

AN ORDINANCE

NO. _____

AUTHORIZING THE INCURRENCE OF NONELECTORAL DEBT OF THE TOWNSHIP OF LOWER MERION BY THE ISSUANCE OF \$_____ GENERAL OBLIGATION BONDS, SERIES A OF 2019, FOR THE PURPOSE OF PROVIDING FUNDS FOR AND TOWARDS FINANCING A REFUNDING PROGRAM AND PAYING THE COSTS OF ISSUING THE BONDS; AUTHORIZING THE PREPARATION AND FILING OF A DEBT STATEMENT AND OTHER DOCUMENTATION; COVENANTING TO CREATE A SINKING FUND AND TO BUDGET, APPROPRIATE AND PAY DEBT SERVICE ON THE BONDS AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWNSHIP FOR THE BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF BOND; SETTING FORTH THE STATED PRINCIPAL MATURITY AMOUNTS AND DATES, INTEREST RATES AND INTEREST PAYMENT DATES, PLACE OF PAYMENT, SINKING FUND PROVISIONS AND OTHER DETAILS OF THE BONDS; AUTHORIZING THE EXECUTION OF A SUPPLEMENT TO CONTINUING DISCLOSURE AGREEMENT; FINDING THAT A PRIVATE INVITED SALE OF THE BONDS IS IN THE BEST FINANCIAL INTEREST OF THE TOWNSHIP AND ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPOINTING A PAYING AGENT AND SINKING FUND DEPOSITORY; AND AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, the Township of Lower Merion (the “**Township**”) is granted the power by the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. Cons. Stat § 8001 *et seq.*, as amended (the “**Act**”), to incur indebtedness and to issue Bonds for the purpose of refunding outstanding indebtedness; and

WHEREAS, the Township has heretofore issued its General Obligation Bonds, Series A of 2014 (the “**2014A Bonds**”) and its General Obligation Bonds Series B of 2014 (the “**2014B Bonds**”); and

WHEREAS, the Township has determined to currently refund a portion of the outstanding 2014A Bonds; specifically, those 2014A Bonds maturing on and after July 15, 20__ (the “**Refunded 2014A Bonds**”) and the Township has determined to currently refund a portion of the outstanding 2014B Bonds; specifically, those 2014B Bonds maturing on and after July 15, 20__ (the “**Refunded 2014B Bonds**,” and together with the Refunded 2014B Bonds, the “**Refunded Bonds**”) in order to reduce the debt service which would otherwise be payable over the life of the Refunded Bonds and to achieve debt service savings (the “**Refunding Program**”); and

WHEREAS, the Township proposes to issue \$_____ aggregate principal amount of its General Obligation Bonds, Series A of 2019 (the **"Bonds"**) to finance the costs of the Refunding Program and pay the costs and expenses of issuing the Bonds; and

WHEREAS, the Township has retained PFM Financial Advisors LLC, Philadelphia, Pennsylvania, as financial advisor in connection with the issuance of the Bonds (the **"Financial Advisor"**); and

WHEREAS, pursuant to an Invitation to Bid for the Bonds (the **"Invitation to Bid"**) prepared by the Financial Advisor, the Township competitively solicited and received, via auction bidding online, bids for the Bonds, the results of which are summarized in the report of the Financial Advisor presented at this meeting; and

WHEREAS, upon the advice of its Financial Advisor, the Township has determined that the proposal for the purchase of the Bonds received from _____, _____, _____, offers the lowest true interest cost to the Township, and the Board of Commissioners now desire to authorize the issuance of the Bonds for the purpose of financing costs of the Refunding Program and paying the costs and expenses of issuing the Bonds and to accept the proposal of such firm for the purchase of the Bonds.

NOW, THEREFORE, BE IT ENACTED by the Board of Commissioners of the Township of Lower Merion and IT IS HEREBY ENACTED, as follows:

Section 1. Authorization of the Refunding Program and Incurrence of Indebtedness; Statement of Purpose of Refunding Program. The Township hereby authorizes and shall undertake the Refunding Program as described in the preambles to this Ordinance. The Township shall incur indebtedness pursuant to the Act in the aggregate principal amount of \$_____ to finance the costs of the Refunding Program and pay the costs and expenses of issuing the Bonds.

It is hereby determined and set forth that the purpose of the Refunding Program is to reduce the total debt service that would otherwise have been payable on the Refunded Bonds over the life of the issue as authorized by Section 8241 (b) (1) of the Act. Attached hereto as **Exhibit "A"** and made a part hereof is the schedule of debt service savings in connection with the refinancing of the Refunded Bonds.

