

ORDINANCE NO. 86-5
OF THE
BOARD OF SUPERVISORS
TOWNSHIP OF HILLTOWN
BUCKS COUNTY, PENNSYLVANIA

APPROVING THE PROJECT AND BRIEFLY DESCRIBING THE SAME; SETTING FORTH THE REALISTIC ESTIMATED USEFUL LIFE OF THE PROJECT FOR WHICH THE GUARANTEED REVENUE BONDS ARE BEING ISSUED; AUTHORIZING THE INCURRENCE OF LEASE RENTAL DEBT; 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 A LEASE DATED AS OF JULY 1, 1986 BETWEEN THE AUTHORITY AND THE TOWNSHIP AND THE LEASE RENTALS PAYABLE BY THE TOWNSHIP THEREUNDER; AUTHORIZING THE EXECUTION AND DELIVERY OF THE LEASE AND INCLUDING THE LEASE RENTALS IN THE BUDGET FOR EACH FISCAL YEAR; APPROVING THE FORM OF GUARANTY AGREEMENT DATED AS OF JULY 1, 1986 (GUARANTY AGREEMENT) AMONG THE AUTHORITY, THE TOWNSHIP AND THE TRUSTEE 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; APPROVING THE 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"), has determined to undertake as a project (the "Project"), (i) the acquisition and construction of certain water collection, storage and distribution facilities in the Township of Hilltown, Bucks County, Pennsylvania (the "Township"), to acquire a certain water company in the Township and to construct certain improvements thereto (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 hereafter collectively called the "Water System"), and (ii) the construction and equipping of a municipal building (the "Township Building") on certain real estate acquired by the Authority in Bucks County, Pennsylvania, for use by the Township; and

WHEREAS, the Water System portion of the Project will be constructed pursuant to plans and specifications prepared by Cowan Associates, Inc., Quakertown, Pennsylvania (the "Consulting Engineers"), and the Township Building portion of the Project

will be constructed pursuant to plans and specifications prepared by M.L. Fetch Associates, Doylestown, Pennsylvania (the "Architect"); and

WHEREAS, in order to finance, inter alia, the costs of the Project, the Authority has determined to issue its Guaranteed Revenue Bonds, Series of 1986 in the aggregate principal amount of \$2,745,000 (the "1986 Guaranteed Revenue Bonds") pursuant to the Authorities Act; and

WHEREAS, the 1986 Guaranteed Revenue Bonds will be issued under and secured by a trust indenture (the "Indenture") dated as of July 1, 1986 between the Authority and Union National Bank & Trust Company of Souderton, Souderton, Pennsylvania, as trustee (the "Trustee"); and

WHEREAS, the Authority has awarded the 1986 Guaranteed Revenue Bonds at private sale to Janney Montgomery Scott Inc. (Underwriter), at a purchase price of 97.05% of the principal amount thereof, upon the terms set forth in its purchase proposal therefor; and

WHEREAS, the Authority, as Lessor, will lease the Township Building to the Township, as Lessee, pursuant to a certain Lease between them dated as of July 1, 1986 (the "Lease") under which Lease the Township will pay lease rentals to the Authority in amounts sufficient to pay the debt service payments due on the Township Building portion of the Project; and

WHEREAS, in order to secure the payment of the principal of, and interest on, the 1986 Guaranteed Revenue Bonds, the Authority will assign and pledge to the Trustee all revenues, rentals and moneys of the Authority derived from or in connection with the Water System 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 1986 Guaranteed Revenue Bonds, the Township and the Authority intend to enter into an agreement (Guaranty Agreement), as authorized by the Pennsylvania Local Government Unit Debt Act, as amended and re-enacted (the "Debt Act"), providing for the unconditional guarantee by the Township of the timely payment of the principal of, and interest on, the 1986 Guaranteed Revenue Bonds and the pledge by the Township of its full faith, credit and taxing power to discharge all of its obligations under such Guaranty Agreement; and

WHEREAS, the Consulting Engineers have prepared and submitted to the Board of Supervisors of the Township a report (Report) prepared in accordance with Section 206(a) of the Debt Act providing for the exclusion of the debt allocated to the Water System portion of the Project; 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 Project, as described above, and the financing thereof. The realistic estimated useful life of the Project is hereby determined to be in excess of 35 years.

Section 2. The aggregate principal amount of the 1986 Guaranteed Revenue Bonds to be issued by the Authority is \$2,745,000. \$1,445,000 of such aggregate principal amount is to be secured by the Lease and the total aggregate principal amount (\$2,745,000) is to be secured by the Guaranty Agreement.

The Board of Supervisors of the Township does hereby authorize the incurrence of lease rental debt of the Township, pursuant to the Debt Act, in the maximum amount of \$2,745,000, to be evidenced by the Lease between the Authority and the Township and the Guaranty Agreement between and among the Township, the Authority 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, the Township shall enter into the Lease with the Authority for a period commencing as of July 1, 1986, to and including December 15, 2016, on the terms and conditions set forth in the Lease. The form of Lease as presented at 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 set forth above the Township shall pay the sum of \$125.00 (or such reasonable additional amounts as may be required) on June 10, 1987 and on each semi-annual lease rental payment date thereafter for or on account of the Authority's annual administrative fee.

