form of the Paying Agent's Certificate of Authentication shall be substantially as follows:

(FRONT OF BOND)

REGISTERED

REGISTERED

NUMBER

\$ _____

R-(____)-(____)

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
EAST NORRITON TOWNSHIP
GENERAL OBLIGATION BOND, SERIES OF 1987

Interest Rate	Maturity Date	Series Issue Date	CUSIP
		_____, 1987	

Registered Owner

Principal Amount

DOLLARS

EAST NORRITON TOWNSHIP, Pennsylvania (the "Township"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby acknowledges itself indebted and promises to pay to the registered owner hereof, or registered assigns, on the maturity date shown hereon, unless this Bond shall have been previously called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for, upon surrender hereof, the principal sum hereof, and to pay interest thereon from February 15, 1987, or from the most recent interest payment date to which interest has been paid or duly provided for, semiannually on February 15 and August 15 in each year, beginning August 15, 1987, to the registered owner hereof, as appearing on the Bond Register on the close of business on the last day of the month preceding such interest payment dates, until payment of such principal sum has been made or provided for upon redemption at or prior to maturity.

The principal of and premium, if any, on this Bond shall be payable at the principal corporate office of Meridian Bank (the "Paying Agent"), in Reading, Pennsylvania, and interest thereon is payable by check or draft mailed to the registered owner hereof at the address shown on the Bond Register, in lawful money of the United States of America, without deduction for any tax or taxes levied thereon for state or local purposes in the Commonwealth, which tax or taxes the Township assumes and

agrees to pay; provided, however, that the foregoing shall not be applicable to gift, estate, succession or inheritance taxes or to other taxes not levied directly on this Bond, the transfer thereof, the realization of profits on the sale thereof or the interest paid hereon.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This Bond shall not be entitled to any security or benefit hereof nor be valid or become obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Paying Agent.

IN WITNESS WHEREOF, East Norriton Township, Commonwealth of Pennsylvania, as provided by the Act and in Ordinance No. _____, enacted on _____, 1987, has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the Chairman of the Board of Township Supervisors, and a facsimile of its official seal to be affixed hereto, and the facsimile signature of the Secretary of the Board of Township Supervisors to be affixed hereto in attestation thereof.

EAST NORRITON TOWNSHIP

BY: _____
Chairman of the Board of
Township Supervisors

ATTEST:

Secretary

(SEAL)

CERTIFICATE OF AUTHENTICATION AND
CERTIFICATE AS TO OPINION

It is certified that:

(i) This Bond is one of the General Obligation Bonds, of the Series designated herein, described in the within mentioned Bond Ordinance; and

(ii) The text of the Opinion printed on the reverse side of this Bond is a true and correct copy of the text of an original Opinion issued by Schnader, Harrison, Segal & Lewis, Philadelphia, Pennsylvania, which was signed and dated as of the date of the delivery to the initial purchaser of the Series of Bonds of which this Bond is one and is on file at our principal corporate office where the same may be inspected.

_____, Paying Agent

By: _____
Authorized Officer

AUTHENTICATION DATE:

(BACK OF BOND)
EAST NORRITON TOWNSHIP
GENERAL OBLIGATION BOND, SERIES OF 1987

This Bond is one of a series of bonds of the Township, known generally as "General Obligation Bonds, Series of 1987", or the "Bonds", all of like tenor, in the aggregate principal amount of One Million Three Hundred and Forty-Five Thousand Dollars (\$1,345,000), in denominations of \$5,000 each, or whole multiples thereof. Bonds shall be numbered within maturities by consecutive numbers as authenticated by the Paying Agent on original issue or subsequent transfer. This Bond is transferable by the registered owner or his or her duly authorized agent or legal representative at the principal corporate office of the Paying Agent, in Reading, Pennsylvania, upon surrender and cancellation of this Bond and upon the payment of any charges required by the Paying Agent. Every Bond presented or surrendered for transfer shall be duly endorsed or shall be accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Paying Agent, duly executed by the holder hereof or his or her agent or legal representative duly authorized in writing. No transfer of this Bond will be effective until entered on the Bond Register, and any such transfer shall be made in accordance with the provisions of Ordinance No. _____ enacted on _____, 1987 by the Board of Township Supervisors of the Township (the "Bond Ordinance") relating thereto. Upon any such transfer a new registered Bond (or, if requested, Bonds, should the Bond being surrendered for transfer be in a multiple of \$5,000) of the same series and maturity will be authenticated and tendered to the transferee (or transferees) hereof.

