

ORDINANCE NO. 435
OF THE BOARD OF SUPERVISORS
OF THE TOWNSHIP OF EAST NORRITON,
MONTGOMERY COUNTY, PENNSYLVANIA

AN ORDINANCE THAT AUTHORIZES THE INCURRENCE OF NON-ELECTORAL DEBT BY THE TOWNSHIP OF EAST NORRITON (THE "TOWNSHIP") PURSUANT TO THE ISSUANCE OF THE GENERAL OBLIGATION NOTE, SERIES OF 2002 (THE "2002 NOTE") IN THE AGGREGATE PAR AMOUNT OF \$1,552,000 AND APPROVES CERTAIN CAPITAL PROJECTS; APPROVES THE NEGOTIATED SALE OF THE 2002 NOTE TO THE DELAWARE VALLEY REGIONAL FINANCE AUTHORITY; APPROVES THE SUBSTANTIAL FORMS OF THE PROMISSORY NOTE AND LOAN AGREEMENT AND AUTHORIZES EXECUTION AND DELIVERY OF ALL NECESSARY DOCUMENTS; STATES THE AMORTIZATION SCHEDULE AND MAXIMUM ANNUAL DEBT SERVICE PAYMENTS; PLEDGES THE FULL FAITH, CREDIT, AND TAXING POWER OF THE TOWNSHIP FOR THE TIMELY PAYMENT OF THE DEBT SERVICE; CREATES AND APPOINTS A SINKING FUND DEPOSITORY; AUTHORIZES THE APPLICATION TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AUTHORIZES ADVERTISEMENT OF ENACTMENT; AND REPEALS INCONSISTENT ORDINANCES.

WHEREAS, certain capital projects (the "2002 Project"), consisting of (i) the refunding of the General Obligation Bonds, Series of 1996 (the "1996 Bonds") and (ii) the costs incurred to issue the 2002 Note, will benefit the residents of the Township of East Norriton; and

WHEREAS, the 2002 Project shall be for the benefit and use of the general public, and no private party shall have any special legal entitlement to the beneficial use of the 2002 Project, through a lease, management contract, or any other arrangement; and

WHEREAS, the incurrence of non-electoral debt by the Township is necessary to fund the 2002 Project; and

WHEREAS, the proposed increase of non-electoral debt, together with the non-electoral and lease rental debt presently outstanding, will not cause the constitutional or statutory debt limitations of the Township to be exceeded.

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

SECTION 1. APPROVAL OF THE 2002 PROJECT AND AUTHORIZATION OF THE 2002 NOTE

The 1996 Bonds shall be refunded, pursuant to Section 8241(b)(1) of the *Local Government Unit Debt Act* (the “*Act*”); to reduce total debt service.. The term of the debt shall not be extended by the refunding, in accordance with Section 8243 of the *Act*. Pursuant to Section 8142(a)(2)(i) of the *Act*, the estimated remaining useful lives of the projects originally funded by the 1996 Bonds exceed the amortization periods of the principal of the 2002 Note. The principal of the 2002 Note shall be amortized to provide more level, overall annual debt service, pursuant to Section 8142(b)(2) of the *Act*. The amortization of the principal amount of the 2002 Note shall begin within two years of the date of issue in accordance with Section 8142(c) of the *Act*.

The Board of Supervisors hereby authorizes and approves the 2002 Project. The Board of Supervisors hereby directs the Paying Agent of the 1996 Bonds to send notices, in accordance with the terms of the 1996 Bonds, of the optional redemption of all of the outstanding principal of the 1996 Bonds on February 15, 2002. The Board of Supervisors hereby authorizes and directs the incurring of non-electoral debt in the aggregate par amount of \$1,552,000 by the issuance of the 2002 Note.