The 2014A Bonds were issued for the purpose of providing funds for and towards financing (i) the current refunding of a portion of the Township's General Obligation Bonds, Series of 2009 (the **"2009 Bonds"**), and (ii) the costs of issuance of the 2014A Bonds. The 2009 Bonds were issued for the purpose of providing funds for and towards financing (i) a portion of the Township's fiscal year 2009 and 2010 capital improvement program; (ii) the current refunding of a portion of the Township's General Obligation Bonds, Series of 2001 (the **"2001 Bonds"**), the current refunding of a portion of the Township's General Obligation Bonds, Series A of 2002 (the **"2002A Bonds"**), the current refunding of a portion of the Township's General Obligation Bonds, Series A of 2003 (the **"2003A Bonds"**), and the current refunding of a portion of the Township's General Obligation Bonds, Series B of 2003 (the **"2003B Bonds"**), and (iii) paying the costs of issuing the 2009 Bonds. It is hereby determined and stated that the useful lives of the projects financed or refinanced with the

proceeds of the 2001 Bonds, 2002A Bonds, 2003A Bonds and 2003B Bonds are in excess of the terms of the Bonds, which are allocable to the refunding of the 2014A Bonds.

The 2001 Bonds advance refunded the Township's General Obligation Bonds, Series of 2000, which were issued to finance projects with useful lives ranging from 7 to 40 years. The 2002A Bonds currently refunded the Township's General Obligation Bonds, Series of 1992, which advance refunded four series of bonds which financed projects with useful lives ranging from 5 to 40 years. The 2003A Bonds currently refunded the Township's General Obligation Bonds, Series of 1998, which were issued to finance projects with useful lives ranging from 7 to 50 years. The 2003B Bonds financed projects with useful lives in excess of 30 years.

The 2014B Bonds were issued for the purpose of providing funds for and towards (i) funding various capital projects and (ii) paying the costs of issuing the 2014B Bonds. The remaining average useful life for said underlying project is twenty-five (25) years (2044). It is hereby determined and stated that the latest maturity of the Bonds allocable to the refunding of the 2014B Bonds does not extend beyond the remaining average useful life of the projects financed by the 2014B Bonds.

It is hereby determined and stated that the latest maturity of the Bonds allocable to the refunding of the 2014A Bonds (July 15, 2029) is not in excess of the final maturity of the Refunded 2014A Bonds (July 15, 2029). It is hereby determined and stated that the latest maturity of the Bonds allocable to the refunding of the 2014B Bonds (July 15, 2034) is not in excess of the final maturity of the Refunded 2014B Bonds (July 15, 2034).

Section 2. Authorization of Issuance of Bonds. The Township shall issue, pursuant to the Act and this Ordinance, \$_____ aggregate principal amount of its General Obligation Bonds, Series A of 2019 to provide funds for and toward the costs of the Refunding Program and to pay the costs of issuing the Bonds as provided in Section 1 hereof.

Section 3. Type of Indebtedness. The indebtedness authorized by this Ordinance is nonelectoral debt.

Section 4. Execution of Debt Statement, Bonds and Other Documents. The President or Vice President of the Board of Commissioners and the Secretary of the Township and their successors are hereby authorized and directed to file the debt statement required by Section 8110 of the Act, to execute and deliver the Bonds in the name and on behalf of the Township and to take all other action required by the Act or this Ordinance in connection with the issuance of the Bonds. Said officers or any of them are further authorized to apply to the Department of Community and Economic Development for approval of the debt herein authorized and to file with such application a transcript of the proceedings including a certified copy of this Ordinance, the Debt Statement, a Borrowing Base Certificate signed by the appropriate officials of the Township or by the accountants of the Township responsible for auditing its financial affairs, and to take any and all such further action and to execute and deliver such other documents as may be necessary or proper to comply with all requirements of the Act or to carry out the intent and purpose of this Ordinance. Said officers and their successors are further hereby authorized if, in their opinion, it is advisable to do so, to prepare and file such statements and documents as may be required by Section 8024 of the Act in order to qualify all or any portion of the existing indebtedness of the Township or of the above authorized indebtedness as subsidized debt.

Section 5. Type of Bonds. The Bonds when issued will be general obligation Bonds.

Section 6. Covenant to Pay Debt Service - Pledge of Taxing Power. The Township hereby covenants with the registered owners of the Bonds outstanding pursuant to this Ordinance as follows: that the Township will include in its budget for each fiscal year during the life of the Bonds, the amount of the debt service on the Bonds issued hereunder which will be payable in each such fiscal year so long as any of the Bonds shall remain outstanding; that the Township shall appropriate from its general revenues such amounts to the payment of such debt service; that the Township shall duly and punctually pay or cause to be paid the principal of every Bond and the interest thereon at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof; and for such budgeting, appropriation and payment the Township hereby pledges its full faith, credit and taxing power. The covenant contained in this Section 6 shall be specifically enforceable. The amounts to be budgeted, appropriated and paid pursuant to the foregoing covenant are those set forth in **Exhibit "B"** attached hereto and made a part hereof which are hereby incorporated in the foregoing covenant with the same effect as if the same were specified in the text of such covenant.