Should this Bond be authenticated in a multiple of and greater than \$5,000, and should it be called for redemption under circumstances such that the principal of this Bond causes the aggregate accumulated total principal amount of Bonds drawn by lot to exceed the scheduled redemption amount, then the Paying Agent shall, upon surrender of this Bond, authenticate and tender a replacement Bond or Bonds, as with transfers above, for the unredeemed portion, as well as make payment of the appropriately calculated redemption payment, as hereinafter determined.

The Township and the Paying Agent may deem and treat the person in whose name this 1987 Bond is registered on the Bond Register as the absolute owner hereof for all purposes whether or not this Bond shall be overdue, and neither the Township nor the Paying Agent shall be affected by any notice to the contrary.

Bonds maturing on or after February 15, 1993 are subject to redemption prior to maturity, at the option of the Township, in whole at any time on or after February 15, 1992, or from time to time in part on any interest payment date on or after February 15, 1992 in the inverse order of maturity and within a maturity by lot, at a redemption price equal to the principal amount thereof plus accrued interest thereon.

Any such redemption shall be made after giving notice thereof by first class mail to the registered owners of all Bonds to be redeemed not more than forty-five (45) days nor less than fifteen (15) days prior to the date fixed for redemption at the address shown on the Bond Register. Notice having been so given, and provision having been made for redemption from funds on deposit with the Paying Agent, all interest on the Bonds called for redemption accruing after the date fixed for redemption shall cease, and the registered owners of the Bonds called for redemption shall have no security, benefit or lien under the Bond Ordinance or right hereunder except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

The Bonds are issued for the purpose of providing monies for a project to be undertaken by the Township as more fully described in the Bond Ordinance. The Bonds are issued in accordance with provisions of the Local Government Unit Debt Act, Act of July 12, 1972 (P.L. 781, No. 185), as amended and re-enacted by the Act of April 28, 1978 (P.L. 124, No. 1978-52) (the "Act"), and by virtue of the Bond Ordinance enacted by the Board of Township Supervisors of the Township. The Act, as in effect when the Bonds were authorized, and the Bond Ordinance shall constitute a contract between the Township and the holders, from time to time, of the Bonds.

The Township has covenanted, in the Bond Ordinance, with the holders, from time to time, of the Bonds that the Township shall include the amount of the debt service, for each fiscal year of the Township in which such sums are payable, in its budget for that fiscal year, shall appropriate such amounts from its general revenues for the payment of such debt service, and shall duly and punctually pay or cause to be paid from the sinking fund established under the Bond Ordinance or from any other of its revenues the principal of each of the Bonds and the interest thereon, at the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the Township has pledged and does pledge, its full faith, credit and taxing power. The Act provides that the foregoing covenant of the Township shall be specifically enforceable.

The Township, in the Bond Ordinance, has established a sinking fund with the Paying Agent, as the sinking fund depository, into which funds for the payment of the principal of and interest on the Bonds shall be deposited not later than the tenth business day preceding each date when interest or principal is to become due on the Bonds. The Township has covenanted, in the Bond Ordinance, to make payments out of such sinking fund or out of any other of its revenues or funds, at such times and in such amounts, as shall be sufficient for prompt and full payment of its obligations under the Bonds.

It is hereby certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond or in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Township, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Township.

(FORM OF ASSIGNMENT)

ASSIGNMENT AND TRANSFER

For value received, the undersigned hereby sells, assigns and transfers unto _____ (Social Security or Federal Employer Identification No. _____) the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ agent to transfer the said Bond by entry on the Bond Register, with full power of substitution in the premises.

Dated:

Signature Guaranteed:

Notice: The Assignor's 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 change whatever.

NOTICE: The Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or a trust company.

SECTION 8. Meridian Bank, Reading, Pennsylvania, is hereby appointed Sinking Fund Depository and Paying Agent for the 1987 Bonds (the "Paying Agent"). The Paying Agent is further authorized, and is hereby requested, upon written order of the Chairman of the Board of Township Supervisors and the Secretary of the Township, to authenticate the 1987 Bonds and to deliver them to the initial purchaser (the "Purchaser") thereof designated in Section 16 hereof. The Paying Agent is further appointed Registrar and Transfer Agent of the 1987 Bonds and is directed to maintain the Bond Register for the 1987 Bonds. The proper Township officials are hereby authorized to contract with the Paying Agent for its services in the capacities hereinabove provided, and also to contract with any successor in such duties, except during the existence of any default hereunder or under the 1987 Bonds.

