

ORDINANCE NO. 89-10
OF THE
BOARD OF SUPERVISORS
TOWNSHIP OF HILLTOWN
Bucks County, Pennsylvania

APPROVING CERTAIN REFUNDING AND CAPITAL IMPROVEMENT PROJECTS AND BRIEFLY DESCRIBING THE SAME; SETTING FORTH THE REALISTIC ESTIMATED USEFUL LIVES OF THE PROJECTS FOR WHICH CERTAIN GUARANTEED REVENUE BONDS OF THE HILLTOWN TOWNSHIP WATER AND SEWER AUTHORITY (THE "AUTHORITY") ARE BEING ISSUED; AUTHORIZING THE INCURRENCE OF LEASE RENTAL DEBT BY THE TOWNSHIP EVIDENCED BY THE EXECUTION OF THE LEASE AND GUARANTY AGREEMENT DESCRIBED HEREIN IN CONNECTION WITH SUCH BONDS; AUTHORIZING OFFICERS OF THE TOWNSHIP TO PREPARE AND VERIFY A DEBT STATEMENT AND DIRECTING THE SECRETARY TO FILE SUCH STATEMENT TOGETHER WITH A CERTIFIED COPY OF THIS ORDINANCE AND PROOFS OF PUBLICATION WITH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AFFAIRS AND TO PAY ANY NECESSARY FILING FEES; APPROVING THE FORM OF THE LEASE BETWEEN THE AUTHORITY AND THE TOWNSHIP AND THE RENTALS PAYABLE BY THE TOWNSHIP THEREUNDER AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF AND INCLUDING SUCH RENTALS IN THE TOWNSHIP'S BUDGET FOR EACH FISCAL YEAR; CONSENTING TO THE CANCELLATION OF A CERTAIN 1986 TOWNSHIP BUILDING LEASE; APPROVING THE FORM OF THE GUARANTY AGREEMENT AMONG THE AUTHORITY, THE TOWNSHIP AND THE TRUSTEE NAMED HEREIN AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; STATING THE ANNUAL AMOUNTS OF PRINCIPAL AND INTEREST TO BE PAID UNDER THE GUARANTY AGREEMENT, COVENANTING THE PAYMENT THEREOF AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWNSHIP THEREFOR; CONSENTING TO THE CANCELLATION OF A CERTAIN 1986 GUARANTY AGREEMENT; APPROVING THE SELF-LIQUIDATING DEBT REPORT OF THE CONSULTING ENGINEERS OF THE AUTHORITY AND AUTHORIZING AND DIRECTING THE FILING THEREOF AND THE PREPARATION AND FILING OF ANY OTHER STATEMENTS AND REPORTS REQUIRED TO QUALIFY THE DEBT OR ANY PORTION THEREOF FOR EXCLUSION FROM THE APPROPRIATE DEBT LIMIT AS SELF-LIQUIDATING; AUTHORIZING THE OFFICIALS OF THE TOWNSHIP TO TAKE OTHER APPROPRIATE ACTION; REPEALING ALL ORDINANCES INCONSISTENT HEREWITH

WHEREAS, Hilltown Township Water and Sewer Authority (the "Authority"), a municipality authority created and existing under the Pennsylvania Municipality Authorities Act of May 2, 1945, P.L. 382, as amended (the "Authorities Act"), presently (a) owns and operates (i) a certain sanitary sewage collection

system (all thereof, together with any additions, extensions and improvements from time to time hereafter acquired or constructed and all property and interests in property now or hereafter acquired by the Authority in connection therewith and with the collection and treatment of sewage in any area in which the Authority may be authorized to serve, being hereinafter collectively called the "Sewer System") and (ii) certain water collection, storage and distribution facilities (all thereof, together with any additions, extensions and improvements from time to time hereafter acquired or constructed and all property and interests in property now or hereafter acquired by the Authority in connection therewith and with the supply and distribution of water in any area in which the Authority may be authorized to serve, being hereinafter collectively called the "Water System") and (b) leases to the Township of Hilltown, Bucks County, Pennsylvania (the "Township") a municipal building (the "Township Building") heretofore constructed by the Authority for use by the Township; and

WHEREAS, the costs of the construction of the Water System and the Township Building were heretofore financed by the Authority through the issuance of its \$2,745,000 Guaranteed Revenue Bonds, Series of 1986 (the "Existing Bonds"); and