Section 7. Form of Bonds. The Bonds shall be substantially in the following form with appropriate omissions, insertions and variations:

(FORM OF FACE OF BOND)

No. R-__

\$_____

UNITED STATES OF AMERICA

COMMONWEALTH OF PENNSYLVANIA

TOWNSHIP OF LOWER MERION
Montgomery County, Pennsylvania

GENERAL OBLIGATION BOND,
SERIES A OF 2019

INTEREST RATE

_____%

MATURITY DATE

July 15, 20__

DATED DATE

June 11, 2019

CUSIP

548254 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

DOLLARS

The Township of Lower Merion, Montgomery County, Pennsylvania (the “**Township**”), for value received, hereby promises to pay to the registered owner hereof on the maturity date set forth above the principal sum set forth above, and to pay interest thereon from June 11, 2019 or the most recent Interest Payment Date to which interest has been paid or duly provided for, initially on January 15, 2020 and semiannually thereafter on January 15 and July 15 of each year (each, an “**Interest Payment Date**”), at the annual rate specified above, calculated on the basis of a 360-day year consisting of twelve (12), thirty (30) day months until the principal sum is paid or has been provided for. The principal of this Bond is payable upon presentation and surrender hereof at the corporate trust office of U.S. Bank, National Association, Philadelphia, Pennsylvania (the “**Paying Agent**”). Interest on this Bond will be paid on each Interest Payment Date by check mailed to the person in whose name this Bond is registered on the registration books of the Township maintained by the Paying Agent, as registrar, at the address appearing thereon at the close of business on the fifteenth (15th) day (whether or not a day on which the Paying Agent is open for business) next preceding such Interest Payment Date (the “**Regular Record Date**”). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the Regular Record Date, and shall be payable to the person who is the registered owner hereof at the close of business on a Special Record Date (the “**Special Record Date**”) for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever monies become available for payment of the defaulted interest, and notice of the Special Record Date and of the payment date for such interest shall be given to registered owners of the Bonds not less than ten (10) days prior to the Special Record Date. The principal of and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of a duly authorized issue of General Obligation Bonds, Series A of 2019, of the Township in the aggregate principal amount of \$_____ (the “**Bonds**”). The Bonds are issued in fully registered book-entry only form in the denomination of \$5,000 or any integral multiple thereof, all of like date and tenor, except as to dates of maturity and rates of interest, and all issued in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the “**Commonwealth**”), 53 Pa. Cons. Stat. § *et seq.*, as amended (the “**Act**”), and pursuant to an ordinance of the Township Board of Commissioners duly enacted on May 8, 2019 (the “**Ordinance**”). The Bonds are issued for the purpose of financing a refunding program described in the Ordinance and paying the costs of issuing the Bonds.

Under the laws of the Commonwealth, this Bond and the interest thereon shall at all times be free from taxation within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or to any other taxes not levied or assessed directly on this Bond or the interest thereon. Profits, gains or income derived from the sale, exchange or other disposition of this Bond are subject to state and local taxation.

[The Bonds stated to mature on or after July 15, 2025 shall be subject to redemption prior to maturity, at the option of the Township, as a whole or in part, from time to time, in any order of maturity or portion of a maturity as designated by the Township on July 15, 2024, or on any date thereafter upon payment of a redemption price of 100% of the principal plus accrued interest.]

[The Bonds stated to mature on _____, 20__ (the “**Term Bonds**”) are subject to mandatory redemption prior to their stated maturity by lot by the Township, from monies to be deposited in the Sinking Fund established under the Ordinance at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. The Township hereby covenants that it will cause the Paying Agent to select by lot, to give notice of redemption and to redeem Term Bonds at said price from monies deposited in the Sinking Fund sufficient to effect such redemption (to the extent that Term Bonds shall not have been previously purchased from said monies by the Township as permitted under the Ordinance) one July 15 of the year and in the annual principal amount as set forth in the following schedule(or such lesser principal amount as shall at the time represent all of such Term Bonds which shall then be outstanding):]

Mandatory Redemption Schedule

<u>Redemption Date</u> <u>(July 15)</u>	<u>Principal Amount to be</u> <u>Redeemed or Purchased</u>	<u>Maturity From Which</u> <u>to Be Selected</u>
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*Stated Maturity.

If less than an entire year's maturity of Bonds are to be redeemed at any particular time, such Bonds so to be called for redemption shall be chosen by lot by the Paying Agent.