SECTION 9. The remedies available to holders of the 1987 Bonds upon any failure by the Township to pay principal or interest when due include those prescribed by the Act. If such failure should continue for 30 days, any holder will (subject to certain priorities) have the right to bring suit for the amount due him in the Court of Common Pleas for Montgomery County, Pennsylvania. If the Township defaults in the payment of principal or interest and such default continues for 30 days, or if the Township fails to comply with any provision of the 1987 Bonds or of the Ordinance, the holders of 25% or

more in aggregate principal amount of the 1987 Bonds then outstanding may appoint a trustee to represent the holders. Such trustee may, and upon written request of the holders of 25% or more in aggregate principal amount of the 1987 Bonds then outstanding and being furnished with satisfactory indemnity shall, take one or more of the following actions, which will preclude similar action by individual holders: (i) bring suit to enforce all rights of the holders, (ii) bring suit on the 1987 Bonds, (iii) petition the Court to levy the amount due plus estimated costs of collection as an assessment upon all taxable real estate and other property subject to ad valorem taxation in the Township (any such assessment will have the same priority and preference as to other liens or security interests as a lien for unpaid taxes), and (iv) by suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders all as set forth more fully in the Act. If the Paying Agent is willing at such time to serve and exercise the powers conferred upon a trustee appointed in the manner provided in Section 1203 of the Act, subject as aforesaid, such representation shall be exclusive for the purposes herein and in the Act provided.

Enforcement of a claim for payment of principal of or interest on the 1987 Bonds may be subject to the provisions of the federal bankruptcy laws and to the provisions of other statutes enacted by the Congress or the General Assembly of

the Commonwealth of Pennsylvania and to judicial decisions by courts having jurisdiction extending the time for payment or imposing other constraints upon enforcement.

SECTION 10. The Township hereby covenants with the holders, from time to time, of the 1987 Bonds that it (i) shall include the amount of the debt service on the 1987 Bonds, for each fiscal year in which such sums are payable in its budget for such fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the Sinking Fund established under Section 12 hereof or from any other of its revenues or funds the principal of each and every Bond and the interest thereon, at the dates and places and in the manner stated in the 1987 Bonds, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment in respect of the 1987 Bonds, the Township hereby pledges its full faith, credit, and taxing power. As provided in the Act, the foregoing covenant shall be specifically enforceable, subject however, to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights.

SECTION 11. The annual debt service on the 1987 Bonds is as follows:

<u>Year</u> <u>(2/16 to 2/15)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
02/15/88	100,000.00	72,122.50	172,122.50
02/15/89	105,000.00	68,122.50	173,122.50
02/15/90	110,000.00	63,660.00	173,660.00
02/15/91	110,000.00	58,710.00	168,710.00
02/15/92	120,000.00	53,485.00	173,485.00
02/15/93	60,000.00	47,485.00	107,485.00
02/15/94	65,000.00	44,365.00	109,365.00
02/15/95	70,000.00	40,887.50	110,887.50
02/15/96	75,000.00	37,037.50	112,037.50
02/15/97	75,000.00	32,762.50	107,762.50
02/15/98	80,000.00	28,375.00	108,375.00
02/15/99	85,000.00	23,615.00	108,615.00
02/15/00	90,000.00	18,430.00	108,430.00
02/15/01	95,000.00	12,805.00	107,805.00
02/15/02	<u>105,000.00</u>	<u>6,772.50</u>	<u>111,772.50</u>
TOTAL	1,345,000.00	608,635.00	1,953,635.00

The Township shall annually appropriate and deposit in the sinking fund established in Section 12 herein an amount which shall be sufficient for and shall be applied exclusively to the payment of the principal of the 1987 Bonds at maturity and the interest and taxes covenanted to be paid thereon as the same shall become due and payable. The Township shall take such measures, including without limitation the levying of additional taxes, as may be necessary to provide sufficient moneys to meet its obligation to make deposits into the sinking fund on a timely basis.

SECTION 12. A sinking fund is hereby established, designated "Sinking Fund, East Norriton Township, General Obligation Bonds, Series of 1987" (the "Sinking Fund"), which shall be held by the Paying Agent segregated from all other funds of

the Township and which shall be dedicated to the payment of the principal of and interest on the 1987 Bonds. The Township shall deposit in the Sinking Fund (i) all taxes covenanted to be paid pursuant to Section 5 hereof and (ii) not later than ten (10) business days preceding each date when interest or principal is to become due on the 1987 Bonds, sufficient funds so that on each such payment date the Sinking Fund will contain, together with any other available funds therein (and in addition to other funds therein contained and committed to other purposes), sufficient money to pay in full the interest and principal then due on the 1987 Bonds. The Sinking Fund shall be secured and invested by the Paying Agent in securities or deposits authorized by the Act, upon direction of the Township, all as provided in the Act. Said deposits and securities shall be in the name of the Township but subject to withdrawal or collection only by the Paying Agent, and said deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund. The Paying Agent is authorized and directed to pay from the Sinking Fund the taxes covenanted to be paid pursuant to Section 5 hereof as the same shall from time to time become due and payable and to pay the principal of and interest on the 1987 Bonds when due and payable.