The Township shall include rentals for each fiscal year in which 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 the corporate seal of the Township, to attest the same and to deliver the Lease to the Authority.

Section 5. The form of the Guaranty Agreement as presented at 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 6. 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 1986 Guaranteed Revenue 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 obligation under the Guaranty

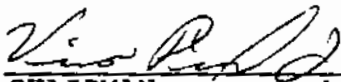
Agreement, the amounts payable in respect of its guaranty, at the dates and places and in the manner stated in the Guaranty Agreement according to the true intent and meaning thereof. For such budgeting, appropriation and payment in respect of its guaranty of the 1986 Guaranteed Revenue Bonds, the Township 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 7. The Report of the Consulting Engineers, as submitted 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 and the Secretary of the Township are each further authorized and directed to prepare and file any statements required under Section 206(a) of the Debt Act which are necessary to qualify all or any portion of the lease rental indebtedness incurred hereby for exclusion as self-liquidating debt.

Section 8. 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.

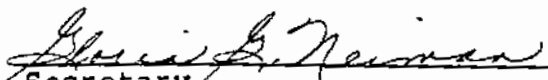
Section 9. All ordinances or parts of ordinances inconsistent herewith be and the same hereby are repealed.

DULY ENACTED at a meeting of the Board of Supervisors of the Township of Hilltown, Bucks County, Pennsylvania, this 27th day of June, 1986.


CHAIRMAN

(SEAL)

Attest:


Secretary

SCHEDULE A

Ordinance of the Board of Supervisors
of the Township of Hilltown
enacted June 27, 1986

<u>June 10</u>	<u>December 10</u>	<u>Year</u>
\$62,845.62	\$ 72,845.62	1987
62,545.63	77,545.62	1988
62,076.88	77,076.87	1989
61,589.38	76,589.37	1990
61,083.13	76,083.12	1991
60,558.13	80,558.12	1992
59,833.13	79,833.12	1993
59,083.13	79,083.12	1994
58,308.13	83,308.12	1995
57,323.75	82,323.75	1996
56,323.75	81,323.75	1997
55,308.13	80,308.12	1998
54,276.88	89,276.87	1999
52,811.25	82,811.25	2000
51,536.25	86,536.25	2001
50,048.75	85,048.75	2002
48,543.75	93,543.75	2003
46,575.00	91,575.00	2004
44,550.00	94,550.00	2005
42,300.00	97,300.00	2006
39,825.00	99,825.00	2007
37,125.00	97,125.00	2008
34,425.00	109,425.00	2009
31,050.00	101,050.00	2010
27,900.00	112,900.00	2011
24,075.00	114,075.00	2012
20,025.00	115,025.00	2013
15,750.00	125,750.00	2014
10,800.00	125,800.00	2015
5,625.00	130,625.00	2016

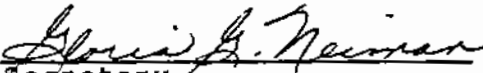
SCHEDULE B

Ordinance of the Board of Supervisors
of the Township of Hilltown
enacted June 27, 1986

<u>Year</u>	<u>Principal or Sinking Fund</u>	<u>Interest</u>	<u>Total Debt Service</u>
1986	\$ 0	\$108,798.55	\$108,798.55
1987	20,000	238,826.25	258,826.25
1988	25,000	237,626.25	262,626.25
1989	30,000	236,063.75	266,063.75
1990	30,000	234,113.75	264,113.75
1991	30,000	232,088.75	262,088.75
1992	35,000	229,988.75	264,988.75
1993	35,000	227,451.25	262,451.25
1994	40,000	224,826.25	264,826.25
1995	45,000	221,726.25	266,726.25
1996	45,000	218,182.50	263,182.50
1997	50,000	214,582.50	264,582.50
1998	50,000	210,520.00	260,520.00
1999	60,000	206,395.00	266,395.00
2000	60,000	201,370.00	261,370.00
2001	70,000	196,270.00	266,270.00
2002	70,000	190,320.00	260,320.00
2003	80,000	184,300.00	264,300.00
2004	85,000	177,300.00	262,300.00
2005	95,000	169,650.00	264,650.00
2006	105,000	161,100.00	266,100.00
2007	110,000	151,650.00	261,650.00
2008	120,000	141,750.00	261,750.00
2009	135,000	130,950.00	265,950.00
2010	140,000	118,800.00	258,800.00
2011	160,000	106,200.00	266,200.00
2012	170,000	91,800.00	261,800.00
2013	185,000	76,500.00	261,500.00
2014	205,000	59,850.00	264,850.00
2015	220,000	41,400.00	261,400.00
2016	240,000	21,600.00	261,600.00

I HEREBY CERTIFY that the foregoing is a true and correct copy of an Ordinance duly enacted by the affirmative vote of a majority of the members of the Board of Supervisors of the Township of Hilltown, Bucks County, Pennsylvania, at a public meeting held the 27th day of June, 1986; that proper notice of such meeting was duly given as required by law; and that said Ordinance has been spread upon the Minutes of said Board of Supervisors, showing how each member voted thereon, and has been duly advertised as required by law.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Township this 27 day of June, 1986.


Secretary

(SEAL)