For the purpose of selection of Bonds for redemption, any Bond of a denomination greater than \$5,000 shall be treated as representing such number of separate Bonds, each of the denomination of \$5,000, as is obtained by dividing the actual principal amount of such Bond by \$5,000. Any Bond which is to be redeemed only in part shall be surrendered at the corporate trust office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory to the Paying Agent, and the registered owner of such Bond shall receive, without service charge, a new Bond or Bonds, of any authorized denomination as requested by such registered owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

On the date designated for redemption and upon deposit with the Paying Agent of funds sufficient for payment of the principal and accrued interest on the Bonds called for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and the Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Ordinance, and registered owners of the Bonds so called for redemption shall have no rights with respect to the Bonds or portions thereof so called for redemption, except to receive payment of the principal of and accrued interest on the Bonds so called for redemption to the date fixed for redemption.

Notice of any redemption shall be given by first class mail, postage prepaid, mailed by the Paying Agent not less than twenty (20) days nor more than sixty (60) days before the redemption date to the registered owners of the Bonds at their addresses as they appear on the Bond register maintained by the Paying Agent. Such notice shall also be sent to The Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System site. Such notice shall be given in the name of the Township, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and that from the date of redemption interest will cease to accrue. The Paying Agent shall use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to Bond owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed "R-" printed on the Bonds. Failure to mail any notice of redemption, or any defect therein, or in the mailing thereof, with respect to any Bond shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption.

With respect to any optional redemption of Bonds, if at the time of mailing such notice of redemption, the Township shall not have deposited with the Paying Agent monies sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption monies with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such monies are so deposited.

The Bonds are transferable by the registered owners thereof, subject to payment of any required tax, fee or other governmental charge, upon presentation and surrender thereof at the designated corporate trust office of the Paying Agent, together with a duly executed instrument of

transfer in form satisfactory to the Paying Agent. The Paying Agent shall not be required: (i) to issue, transfer or exchange any of the Bonds during a period beginning at the close of business on the fifth (5th) day next preceding the day of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given; or (ii) to transfer or exchange any Bond selected for redemption in whole or in part.

The Township and the Paying Agent may treat the person in whose name this Bond is registered on the Bond register maintained by the Paying Agent as the absolute owner of this Bond for all purposes and neither the Township nor the Paying Agent shall be affected by any notice to the contrary.

So long as the Bonds are issued in book-entry form, actual bond certificates are not available for distribution to the beneficial owners and the principal, redemption premium (if any), purchase price and interest on the Bonds are payable to Cede & Co., as nominee of the Securities Depository. Transfer of principal, redemption premium (if any) and interest payments to participants of the Securities Depository is the responsibility of the Securities Depository; transfers of principal, redemption premium (if any) and interest to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of beneficial owners. The Township and the Paying Agent are not responsible or liable for maintaining, supervising or reviewing the records maintained by the Securities Depository, its participants or persons acting through such participants. If the Bonds are no longer registered to a Securities Depository or its nominee, this Bond may be registered as transferred only upon the registration books kept for that purpose at the corporate trust payment office of the Paying Agent by the registered owner hereof in person, or by his or her attorney duly authorized in writing, upon presentation and surrender to the Paying Agent of this Bond duly endorsed for registration of transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing, and thereupon a new registered certificate, in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor. In addition, if the Bonds are no longer registered to a Securities Depository, this Bond may be exchanged by the registered owner hereof or his or her duly authorized attorney upon presentation at the corporate trust payment office of the Paying Agent for an equal aggregate principal amount of Bonds of the same rate of interest and maturity and in any authorized denomination in the manner, subject to the conditions and upon payment of charges, if any, provided in the Ordinance.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon, against any member of the Board of Commissioners, officer or employee, past, present or future, of the Township 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 any 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 Bond.

Whenever the due date for payment of interest on or principal of this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the jurisdiction in which the corporate trust payment office of the Paying Agent is located are authorized or directed by law or executive order

to close (a “**Holiday**”), then the payment of such interest or principal need not be made on such date, but may be made on the succeeding day which is not a Holiday, with the same force and effect as if made on the due date for payment of principal or interest.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania for the Township to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth of Pennsylvania to exist, to have happened or to have been performed, precedent to or in the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the Township, is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania; that the Township has established a sinking fund for the Bonds and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the Township are hereby irrevocably pledged.

This Bond shall not be entitled to any benefit under the within mentioned Ordinance or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the Paying Agent by execution of the certificate endorsed hereon.

IN WITNESS WHEREOF, Township of Lower Merion, Montgomery County, Pennsylvania, has caused this Bond to be signed in its name and on its behalf by the signature of the President of its Board of Commissioners and its corporate seal to be hereunto impressed and duly attested by the signature of the Township Secretary.

BOARD OF COMMISSIONERS OF THE
TOWNSHIP OF LOWER MERION

Daniel S. Bernheim, President

ATTEST:

Jody L. Kelley, Township Secretary

AUTHENTICATION CERTIFICATE

This Bond is one of the Township of Lower Merion General Obligation Bonds, Series A of 2019, described in the within mentioned Ordinance.

