

Milford Township
Bucks County, Pennsylvania

ORDINANCE # 80

AN ORDINANCE INCREASING THE INDEBTEDNESS OF MILFORD TOWNSHIP A TOWNSHIP OF THE SECOND CLASS, COUNTY OF BUCKS, COMMONWEALTH OF PENNSYLVANIA, BY THE ISSUE OF A GENERAL OBLIGATION NOTE IN THE AMOUNT OF ONE MILLION DOLLARS (\$1,000,000.00) FOR SUNDRY PURPOSES INCLUDING THE CONSTRUCTION OF A TOWNSHIP BUILDING: FIXING THE FORM, NUMBER, DATE, INTEREST AND MATURITY THEREOF: MAKING A COVENANT FOR THE PAYMENT OF THE DEBT SERVICE ON THE NOTE: PROVIDING FOR THE FILING OF THE REQUIRED DOCUMENT: PROVIDING FOR THE APPOINTMENT OF A SINKING FUND DEPOSITORY FOR THE NOTE: AND AUTHORIZING THE EXECUTION, SALE AND DELIVERY THEREOF.

WHEREAS, it is necessary that the indebtedness of the Township of Milford, Bucks County, Pennsylvania, be increased for the following purpose: to construct a Township Municipal Building on Krammes Road, perform related site preparation and provide furnishings for same: and

WHEREAS, Milford Township has received preliminary realistic cost estimates from professional consultants indicating that the sum of one million dollars (\$1,000,000.00) will be needed to complete the projects: and

WHEREAS, the proposed increase of debt, together with its nonelectoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of the local government unit debt incurring power, pursuant to constitutional and statutory authority to be exceeded:

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Township of Milford, Bucks County, Pennsylvania, and it is hereby ordained and enacted by the authority of same as follows:

SECTION 1. The aggregate amount of the Note of the Township of Milford, Bucks County, Pennsylvania, proposed to be issued is one million dollars (\$1,000,000.00), same to be issued for the foregoing purposes and same to be incurred as nonelectoral debt.

SECTION 2. The proposed useful life of the improvements for which this obligation is to be issued is estimated to be in excess of 20 years.

SECTION 3. Said indebtedness shall be evidenced by a general obligation Note, in fully registered form, in the sum of one million dollars (\$1,000,000.00) dated and bearing interest from the earliest date of possible issue of said Note under the statutory time requirements as set forth in the Act of the General Assembly of the Commonwealth of Pennsylvania approved the 28th day of April, 1978, being Act 52 or 1978 Session, to bear interest at the rate of six and one half percent (6.5%) per annum, for a period of 36 months after which the interest rate shall be renegotiated. In any event, however, after 36 months, interest on the Note will have a floor of seven percent (7%) and a ceiling of twelve percent (12%), until paid. The interest rate established herein is predicated on the tax-exempt status of this loan. In the event the loan shall be deemed a taxable loan the interest rate shall be modified to establish an interest rate of prime rate plus one percent (1%) per annum on a floating basis with a floor of 9 percent (9%) and a ceiling of eighteen percent (18%) per annum.

The note shall be paid in monthly installment of principal and interest according to the Amortization Schedule attached hereto, marked Exhibit A and incorporated herein. The Amortization for the first 36 months of the loan is based upon the loan commitment rate of six and one half percent (6.5%). The Amortization Schedule for the remaining 204 months of the loan is estimated based upon the highest permissible interest rate assuming the obligation is tax exempt which interest rate is twelve percent (12%).

The local government unit reserves the right to anticipate any or all installments of principal or any payment of interest at any time prior to the respective payment dates thereof, without notice or penalty.

The principal and interest of said Note shall be payable at the office of the sinking fund depository selected for the Note as hereinafter provided.

SECTION 4. The said Note is hereby declared to be a general obligation of the Township of Milford. The municipality hereby covenants that the municipality 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 Township of Milford is hereby irrevocably pledged.