SECTION 2. APPROVAL OF THE PURCHASE PROPOSAL AND AUTHORIZATION TO EXECUTE AND DELIVER ALL NECESSARY DOCUMENTS

The Board of Supervisors, after due deliberation and investigation, hereby determines that a private sale by negotiation of the 2002 Note is in the best financial interest of the Township. The 2002 Note shall be sold at negotiated sale in accordance with the terms of a Purchase Proposal (the "Purchase Proposal") submitted by the Delaware Valley Regional Finance Authority (the "DVRFA"), attached hereto as Exhibit I. The DVRFA's Purchase Proposal for the 2002 Note at an aggregate price of \$1,552,000 from the proceeds of DVRFA's Local Government Revenue Bonds, Series of 1998 (the "DVRFA Bonds") is hereby accepted. The Township shall be responsible for paying the DVRFA's costs of issuance in an amount not to exceed \$6,208, as directed by the DVRFA's Program Administrator upon the issuance of the 2002 Note. The 2002 Note shall be purchased by the DVRFA on or about February 15, 2002, or in such installments and/or at such other times as the Chairman of the Board of Supervisors and the DVRFA's Program Administrator shall determine.

SECTION 3. APPROVAL OF THE FORMS OF THE PROMISSORY NOTE AND LOAN AGREEMENT

The substantial forms of the Promissory Note and Loan Agreement attached to the Purchase Proposal are hereby approved. The Chairman or Vice Chairman and the Secretary are hereby authorized and directed to execute and deliver the Promissory Note and Loan Agreement, in the substantial forms attached to the Purchase Proposal, but with such alterations, deletions and additions as the Chairman or Vice Chairman may approve (such approval to be conclusively established by the execution of the Loan Agreement and the Promissory Note by the Chairman or Vice Chairman). The Chairman or Vice Chairman and the Secretary also are hereby authorized and directed (i) to execute and deliver such other certificates, instruments, and agreements (including those required by any institution issuing any municipal bond insurance policy, letter of credit or similar instrument securing the DVRFA Bonds) and (ii) to take all actions that may be necessary or beneficial to issue the 2002 Note.

SECTION 4. AMORTIZATION SCHEDULE AND MAXIMUM ANNUAL DEBT SERVICE PAYMENTS

The indebtedness of the 2002 Note shall be evidenced by one Note in the aggregate par amount of ONE MILLION FIVE HUNDRED FIFTY TWO THOUSAND DOLLARS

(\$1,552,000). The 2002 Note shall bear interest at the floating rate specified in the Loan Agreement and Promissory Note, the substantial forms of which are attached to the Purchase Proposal. The principal amortization schedule and maximum annual debt service payments as defined in the Promissory Note and Loan Agreement for the 2002 Note (based upon the maximum interest rate of 15%) are shown below:

**Township of East Norriton
General Obligation Note, Series of 2002
Principal Amortization Schedule and
Maximum Annual Debt Service at 15% Interest Rate**

<i>Year Ending</i>	<i>Principal Payment (1)</i>	<i>Maximum Interest Rate</i>	<i>Maximum Interest Payment (2)</i>	<i>Maximum Annual Debt Service</i>
25-Jul-02	\$ -	15%	\$ 102,049.32 (3)	\$ 102,049.32
25-Jul-03	98,000.00	15%	232,800.00	330,800.00
25-Jul-04	102,000.00	15%	218,100.00	320,100.00
25-Jul-05	106,000.00	15%	202,800.00	308,800.00
25-Jul-06	111,000.00	15%	186,900.00	297,900.00
25-Jul-07	116,000.00	15%	170,250.00	286,250.00
25-Jul-08	121,000.00	15%	152,850.00	273,850.00
25-Jul-09	126,000.00	15%	134,700.00	260,700.00
25-Jul-10	132,000.00	15%	115,800.00	247,800.00
25-Jul-11	138,000.00	15%	96,000.00	234,000.00
25-Jul-12	144,000.00	15%	75,300.00	219,300.00
25-Jul-13	148,000.00	15%	53,700.00	201,700.00
25-Jul-14	<u>210,000.00</u>	15%	<u>31,500.00</u>	<u>241,500.00</u>
Total	<u>\$ 1,552,000.00</u>		<u>\$ 1,772,749.32</u>	<u>\$ 3,324,749.32</u>

- (1) Principal is amortized to provide more level overall debt service.
Principal payments are due on July 25, commencing July 25, 2003.
- (2) Interest is payable monthly on the 25th day of the month, commencing February 25, 2002.
- (3) Calculated for the period beginning on February 15, 2002.