U.S. BANK, NATIONAL ASSOCIATION,
Paying Agent

Date of Authentication:
June __, 2019

By: _____
Authorized Signer

DRAFT

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR EMPLOYER
IDENTIFICATION NUMBER OF ASSIGNEE

/ _____ /

_____ the
within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ attorney to
transfer said Bond on the books of the within named Paying Agent, with full power of substitution in
the premises.

Dated:

Signature Guaranteed by:

NOTICE: Signature(s) must be guaranteed
by an eligible guarantor institution, an
institution which is a participant in a
Securities Transfer Association recognized
signature guaranteed program.

NOTICE: The signature to this Assignment
must correspond with the name as it appears
upon the face of the within Bond in every
particular, without alteration or enlargement
or any change whatever.

(Authorized Signature)

[END OF BOND FORM]

Section 8. Terms of Bonds. The Bonds shall be issued in fully registered book-entry only form, in the denomination of \$5,000 or any integral multiple thereof, shall be dated June 11, 2019, shall be issued in the aggregate principal amount of \$_____, shall bear interest from June 11, 2019, payable initially on January 15, 2020 and semiannually thereafter on January 15 and July 15 of each year at the rates and shall mature on July 15 of the years as set forth in the Bond Amortization Schedule attached hereto as **Exhibit "B"** and made a part hereof.

The Bonds are being amortized so that the debt service on all outstanding debt of the Township following the issuance of the Bonds will be brought more nearly into an over-all level annual debt service plan as shown on the total debt service schedule attached hereto as **Exhibit "C"** and made a part hereof.

The principal of the Bonds shall be payable in lawful money of the United States of America at the corporate trust office of U.S. Bank, National Association, in Philadelphia, Pennsylvania, which is hereby appointed paying agent and registrar for the Bonds and the sinking fund depository. Interest on the Bonds shall be payable in the manner provided in the Form of Bond set forth herein.

Section 9. Redemption of Bonds. [The Bonds stated to mature on or after July 15, 2025 shall be subject to redemption prior to maturity, at the option of the Township, as a whole or in part, from time to time, in any order of maturity or portion of a maturity as designated by the Township on July 15, 2024, or on any date thereafter upon payment of a redemption price of 100% of the principal plus accrued interest.]

[The Bonds stated to mature on _____, 20__ (the "**Term Bonds**") are subject to mandatory redemption prior to their stated maturity by lot by the Township, from monies to be deposited in the Sinking Fund established hereunder at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. The Township hereby covenants that it will cause the Paying Agent to select by lot, to give notice of redemption and to redeem Term Bonds at said price from monies deposited in the Sinking Fund sufficient to effect such redemption (to the extent that Term Bonds shall not have been previously purchased from said monies by the Township as permitted hereunder) one July 15 of the year and in the annual principal amount as set forth in the following schedule (or such lesser principal amount as shall at the time represent all of such Term Bonds which shall then be outstanding):]

Mandatory Redemption Schedule

<u>Redemption Date (July 15)</u>	<u>Principal Amount to be Redeemed or Purchased</u>	<u>Maturity From Which to Be Selected</u>
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*Stated Maturity.

If less than an entire year's maturity of Bonds are to be redeemed at any particular time, such Bonds so to be called for redemption shall be chosen by lot by the Paying Agent.

For the purpose of selection of Bonds for redemption, any Bond of a denomination greater than \$5,000 shall be treated as representing such number of separate Bonds, each of the denomination of \$5,000, as is obtained by dividing the actual principal amount of such Bond by \$5,000. Any Bond which is to be redeemed only in part shall be surrendered at the corporate trust office of the Paying Agent, together with a duly executed instrument of transfer in form satisfactory to the Paying Agent, and the registered owner of such Bond shall receive, without service charge, a new Bond or Bonds, of any authorized denomination as requested by such registered owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

On the date designated for redemption and upon deposit with the Paying Agent of funds sufficient for payment of the principal and accrued interest on the Bonds called for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and the Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security hereunder, and registered owners of the Bonds so called for redemption shall have no rights with respect to the Bonds or portions thereof so called for redemption, except to receive payment of the principal of and accrued interest on the Bonds so called for redemption to the date fixed for redemption.

Notice of any redemption shall be given by first class mail, postage prepaid, mailed by the Paying Agent not less than twenty (20) days nor more than sixty (60) days before the redemption date to the registered owners of the Bonds at their addresses as they appear on the Bond register maintained by the Paying Agent. Such notice shall also be sent to The Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System site. Such notice shall be given in the name of the Township, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and that from the date of redemption interest will cease to accrue. The Paying Agent shall use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to Bond owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers prefixed "R-" printed on the Bonds. Failure to mail any notice of redemption, or any defect therein, or in the mailing thereof, with respect to any Bond shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption.