WHEREAS, in connection with the issuance of and security for the Existing Bonds, (i) the Authority entered into a trust indenture dated as of July 1, 1986 (the "1986 Indenture") with Union National Bank & Trust Company of Souderton, as trustee (the "Existing Trustee"), (ii) the Authority assigned and pledged to the Existing Trustee all revenues, rentals and moneys of the Authority derived from or in connection with the Water System as security for the payment of the principal of, and interest on, the Existing Bonds the proceeds of which were allocated to the Water System, (iii) the Authority, as lessor, and the Township, as lessee, entered into a Township Building Lease dated as of July 1, 1986 (the "1986 Township Building Lease") whereby the Authority assigned and pledged the 1986 Township Building Lease and all rentals payable by the Township thereunder to the Existing Trustee as security for the payment of the principal of, and interest on, the Existing Bonds the proceeds of which were allocated to the Township Building, and (iv) the Township, the Authority and the Existing Trustee entered into a Guaranty Agreement dated as of July 1, 1986 (the "1986 Guaranty") whereby the Township unconditionally guaranteed the payment of the principal of, and interest on, all of the Existing Bonds; and

WHEREAS, the 1986 Indenture, the 1986 Township Building Lease and the 1986 Guaranty are collectively referred to as the "Existing Bond Documents"; and

WHEREAS, by the execution of the 1986 Township Building Lease and the 1986 Guaranty the Township has heretofore incurred lease rental debt pursuant to the Pennsylvania Local

Government Unit Debt Act, as amended and re-enacted (the "Debt Act"); and

WHEREAS, the Authority has determined to undertake other authorized projects consisting, inter alia, of (i) the advance refunding of the Existing Bonds, the construction of improvements to the Sewer System and additional improvements to the Water System and the acquisition and construction of various capital improvements in and for the Township (the "Series A Project"), and (ii) the repayment of a certain existing taxable sewer revenue anticipation note (the "Series B Project"). The Series A Project and the Series B Project are collectively referred to as the "Projects"; and

WHEREAS, to accomplish the advance refunding of the Existing Bonds, the Authority and the Existing Trustee will enter into a certain Escrow Deposit Agreement dated as of December 1, 1989, pursuant to which the Authority will deposit a portion of the 1989 Series A Bonds proceeds (hereinafter defined) in an irrevocable escrow fund, which proceeds, together with investment earnings thereon, will be sufficient to enable the Existing Trustee to make all payments of principal and interest becoming due or accruing to July 1, 1996, and to redeem on July 1, 1996, all then outstanding Existing Bonds and to pay all other charges and sums due under the Existing Bond Documents; and

WHEREAS, upon such deposit and subject to certain conditions, the Authority and the Township will provide for the defeasance, termination and release of the Existing Bond Documents; and

WHEREAS, the improvements to both the Water System and the Sewer System will be constructed pursuant to separate plans and specifications prepared by Cowan Associates, Inc., Quakertown, Pennsylvania (the "Consulting Engineers"); and

WHEREAS, in order to finance, inter alia, the Projects, the Authority has determined to issue two series of guaranteed revenue bonds designated as "Guaranteed Revenue Bonds, Series A of 1989" in the aggregate principal amount not to exceed \$5,000,000 (the "1989 Series A Bonds") and "Guaranteed Sewer Revenue Bonds, Series B of 1989" in the aggregate principal amount not to exceed \$410,000 (the "1989 Series B Bonds"). The 1989 Series A Bonds and the 1989 Series B Bonds are collectively referred to herein as the "1989 Bonds"; and

WHEREAS, the 1989 Bonds will be issued under and secured by a trust indenture (the "Indenture") dated as of December 1, 1989 from the Authority to Union National Bank & Trust Company of Souderton, as trustee (the "Trustee"); and

WHEREAS, in connection with the issuance of the 1989 Series A Bonds allocated to the Township Building and other

Township projects financed therewith, the Authority, as lessor, and the Township, as lessee, will enter into a certain lease dated as of December 1, 1989 (the "Lease") pursuant to which the Township will pay lease rentals to the Authority in amounts sufficient to pay the debt service payments due on the 1989 Series A Bonds so allocated; and

WHEREAS, in order to secure the payment of the principal of, and interest on, the 1989 Bonds, the Authority will assign and pledge to the Trustee all revenues, rentals and moneys of the Authority from or in connection with the Water System and the Sewer System, respectively, and the rentals payable by the Township under the Lease; and

WHEREAS, in order to further secure the payment of the principal of, and interest on, the 1989 Bonds, the Township and the Authority will enter into a guaranty agreement dated as of December 1, 1989 (the "Guaranty Agreement"), as authorized by the Debt Act, providing for the unconditional guarantee by the Township of the timely payment of the principal of, and interest on, the 1989 Bonds and the pledge by the Township of its full faith, credit and taxing power to discharge all of its obligations under the Guaranty Agreement; and