The Township covenants that it will not use, or authorize or permit the use of any proceeds of the 1987 Bonds or any other funds of the Township, directly or indirectly, to make any

investment, and will neither take or omit nor permit to be taken or omitted any other action or actions by the Township, its Sinking Fund Depository and Paying Agent, or any other person, which would cause any of the 1987 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") or under any similar statutory provision, or any rule or regulation promulgated thereunder, or which would otherwise cause interest on the 1987 Bonds to become subject to federal income tax.

The Township further covenants that it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Township on the 1987 Bonds will, for the purposes of federal income tax, be exempt from all income taxation under any valid provision of law.

SECTION 13. This Ordinance and the Act as in effect on the effective date of this Ordinance shall constitute a contract between the Township and the holders from time to time of the 1987 Bonds. Prior to the closing on the sale of the 1987 Bonds, this Ordinance may be modified without the need for further action of the Board of Township Supervisors solely for amendments which (a) are required by Bond Counsel, the Purchaser or the Act; (b) do not materially affect the obligations of the Township, are ministerial or technical in nature, and are generally in the nature of, and relate to matters customarily and appropriately

approved and administered by, the Finance Director or the Manager of the Township; and (c) are approved by either the Finance Director or the Manager of the Township (as conclusively established by the inclusion of such modifications in the certified copy of this Ordinance delivered to the Purchaser at the closing on the sale of the 1987 Bonds). After closing on the sale of the Bonds, this Ordinance may be modified (i) without the consent of the holders insofar as any such modification does not adversely affect their rights as such, and (ii) in other respects, with the consent of the holders of not less than seventy-five percent (75%) in principal amount of the 1987 Bonds then outstanding; provided, however, that no such modification may be made which would reduce such percentage required for consent, or affect the rights of the holders of less than all of the outstanding 1987 Bonds, or affect the terms of payment of the principal of and interest on the 1987 Bonds without the consent of the holders of all of the 1987 Bonds then outstanding.

SECTION 14. The proper Township officials, including, without limitation, the Township Manager are hereby authorized and directed to prepare or cause to be prepared, and to certify and file with the Department of Community Affairs of the Commonwealth of Pennsylvania, a Debt Statement and a Borrowing Base Certificate as are required pursuant to Section 410 of the Act. The Township shall certify to said Department a complete and accurate copy of the proceedings had for increasing the debt of

the Township and shall take all such further action as may be required by the Act for the purpose of obtaining said Department's approval of said increase of debt.

SECTION 15. The Board of Township Supervisors hereby finds that a private sale of the 1987 Bonds by negotiation is in the best financial interest of the Township. The 1987 Bonds shall be sold at negotiated sale upon receipt of an acceptable proposal for the purchase thereof, which proposal shall be in compliance with the provisions of the Act.

SECTION 16. The proposal (the "Proposal") of PNC Investment Company, an affiliate of Provident National Bank, (the "Purchaser") for the purchase of the 1987 Bonds at a price of \$1,324,825 (being 98.5% of the principal thereof with an effective net interest rate of 6.01444% per annum), plus accrued interest to the settlement date, is hereby accepted, and the 1987 Bonds are hereby awarded to the Purchaser, said acceptance and award being conditioned, however, upon all parts of this Ordinance becoming effective and the Department of Community Affairs of the Commonwealth of Pennsylvania approving the issuance of the 1987 Bonds. The Chairman of the Board of Township Supervisors and the Secretary of the Township and their respective successors are further authorized and directed to deliver the 1987 Bonds to the Purchaser upon fulfillment of the aforementioned conditions and receipt of the purchase money, and in connection therewith the proper officials of the Township are hereby authorized to execute a Closing Statement listing costs incurred

with respect to the issuance of the 1987 Bonds that will be paid from proceeds of the 1987 Bonds and all necessary affidavits and such other documents as may be necessary or convenient to make settlement for the 1987 Bonds. The Chairman of the Board of Township Supervisors is hereby authorized on behalf of the Board of Township Supervisors, to sign and distribute a Preliminary Official Statement in respect of the 1987 Bonds in substantially the form presented to this meeting, and any and all actions previously taken with respect thereto are hereby ratified and confirmed, and to prepare, sign and distribute a final Official Statement, following such investigation as he deems necessary, with the advice of counsel, when he is satisfied as to the contents thereof.