Section 10. Appointment of Securities Depository. The Depository Trust Company, New York, New York ("**DTC**"), shall act as securities depository for the Bonds on behalf of the firms which participate in the DTC book-entry system ("**DTC Participants**"). The ownership of one fully registered Bond for each maturity of the Bonds will be registered in the name of Cede & Co., as nominee for DTC. Each Bond will be in the aggregate principal amount of such maturity as shown on **Exhibit "B"** attached hereto. The Township shall cause the Bonds to be delivered to DTC or the Paying Agent, as custodian for DTC, for the benefit of the purchaser, on or before the date of issuance of the Bonds.

Pursuant to the book-entry only system, any person for whom a DTC Participant acquires an interest in the Bonds (the “**Beneficial Owner**”) will not receive certificated Bonds and will not be the registered owner thereof. Ownership interest in the Bonds may be purchased by or through DTC Participants. Each DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's interest in the Bonds, which will be confirmed in accordance with DTC's standard procedures. Receipt by the Beneficial Owners (through any DTC Participant) of timely payment of principal, premium, if any, and interest on the Bonds, is subject to DTC making such payment to DTC Participants and such DTC Participants making payment to Beneficial Owners. Neither the Township nor the Paying Agent will have any direct responsibility or obligation to such DTC Participants or the persons for whom they act as nominees for any failure of DTC to act or make any payment with respect to the Bonds.

The Township is authorized to execute such documents as may be necessary or desirable in connection with DTC's services as securities depository, including a blanket letter of representation obligating the Township to give certain notices to DTC and to meet certain requirements relating to Bond payments.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Township and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Township officials then holding the offices set forth in Section 20 of this Ordinance are hereby authorized to designate a successor securities depository or to deliver certificates to the Beneficial Owners of the Bonds.

The Township shall give notice or cause the Paying Agent to give notice to DTC in accordance with the Blanket Letter of Representations for the redemption or other retirement of all of the Bonds. The Township will provide for the form of notice. Upon receipt of such notice, DTC will forward the notice to the DTC Participants for subsequent forwarding of such notice to the Beneficial Owners of the Bonds. The Township will pay the customary charges for such mailing.

Section 11. Sale of Bonds. The Bonds shall be sold competitively at an invited private sale as hereinafter set forth in Section 14. After due consideration, the Board of Commissioners hereby finds and determines, on the basis of the advice and recommendations of its Financial Advisor and all available information, that such an invited private sale of the Bonds is in the best financial interest of the Township. The form and use of various materials utilized in connection with such private sale, including the Invitation to Bid, are hereby approved and ratified.

Section 12. Creation of and Deposits in Sinking Fund. The Township covenants that there shall be and there is hereby established and that it shall hereafter maintain a sinking fund (the “**Sinking Fund**”) designated as the “Sinking Fund – General Obligation Bonds, Series A of 2019” for the Bonds to be held by the Paying Agent (or such substitute or successor Paying Agent which shall hereafter be appointed in accordance with the provisions of the Act) in the name of the Township, but subject to withdrawal only by the Paying Agent.

The Township covenants and agrees to deposit in the Sinking Fund not later than January 15 and July 15 of each year beginning January 15, 2020 the debt service payable on the Bonds on such

dates, all as set forth in **Exhibit "B"** attached hereto, or such greater or lesser amount as at the time shall be sufficient to pay principal of and interest on the Bonds becoming due on each such date.

Pending application to the purposes for which the Sinking Fund is established, the President or Vice President of the Township Board of Commissioners or the Secretary or Treasurer of the Township is hereby authorized and directed to cause the monies therein to be invested or deposited and insured or secured as permitted and required by Section 8224 of the Act. All income received on such deposits or investments of monies in the Sinking Fund during each applicable period shall be added to the Sinking Fund and shall be credited against the deposit next required to be made in the Sinking Fund.

The Paying Agent is hereby authorized and directed, without further action by the Township, to pay from the Sinking Fund the principal of and interest on the Bonds as the same shall become due and payable in accordance with the terms hereof, and the Township hereby covenants that such monies, to the extent required, will be applied to such purposes.

All monies deposited in the Sinking Fund for the payment of the Bonds which have not been claimed by the registered owners thereof after two (2) years from the date payment is due, except where such monies are held for the payment of outstanding checks, drafts or other instruments of the Paying Agent, shall be returned to the Township. Nothing contained herein shall relieve the Township of its liability to the registered owners of unrepresented Bonds.

Section 13. No Taxes Assumed. The Township shall not assume the payment of any tax or taxes in consideration of the purchase of the Bonds.