The amounts which the local government unit hereby covenants to pay in fiscal years 1990 through 2010 is set forth in the Amortization Schedule attached hereto, marked Exhibit A and incorporated herein.

SECTION 5. This obligation is designated a qualified tax exempt obligation pursuant to Section 265 (b) (3) of the Internal Revenue Code.

The Township hereby declares that it does not reasonably anticipate that the amount of its tax exempt obligations which will be issued during any calendar year will exceed ten million dollars (\$10,000,000.00) and intends that this obligation shall be the obligation of a qualified small issue as defined under Section 265 (b) (c) (C) of the Internal Revenue Code.

SECTION 6. The form of said Note shall be substantially as follows:

UNITE STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
County of Bucks
Township of Milford

GENERAL OBLIGATION NOTE

\$1,000,000.00

DATED: _____

KNOW ALL MEN BY THESE PRESENTS, that the Township of Milford a Second Class Township, County of Bucks, Commonwealth of Pennsylvania, a local government unit existing by and under the laws of said Commonwealth, for value received, hereby acknowledges itself indebted and promises to pay to the purchaser, or registered assigns, the sum of one million dollars (\$1,000,000.00) in installments according to the Amortization Schedule attached hereto, marked Exhibit A and incorporated herein. Interest on the unpaid principal balance shall be six and one half percent (6.5%) per annum for a period of 36 months after which the interest rate will be renegotiated. In any event, however, the interest rate on the Note will have a floor of seven percent (7%) and a ceiling of twelve percent (12%) per annum. The Amortization Schedule for the remaining 204 months of the loan is estimated based upon an interest rate of twelve percent (12%). Monthly payments of principal and interest shall be due on the first day of each month during the term of the loan. Interest on overdue principal, and to the extent permitted by law, on overdue interest shall be computed at the rate of () percent () per annum (computed on the basis of 365 day to the year). Milford Township shall have the option to anticipate any installment of principal or any payment of interest at any time prior to the respective payment dates thereof, without notice or penalty.

Principal of this Note is payable on an amortized basis along with interest at the principal corporate trust office of Union National Bank and Trust Company of Souderton, Souderton, Pennsylvania, or at the designated office of any additional or appointed alternate or successor paying agent or agents (the Paying Agent).

If the date for payment of the principal of, and interest on, this Note shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city where the principal office of the Paying Agent is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

The principal of, and interest on, this Note are payable without deduction for any tax or taxes, except gift, succession, franchise, excise or inheritance taxes, now or hereafter levied, or assessed thereon under any present or future laws of the Commonwealth of Pennsylvania, all of which taxes, except as above provided, the Township assumes and agrees to pay.

The 1990 Note is issuable only in the form of a fully registered note without coupons in the denomination of one million dollars (\$1,000,000.00) and is issued in accordance with the provisions of the Pennsylvania Local Government Unit Debt Act, as amended (The Act), and by virtue of an ordinance of the Township duly enacted (the Ordinance), and the sworn statement of the duly authorized officers of the Township as appears on record in the office of the Pennsylvania Department of Community Affairs, Harrisburg, Pennsylvania.

It is covenanted with the registered owners from time to time of this note that the Township shall (I) include the amount of the debt service 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 such debt service, and (iii) duly and punctually pay or cause to be paid from its sinking fund or any other of its

revenues or funds the principal of, and the interest on, this Note at the dates and places and in the manner stated in this Note, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, 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 paragraph shall be construed to give the Township any taxing power not granted by another provision of law.

This Note shall not be valid or become obligatory for any purpose until the Paying Agent s Authentication Certificate printed hereon is duly executed.