WHEREAS, the Consulting Engineers have prepared and submitted to this Board a report (the "Self-liquidating Debt Report") in accordance with Section 206(a) of the Debt Act providing for the exclusion of the debt represented by the 1989 Bonds and allocated to both the Water System and the Sewer System portions of the Projects; and

WHEREAS, the execution of the Lease and the Guaranty Agreement constitutes the incurrence of lease rental debt by the Township within the meaning of the Debt Act;

NOW, THEREFORE, be it ordained and enacted by the Board of Supervisors of the Township of Hilltown, Bucks County, Pennsylvania, as follows:

Section 1. The Township hereby approves the Projects, as described above, and the financing thereof. The realistic estimated useful life of the project for which the Existing Bonds were issued was determined, at the time of issuance of the Existing Bonds to be in excess of 35 years and such determination is hereby ratified and confirmed. The realistic estimated useful life of each Project is hereby determined to be in excess of 35 years.

Section 2. The aggregate principal amount of the 1989 Bonds to be issued by the Authority is \$5,410,000. \$2,340,000 of such amount is to be secured by the Lease and the total aggregate principal amount (\$5,410,000) is to be secured by the Guaranty Agreement.

The Board of Supervisors of the Township hereby authorizes and directs the incurrence of lease rental debt of the Township, pursuant to the Debt Act, in the maximum principal amount of \$5,410,000, to be evidenced by the Lease between the Authority and the Township, and the Guaranty Agreement among the Authority, the Township and the Trustee.

Section 3. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary of the Township are hereby authorized and directed to prepare and verify the debt statement required by Section 410 of the Debt Act and the Secretary of the Township is hereby authorized and directed to certify to the Pennsylvania Department of Community Affairs a transcript of these proceedings as required by Section 411 of the Debt Act, and to pay any filing fees required under Section 803 of the Debt Act.

Section 4. With respect to the Township Building and other Township projects being financed or refinanced with a portion of the proceeds of the 1989 Series A Bonds, the Township shall enter into the Lease with the Authority for a period commencing as of December 1, 1989 to and including December 16, 2016, on the terms and conditions set forth in the Lease. The form, terms and provisions of the Lease, to be substantially in the form as presented to this meeting (copies of which shall be filed with the records of the Township) and the provisions for rental payments and other sums payable thereunder are hereby approved. Such lease rental payments shall be in the amounts and on the dates as set forth in Schedule "A" attached hereto and made a part hereof.

In addition to the rental payments referred to above, the Township shall pay the sum of \$200 (or such reasonable additional amounts as may be required) on June 10, 1990, and on each semi-annual lease rental payment date thereafter, for or on account of the Authority's annual administrative expenses.

The Township shall include rentals for each fiscal year in which such sums are payable under the Lease in its budget for such year, such lease rentals to be paid from its current revenues. Upon receipt of approval from the Pennsylvania Department of Community Affairs, the Chairman or Vice Chairman of the Board of Supervisors is hereby authorized and directed to execute the Lease in such form, subject to such changes and modifications, if any, as may be approved by such Chairman or Vice Chairman, the execution of the Lease to be conclusive evidence of such approval, and the Secretary of the Township is hereby authorized and directed to affix thereto the corporate seal of the Township, to attest the same and to deliver the Lease to the Authority.

Section 5. Concurrently with the execution and delivery of the Lease, the 1986 Township Building Lease will be cancelled, terminated and become void, and the Board of Supervisors hereby consents to such termination and cancellation.

Section 6. The form of the Guaranty Agreement as presented to this meeting (copies of which shall be filed with the records of the Township) is hereby approved. The Chairman or Vice-Chairman of the Board of Supervisors is hereby authorized and directed, upon receipt of approval from the Pennsylvania Department of Community Affairs, to execute the Guaranty Agreement in such form, subject to such changes and modifications, if any, as may be approved by such Chairman or Vice-Chairman, the execution of the Guaranty Agreement to be conclusive evidence of such approval, and the Secretary of the Township is hereby authorized and directed to affix thereto the corporate seal of the Township, to attest the same and to deliver the Guaranty Agreement to the Authority and the Trustee.

Section 7. Concurrently with the execution and delivery of the Guaranty Agreement, the 1986 Guaranty will be cancelled, terminated and become void, and the Board of Supervisors hereby consents to such termination and cancellation.