Section 14. Award and Sale of Bonds. The Township hereby awards and sells the Bonds to _____, _____, _____ (the "**Underwriter**"), at a price of \$ _____ (representing the face amount of the Bonds [plus/less] original issue [premium/discount] of \$ _____ less the underwriter's discount of \$ _____) plus accrued interest, if any and in accordance with the terms and conditions contained or incorporated in the proposal of the Underwriter dated May 8, 2019, which is hereby approved and accepted. A copy of said proposal, the Invitation to Bid and the Financial Advisor's report on the sale of the Bonds shall be attached to this Ordinance and lodged with the official minutes of this meeting and hereby incorporated herein by reference. The proper officers of the Township are hereby authorized and directed to endorse the acceptance of the Township on said proposal and to deliver copies thereof to the Underwriter. Delivery of the accepted proposal to the Underwriter shall constitute conclusive evidence that the award and sale of the Bonds under this Ordinance have become final.

Section 15. Contract with Paying Agent. The proper officers of the Township are authorized to contract with U.S. Bank, National Association, Philadelphia, Pennsylvania, in connection with the performance of its duties as the Paying Agent and Sinking Fund Depository on usual and customary terms, including an agreement to observe and comply with the provisions of this Ordinance and of the Act.

Section 16. Redemption of Refunded Bonds and Deposit of Funds. The Township hereby authorizes the refunding of the Refunded Bonds and calls for redemption on July 15, 2019 all of the Refunded Bonds which mature as set forth below:

<u>Series</u>	<u>Maturity Date</u>	<u>Bond Type</u>	<u>Principal Amount</u>
2014A	July 15, 2024	Term	\$ 455,000
2014A	July 15, 2025	Serial	390,000
2014A	July 15, 2026	Serial	460,000
2014A	July 15, 2027	Serial	470,000
2014A	July 15, 2028	Serial	480,000
2014A	July 15, 2029	Serial	500,000
2014B	July 15, 2023	Serial	435,000
2014B	July 15, 2026	Term	1,365,000
2014B	July 15, 2028	Term	965,000
2014B	July 15, 2029	Serial	505,000
2014B	July 15, 2030	Serial	520,000
2014B	July 15, 2033	Term	1,665,000
2014B	July 15, 2034	Serial	595,000

The Township shall (a) certify to U.S. Bank, National Association, as paying agent for the 2014A Bonds and 2014B Bonds, the amounts required to pay the interest on the Refunded Bonds to the date of redemption and the principal of the Refunded Bonds maturing as set forth in the above table; (b) deposit with said paying agent amounts sufficient to meet such requirements; and (c) irrevocably pledge all amounts held for the payment of the Refunded Bonds to such purposes. The President or Vice President and Secretary or Treasurer of the Township, or any duly appointed successors, as the case may be, are hereby authorized and directed to execute all documents and to take such other action as may be necessary or advisable to effect the redemption and payment of the Refunded Bonds, including redemption instructions to the Paying Agent for the Refunded Bonds.

Section 17. Federal Tax Covenants. The Township hereby covenants not to take or omit to take any action so as to cause interest on the Bonds to be no longer excluded from gross income for the purposes of federal income taxation 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”), and all applicable regulations promulgated with respect thereto throughout the term of the Bonds. The Township further covenants that it will make no investments or other use of the proceeds of the Bonds which would cause the Bonds to be “arbitrage bonds” as defined in Section 148 of the Code. The Township further covenants to comply with the rebate requirements contained in Section 148(f) of the Code and any regulations promulgated thereunder, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable.

The Township hereby represents and warrants, after due investigation and to the best of its knowledge, that (i) the Bonds are 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 “subordinate entities” thereof) during the 2019 calendar year (other than certain obligations, including \$_____ principal amount of the Bonds, which are “deemed designated,” and not required to be taken into account for purposes of that Section of the Code), is not reasonably expected to exceed \$10,000,000. The Township hereby authorizes the proper officers of the Township to execute a certificate to that effect at the time of the closing.

Section 18. Execution and Authentication of Bonds. As provided in Section 4, the Bonds shall be executed by the President or Vice President of the Board of Commissioners of the Township and the Secretary of the Township and each such execution may be by manual signature. If any officer whose signature appears on the Bonds shall cease to hold such office before the actual delivery date of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such person had remained in such office until the actual delivery date of the Bonds. The Bonds shall be authenticated by the manual signature of the Paying Agent.

Section 19. Application of Bond Proceeds. The purchase price for the Bonds and any accrued interest payable by the Underwriter shall be paid to the Paying Agent on behalf of the Township. Upon receipt of the purchase price for the Bonds, including interest thereon accrued to the date of delivery, if any, the Paying Agent shall deposit the same in a settlement account. From the settlement account, the Paying Agent shall pay, or establish reserves for payment of, the costs and expenses of the financing in the amounts substantially as set forth in the report of the Financial Advisor, which are hereby approved, and the proper officers of the Township are authorized to direct the Paying Agent to pay the issuance costs on behalf of the Township as set forth in written directions to the Paying Agent. The portion of the net proceeds of the Bonds issued to finance the Refunding Program shall be applied to the payment of the Refunded Bonds as provided in Section 16 hereof. The balance of the proceeds shall be deposited in the Sinking Fund for the Series A of 2019 Bonds and applied against the first debt service payment due on the Bonds.