SECTION 17. The payment and retirement of the 1985 Note on February 27, 1987 is hereby authorized.

SECTION 18. The proper officers of the Township are hereby authorized and directed, upon settlement for the 1987 Bonds, to deposit irrevocably at the Paying Agent, (i) from the proceeds of the 1987 Bonds, the sum of \$267,860; and (ii) from other of its funds the sum of \$80,409.41, the total of which sums are equal to the principal and interest to become due on the 1985 Note on February 27, 1987, the date on which the 1985 Note is to be retired. The Township hereby irrevocably authorizes and directs the Paying Agent and the Township Manager to give to the holder of the 1985 Note timely notice of redemption and to pay to the holder of the 1985 Note on February 27, 1987

the principal and interest due on the 1985 Note, in satisfaction thereof. Upon deposit of the above specified sum in the manner provided in this Section 18, the 1985 Note shall no longer be deemed to be outstanding for the purpose of determining the net debt of the Township.

The balance of the proceeds from the 1987 Bonds shall be deposited by the Township in an account (the "1987 Bond Account") at the Paying Agent which shall be separate from all other Township accounts, and which shall be used only for the purposes set forth in Section 1 herein (other than payment of the 1985 Note). Moneys in the 1987 Bond Account shall be invested by the Paying Agent, at the direction of the Township, in such investments as are authorized by the the Act.

SECTION 19. The appropriate officers of the Township shall obtain Municipal Bond Insurance on the 1987 Bonds from MBIA and pay the applicable premium therefor from the proceeds of the 1987 Bonds, together with all other fees and costs of issuing the 1987 Bonds. The appropriate officers of the Township are authorized to execute and deliver applications and such other documents as may be necessary or required to obtain said insurance.

SECTION 20. In the event that the principal and/or interest due on the 1987 Bonds shall be paid by MBIA pursuant to the Municipal Bond Guarantee Insurance Policy, the 1987 Bonds shall remain outstanding, not be defeased and not be considered paid by the Township, and all covenants, agreements and

other obligations of the Township to the holders in whose names 1987 Bonds are registered shall continue to exist, and MBIA shall be subrogated to the rights of such holders. The Paying Agent shall take all necessary actions to evidence such subrogation on the Bond Register or otherwise.

Anything in this Ordinance to the contrary notwithstanding, MBIA shall be deemed to be a Registered Owner of the 1987 Bonds insured by MBIA: (i) at all times for the purpose of giving any approval or consent to the execution and delivery of any supplemental ordinance or any amendment, change or modification of other documents which under the Act or this Ordinance requires the written approval or consent of Registered Owners of the 1987 Bonds at the time outstanding, and (ii) following an event of default for all other purposes.

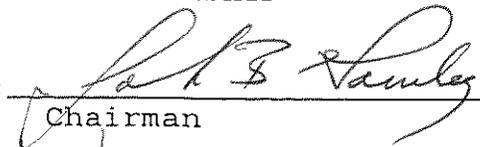
SECTION 21. The Board of Supervisors hereby elects, under and for the purpose of Section 265(b)(3) of the Code, to designate the 1987 Bonds as "qualified tax-exempt obligations" as such term is defined in Section 265(b)(3) of the Code.

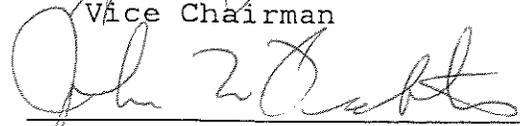
SECTION 22. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, clause or part of this Ordinance, it being the intent of this Township that such remainder shall be and shall remain in full force and effect.

SECTION 23. This Ordinance shall become effective on the earliest date permitted by the Act.

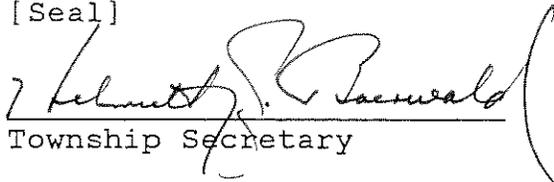
SECTION 24. All ordinances of the Township or parts thereof insofar as they are inconsistent herewith are hereby rescinded.

THE BOARD OF TOWNSHIP
SUPERVISORS OF EAST
NORRITON TOWNSHIP

By: 
Chairman

Vice Chairman

Supervisor

Attest:
[Seal]


Township Secretary