Section 8. The annual amounts of principal and interest covenanted to be paid by the Township under the Guaranty Agreement are as set forth in Schedule "B" attached hereto and made a part hereof.

It is covenanted with the registered owners of the 1989 Bonds that the Township shall (i) include the amount payable in respect of its guaranty for each fiscal year in which such sums are payable in its budget for that year, (ii) appropriate such amounts from its general revenues, for the payment of the amounts payable in respect of its guaranty, and (iii) duly and punctually pay, or cause to be paid from such revenues, to the extent of its obligations under the Guaranty Agreement, the amounts payable in respect of its guaranty, at the dates and places and in the manner stated in the Guaranty Agreement according to the true intent and meaning thereof. For such budgeting, appropriation and payment in respect of its guaranty of the 1989 Bonds, the Township pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable; subject, however, as to the enforceability of remedies, to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally. Nothing in this Section shall be construed to give the Township any taxing power not granted by another provision of law.

Section 9. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary of the Township are each further authorized and directed to prepare, or cause to be prepared, and file any statements required under Section 206(a)

of the Debt Act, including but not limited to, the Self-Liquidating Debt Report, which are necessary to qualify all or any portion of the lease rental indebtedness incurred hereby for exclusion as self-liquidating debt.

Section 10. The proper officers of the Township are hereby authorized, directed and empowered on behalf of the Township to execute any and all papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the provisions of this Ordinance and in connection with the issuance of municipal bond insurance for the 1989 Bonds.

Section 11. All ordinances or parts of ordinances inconsistent herewith be and the same hereby are repealed.

DULY ENACTED at a meeting of the Board of Supervisors of the Township of Hilltown, Bucks County, Pennsylvania, this 29th day of November, 1989.


Chairman

[SEAL]

Attest:


Secretary

SCHEDULE "A"

Lease Rental Payments

<u>June 10</u>	<u>December 10</u>	<u>Year</u>
85,828.83	79,635.00	1990
79,635.00	94,635.00	1991
79,207.50	119,207.50	1992
78,047.50	123,047.50	1993
76,720.00	121,720.00	1994
75,370.00	125,370.00	1995
73,857.50	123,857.50	1996
72,332.50	122,332.50	1997
70,795.00	125,795.00	1998
69,076.25	129,076.25	1999
67,171.25	132,171.25	2000
65,058.75	130,058.75	2001
62,913.75	132,913.75	2002
60,568.75	140,568.75	2003
57,848.75	137,848.75	2004
55,088.75	140,088.75	2005
52,113.75	147,113.75	2006
48,788.75	148,788.75	2007
45,288.75	155,288.75	2008
41,438.75	156,438.75	2009
37,413.75	162,413.75	2010
33,038.75	163,038.75	2011
28,488.75	168,488.75	2012
23,588.75	168,588.75	2013
18,513.75	183,513.75	2014
12,738.75	187,738.75	2015
6,613.75	191,613.25	2016

SCHEDULE "B"

Amounts Payable Under Guaranty Agreement

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
1990	15,000.00	390,196.28	405,196.28
1991	60,000.00	374,296.25	434,296.25
1992	100,000.00	370,437.50	470,437.50
1993	110,000.00	364,213.75	474,213.75
1994	115,000.00	357,178.75	472,178.75
1995	125,000.00	349,753.75	474,753.75
1996	130,000.00	341,676.25	471,676.25
1997	140,000.00	333,115.00	473,115.00
1998	145,000.00	323,886.25	468,886.25
1999	160,000.00	314,111.25	474,111.25
2000	165,000.00	303,268.75	468,268.75
2001	180,000.00	291,800.00	471,800.00
2002	190,000.00	279,211.25	469,211.25
2003	205,000.00	265,711.25	470,711.25
2004	220,000.00	251,041.25	471,041.25
2005	185,000.00	235,085.00	420,085.00
2006	205,000.00	222,135.00	427,135.00
2007	210,000.00	207,785.00	417,785.00
2008	230,000.00	193,085.00	423,085.00
2009	250,000.00	176,985.00	426,985.00

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2010	265,000.00	159,485.00	424,485.00
2011	280,000.00	140,935.00	420,935.00
2012	305,000.00	121,335.00	426,335.00
2013	315,000.00	99,985.00	414,985.00
2014	350,000.00	77,935.00	427,935.00
2015	365,000.00	53,435.00	418,435.00
2016	390,000.00	27,885.00	417,885.00
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TOTAL	5,410,000.00	6,625,967.53	12,035,967.53