SECTION 5. PLEDGE OF FULL FAITH, CREDIT, AND TAXING POWER

The 2002 Note is hereby declared to be a general obligation of the Township. The Township covenants (i) to include all amounts due and payable under the 2002 Note (including interest and principal due on the 2002 Note and any Administrative Fees and Expenses or deficiencies of reserves due under the Loan Agreement) in the budget of the fiscal year in which such amounts are due and payable, (ii) to appropriate such amounts from its taxes and other general revenues, and (iii) to pay, or cause to be paid, punctually and duly, such amounts that are due and payable under the 2002 Note from its sinking fund or any other of its revenues or funds at the dates and places and in the manner stated in the 2002 Note according to the true intent and meaning thereof. For such budgeting, appropriation, and payment, the Township irrevocably pledges its full faith, credit, and taxing power. As provided by the *Act*, this covenant shall be specifically enforceable.

SECTION 6. SINKING FUND DEPOSITORY

The Board of Supervisors hereby finds and acknowledges that under the terms of the Loan Agreement for the 2002 Note and the Trust Indenture for the DVRFA's Bonds, Commerce Bank/Pennsylvania, National Association (the "Bank"), or its successors, shall serve and is hereby appointed as the Sinking Fund Depository, shall maintain separate accounts, subaccounts and subfunds for Repayments (as defined in the Loan Agreement) to be made by the Township until such 2002 Note is paid in full. These accounts, subaccounts and subfunds shall, collectively, constitute the "Sinking Fund" required by the *Act* for the 2002 Note. The Board of Supervisors hereby authorizes, empowers, and directs all proper Township officials to contract with the Bank (to the extent any further contract is deemed necessary) to serve as Sinking Fund Depository for the 2002 Note.

SECTION 7. AUTHORIZATION TO SUBMIT STATEMENTS TO THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The Solicitor and Secretary of the Township are hereby authorized to prepare and to submit to the Department of Community and Economic Development ("DCED") the debt

statement required by the *Act*, the proceedings that authorize the incurrence of electoral and non-electoral debt, and any other documents required by the *Act* or DCED.

SECTION 8. LEGAL ADVERTISEMENTS

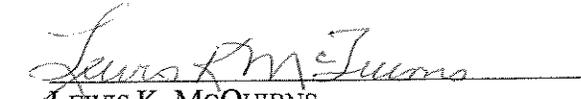
The advertising of a summary of this Ordinance as finally enacted, as required by the *Act*, in *The Times Herald*, a newspaper of general circulation in the Township, is hereby approved, ratified, and confirmed. The advertisement is hereby directed within fifteen (15) days following the day of final enactment.

SECTION 9. CONFLICTING ORDINANCES

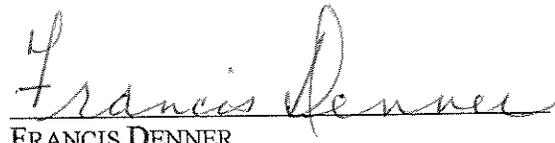
All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

IN WITNESS WHEREOF, we, the undersigned authorized officials of the Township of East Norriton, Commonwealth of Pennsylvania have hereunto set our signatures and affixed hereto the Seal of the Township.

Dated: January 7, 2002


LEWIS K. MCQUIRNS
Chairman of the Board of Supervisors
Township of East Norriton, Pennsylvania


DONALD J. GRACIA
Supervisor
Township of East Norriton, Pennsylvania


FRANCIS DENNER
Supervisor
Township of East Norriton, Pennsylvania

[Seal]



ATTEST:


HELMUTH J. H. BAERWALD
Secretary
Township of East Norriton, Pennsylvania