In the event this Note shall be deemed to be a taxable note or the interest paid thereon shall be deemed to be taxable to Union National Bank and Trust Company of Souderton as the holder of this Note, in whole or in part, for any reason whatsoever, then in such case, the interest rate established herein shall be modified to increase such rate to the extent of the adverse effect on Union National Bank and Trust Company of Souderton. In any event, however, the interest rate established as a result thereof shall not exceed Union National Bank and Trust Company of Souderton s announced prime rate plus one percent (1%) on a floating basis, with a floor of nine percent (9%) per annum and a ceiling of twelve percent (12%) per annum.

In accordance with the Tax Reform Act of 1986 (also referred to as the Internal Revenue Code of 1986), the maker hereof hereby avers it to be an issuer which reasonably anticipates to issue, together with subordinate governmental entities, no more than TEN MILLION DOLLARS (\$10,000,000.00) of tax exempt obligations for public purposes during the calendar year 1990 and hereby designates this Note as a qualified tax exempt obligation by this issuer within the meaning of Paragraph (b) (3) (B) of Section 265 of the Internal Revenue Code of 1986.

The 1990 Note is subject to redemption prior to maturity at the option of the Township, at par and accrued interest to the date fixed for redemption, in whole or in part at any time after the issuance thereof.

The Paying Agent is required to cause notice of redemption to be given once by first-class United States mail, postage prepaid, or by such other method of giving notice acceptable to the Paying Agent and customarily used by fiduciaries for similar notices at the time such notice is given, at least thirty (30) days prior to the redemption date, to each registered owner of the 1990 Note to be redeemed, to the address of such registered owner as it appears on the registration books of the Paying Agent unless such notice is waived by the registered owner of the 1990 Note to be redeemed.

The Township, in the 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 the interest on, the 1990 Note shall be deposited not later than the date fixed for disbursement thereof. The Township has covenanted in the 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 all obligations of this Note.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon, against any member, officer or employee, past, present or future, of the Township, its Board of Supervisors, or of any successor body, as such, either directly or through the Township or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by an legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the execution and issuance of this Note.

This Note is transferable by the registered owner hereof or the owner's attorney duly authorized in writing or legal representative at the principal corporate trust office of the Paying Agent upon surrender and cancellation of this note accompanied by a duly executed instrument of transfer, in form and with guarantee of signature satisfactory to the Paying Agent. Upon any such transfer, a new fully registered 1990 Note or Notes of the same maturity and of authorized denomination or denominations, or the same aggregate principal amount and bearing the same rate of interest, will be issued to the transferee in exchange therefore at the earliest practicable time as provided in the Ordinance. In like manner, this note may be exchanged by the registered owner or by his attorney-in-fact or legal representative for 1990 Notes of the same maturity and of authorized denomination or denominations in the same aggregate principal amount and bearing the same rate of interest. Any such transfer or exchange as described herein will be made without charge, except for the payment of any taxes or other governmental charges related to such transfer or exchange. The Paying Agent shall not be required to issue, transfer or exchange any 1990 Note during a period beginning at the close of business on the 15th day of the calendar month (whether or not a business day) next preceding either any interest payment date or any date of selection of 1990 Notes to be redeemed and ending at the close of business on the interest payment date or day on which the applicable notice of redemption is given: nor shall the Paying Agent be required to issue, transfer or exchange any 1990 Notes which have been selected or called for redemption in whole or in part. The Township and the Paying Agent may deem and treat the person in whose name this note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest hereon and for all other purposes, whether or not this note shall be overdue. The Township and the Paying Agent shall not be affected by any notice to the contrary.

IN WITNESS WHEREOF, Milford Township, Bucks County, Pennsylvania has caused this note to be signed in its name by the Chairman of the Board of Supervisors attested by the signature of its Secretary all as of the _____ day of _____ 1990

ATTEST:

MILFORD TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA

Janya Awckland,
Secretary

By: _____
Charles Strunk, Chairman

(SEAL)

This Note is hereby authenticated.

UNION NATIONAL BANK AND TRUST
COMPANY OF SOUDERTON,
PAYING AGENT

By: _____
Authorized Officer

Authentication Date: