

**BOARD OF SUPERVISORS
WORCESTER TOWNSHIP**

MONTGOMERY COUNTY, PENNSYLVANIA

ORDINANCE NO. 2013-246

AN ORDINANCE INCREASING THE INDEBTEDNESS OF WORCESTER TOWNSHIP TO FINANCE CERTAIN CAPITAL PROJECTS, INCLUDING WITHOUT LIMITATION, RENOVATIONS TO AND EXPANSION OF THE TOWNSHIP'S VALLEY GREEN WASTE WATER TREATMENT PLANT, BY AUTHORIZING THE ISSUANCE OF A GENERAL OBLIGATION NOTE IN THE AMOUNT OF \$2,500,000 AT A PRIVATE SALE; FIXING THE FORM, NUMBER, DATE, INTEREST, AND MATURITY THEREOF; MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE NOTE; CREATING A SINKING FUND; PROVIDING FOR THE FILING OF THE REQUIRED DOCUMENTS WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AND AUTHORIZING EXECUTION, SALE AND DELIVERY THEREOF.

ENACTED: _____

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WHEREAS, Worcester Township, Montgomery County, Pennsylvania ("Worcester Township," "Township," or "Local Government Unit") has determined to undertake certain capital projects of the Township (the "Project") including without limitation, (1) financing certain capital projects, including without limitation, renovations to and expansion of the Township's Valley Green Waste Water Treatment Plant; and (2) paying the costs and expenses related to the issuance of the Note (as defined below); and

WHEREAS, Worcester Township has received preliminary realistic cost estimates from professional consultants indicating the sum of \$2,500,000 will be needed to complete the Project;

WHEREAS, the Township has determined to finance the Project by incurring indebtedness and issuing its \$2,500,000 aggregate principal amount General Obligation Note, Series of 2013 (the "Note") in accordance with the Pennsylvania Local Government Unit Debt Act, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177) (the "Act"), the proceeds of which shall be used for the purpose of financing the Project; and

WHEREAS, the proposed increase of debt, together with its non-electoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of Worcester Township's debt incurring power, pursuant to constitutional and statutory authority, to be exceeded;

WHEREAS, Worcester Township desires to provide for the creation of a Sinking Fund, appointment of a bank to act as the Sinking Fund Depository, as to authorize the proper officials to contract for services of the Sinking Fund Depository.

WHEREAS, Worcester Township has determined that it has received an acceptable proposal (the "Proposal") for the purchase of the Note from Univest Bank and Trust Co. (the "Purchaser") and desires to authorize the issuance of the Note for the purposes set forth herein, upon the terms and conditions and in the form as herein provided;

NOW, THEREFORE, be it ordained and enacted by the Board of Supervisors of Worcester Township as follows:

SECTION 1. ORDINANCE PROVISIONS.

- A. The Township hereby approves the Project described in the recitals hereto and authorizes the incurring of indebtedness pursuant to the Act by the issuance of the Note in the principal amount of \$2,500,000. Funds shall be advanced for the Project in accordance with the terms of the Note. The Note shall be issued for the foregoing purposes and be incurred as non-electoral debt.
- B. It is hereby determined and declared that the average estimated useful life of the components of the Project is not less than twenty-six (26) years and that the Township has obtained realistic estimates of the costs of the Project through bid prices or estimates from qualified persons as required by Section 8006 of the Act. It is hereby determined that the Note is scheduled to mature in accordance with the limitations set forth in Section 8142 of the Act.
- C. The Note shall be issued in the aggregate principal amount of \$2,500,000, and shall bear interest and mature as set forth in the form of Note attached hereto as Exhibit "A" and made a part hereof. The Note shall be payable at the place and in the manner and shall be substantially in the form attached hereto as Exhibit "A" and made a part hereof.
- D. The Note is hereby declared to be a general obligation of the Township. Worcester Township hereby covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year, shall appropriate such amounts to the payment of such debt service; and shall duly and punctually pay or cause to be paid the principal of the Note and the interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for

such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the Worcester Township is hereby irrevocably pledged. This covenant shall be specifically enforceable.

- E. Uninvest Bank and Trust Co. is hereby designated as paying agent, bond registrar and sinking fund depository, and there is hereby created and established a Sinking Fund, to be known as "Sinking Fund 2013 General Obligation Note" for the payment of the principle and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The Treasurer shall deposit into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment of principle and interest on the obligation no later than the date upon which payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by Worcester Township, withdraw available monies in the Sinking Fund and apply said monies to payment of principle and interest on the obligation.

- F. The Note shall be executed in the name and under the corporate seal of Worcester Township by the Chairman or Vice-Chair of the Board of Supervisors, and attested by the Secretary of the Township. The officers of the Township are hereby authorized and directed to deliver said Note to the purchaser, and receive payment therefore on behalf of Worcester Township. The Township Manager and Secretary of Worcester Township are authorized and directed to prepare, verify and file the debt statement required by Section 8110 of the Act and to take other necessary action, including, if necessary or desirable, any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt. The Township Manager and Secretary of the Township, with other proper officers of the Township, are authorized to apply for and receive approval of the Department of Community and Economic Development as required under the Act of the proceedings for incurring debt by the Township pursuant to this Ordinance. The Township Manager and any members of the Worcester Township Board of Supervisors are hereby authorized to contract with Uninvest Bank and Trust Co., for its services as Sinking Fund Depository for the Note and paying agent for the same.

- G. In compliance with Section 8161 of the Act, the members of the Board of Supervisors have determined that a private sale by negotiation rather than public sale is in the best financial interest of Worcester Township. Therefore, the Note in the amount of \$2,500,000 herein authorized to be issued and sold is hereby awarded and sold to Uninvest Bank and Trust Co. in accordance with its proposal to

purchase the said Note at par; provided the said Note is dated the delivery thereof to Univest Bank and Trust Co.; and further provided that the proceedings have been approved by the Department of Community and Economic Development if such approval is required under the provisions of the Act.

- H. The action of the proper officers and the advertising of a summary of this Ordinance as required by law in The Times Herald, a newspaper of general circulation, is ratified and confirmed. The advertisement in said paper of the enactment of the ordinance is hereby directed within fifteen (15) days following the day of final enactment.
- I. It is declared that the debt to be incurred hereby, together with any other indebtedness of this Local Government Unit, is not in excess of any limitation imposed by the Act upon the incurring of debt by the Township.
- J. The Township hereby covenants with the holders from time to time of the Note that it will at all times do and perform all actions and things within its power which are necessary or desirable in order to assure that interest paid on the Note will, for purposes of federal income taxation, be and remain excludable from the gross income of the recipients thereof and that it will refrain from doing or performing any act or thing that would cause such interest not to be so excludable and to otherwise comply with the requirements of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"). The Township further covenants with the holders from time to time of the Note that it will make no investment or other use of the proceeds of the Note, which, if such investment or use had been reasonably expected on the date of issuance of the Note, would cause the Note to be "arbitrage bond(s)" within the meaning of Section 148 of the Code, and the regulations applicable thereto and that this covenant shall extend throughout the term of the Note and shall apply to all amounts which are proceeds of the Note for purposes of said section and regulations. Neither the Treasurer nor any other official or agent of the Township shall make any investment inconsistent with the foregoing covenant. The Treasurer and all other Township officials responsible for investment shall follow the advice or direction of Note Counsel for the Township (the "Note Counsel") as to investments, which may be made in compliance with this covenant. The appropriate officers of the Township are hereby authorized to execute a tax compliance agreement (the "Tax Compliance Agreement") to carry out the foregoing covenants. The Tax Compliance Agreement shall be substantially in the form acceptable to Note Counsel, with such changes as may be approved by the officer executing the Tax Compliance Agreement, upon the advice of Note

Counsel, such approval to be conclusively evidenced by such officer's execution of the Tax Compliance Agreement. If required under the Tax Compliance Agreement, there shall be established a "note rebate fund," which shall be held and maintained by the Township in accordance with the Tax Compliance Agreement, separate and apart from other funds of the Township. The foregoing tax covenants in this Section may be excused or modified if, and to the extent that, the Township receives an opinion of nationally recognized Note Counsel that such absence of compliance will not adversely affect the exemption from federal income taxation of interest on the Note.

K. In accordance with the Code, the Township hereby represents and warrants, after due investigation and to the best of its knowledge, that: (i) the Note is not "private activity bonds" within the meaning of Section 141 of the Code, and (ii) the aggregate face amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code (which includes qualified 501(c)(3) bonds but not any other private activity bonds) issued or to be issued by the Township (and all other issuers which must be aggregated with the Township pursuant to the Code) during the 2013 calendar year (including the Note, but excluding current refunding obligations not required to be taken into account for purposes of that Section of the Code and further excluding those bonds "deemed designated" under the Code), is not reasonably expected to exceed \$10,000,000. The Township hereby designates the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code. The Township hereby authorizes the proper officers of the Township to execute a certificate to that effect at the time of the closing.

SECTION 2. REPEAL AND RATIFICATION.

All ordinances or parts of ordinances inconsistent herewith or in conflict with any of the specific terms enacted hereby, to the extent of said inconsistencies or conflicts, are hereby specifically repealed. Any other terms and provisions of the ordinances of the Township that are unaffected by this Ordinance are hereby reaffirmed and ratified.

SECTION 3. SEVERABILITY.

Should any section, paragraph, sentence, clause, or phrase in this Ordinance be declared unconstitutional or invalid for any reason, the remainder of the Ordinance shall not be affected thereby and shall remain in full force and effect, and for this reason the provisions of this Ordinance shall be severable.

SECTION 4. EFFECTIVE DATE.

This Ordinance shall become effective five (5) days after enactment.

ORDAINED AND ENACTED this 17th day of July, 2013, by the Board of Supervisors of Worcester Township.

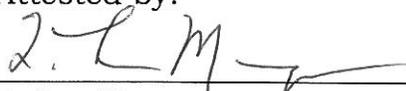
**BOARD OF SUPERVISORS
WORCESTER TOWNSHIP**

[seal]



Arthur C. Bustard
Chairman

Attested by:



F. Lee Mangan
Township Manager/ Secretary

EXHIBIT "A"
[Note Form]