Any reserves in the above-described account shall be disbursed from time to time by the Paying Agent pursuant to written instructions from the President or Vice President of the Township Board of Commissioners.

Section 20. Officers Authorized to Act. For the purpose of expediting the closing and the issuance and delivery of the Bonds, or in the event that the President or the Secretary of the Township shall be absent or otherwise unavailable for the purpose of executing documents, or for the purpose of taking any other action which they or either of them may be authorized to take pursuant to this Ordinance, the Vice President or the Assistant Secretary of the Township, respectively, are hereby authorized and directed to execute documents, or otherwise to act on behalf of the Township in their stead.

Section 21. Approval of Official Statement. The Preliminary Official Statement for the Bonds, in the form presented to this meeting, is hereby approved and “deemed final” by the Township as of its date for purposes of United States Securities and Exchange Commission Rule 15c2-12. A final Official Statement to be dated May 8, 2019, substantially in the form of the

Preliminary Official Statement presented to this meeting and also containing the final terms of the Bonds, shall be prepared and delivered to the Underwriter within seven (7) business days from the date hereof, and the Township hereby approves the use thereof in connection with the public offering and sale of the Bonds.

Section 22. Covenant to Pledge Sufficient Funds. The Township hereby covenants and agrees that, concurrently with the issuance of and payment for the Bonds, the Township will have irrevocably pledged for the benefit of the owners of the Refunded Bonds, amounts sufficient to pay all interest on the Refunded Bonds to the date of redemption thereof, and the principal of the Refunded Bonds to the date of redemption thereof so that the Refunded Bonds will no longer be outstanding under the Act.

Section 23. Continuing Disclosure. The Township hereby authorizes and directs the appropriate officers to execute and deliver a Continuing Disclosure Agreement (the “**Continuing Disclosure Agreement**”). The Township covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall be in form and substance as approved by the executing officer, such approval to be conclusively evidenced by his or her execution thereof. The Township further covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Ordinance, failure of the Township to comply with the Continuing Disclosure Agreement shall not be considered an event of default hereunder; however, the Paying Agent, any Participating Underwriter (as defined in the Continuing Disclosure Agreement), or any Bondholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Township to comply with its obligations under this Section.

Section 24. Bond Insurance. If deemed financially advantageous to the Township, the officers of the Township are hereby authorized to purchase a policy of insurance guaranteeing the payment of the principal of and interest on the Bonds, to pay the premium for such policy from the proceeds of the Bonds and to execute such documents as may be necessary to effect the issuance of such policy. If applicable, the Bonds issued under this Ordinance may include a statement of the terms of such insurance policy and the Authentication Certificate of the Paying Agent appearing on each Bond may include a statement confirming that the original or a copy of the insurance policy is on file with the Paying Agent.

Section 25. Further Action. The proper officers of the Township are hereby authorized and directed to take all such action, execute, deliver, file and/or record all such documents, publish all notices and otherwise comply with the provisions of this Ordinance and the Act in the name and on behalf of the Township. The proper officers of the Township are hereby specifically authorized to make all necessary submissions to the various Departments of the Commonwealth of Pennsylvania in order to obtain the maximum state reimbursements, if any, in connection with the Refunding Program being financed with the proceeds of the Bonds.

Section 26. Act Applicable to Bonds. This Ordinance is enacted pursuant to, and the Bonds issued hereunder shall be subject to, the provisions of the Act and all of the mandatory provisions thereof shall apply hereunder whether or not explicitly stated herein.

Section 27. Contract with Bondholders. This Ordinance constitutes a contract with the registered owners of the Bonds from time-to-time outstanding hereunder and shall be enforceable in accordance with the provisions of the laws of the Commonwealth of Pennsylvania.

Section 28. Severability. In case any one or more of the provisions contained in this Ordinance or in any Bond issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Ordinance or of said Bonds and this Ordinance or said Bonds shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

Section 29. Repealer. All ordinances and parts of ordinances heretofore enacted to the extent that the same are inconsistent herewith are hereby repealed.

Section 30. Effective Date. This Ordinance shall take effect on the earliest date permitted by the Act.

ENACTED AND ORDAINED this 8th day of May, 2019.

BOARD OF COMMISSIONERS OF THE
TOWNSHIP OF LOWER MERION

Daniel S. Bernheim, President

ATTEST:

Jody L. Kelley, Township Secretary

DRAFT

EXHIBIT “A”
TOWNSHIP OF LOWER MERION
(Montgomery County, Pennsylvania)
\$ _____ GENERAL OBLIGATION BONDS, SERIES A OF 2019

SCHEDULE OF DEBT SERVICE SAVINGS

DRAFT

EXHIBIT “B”
TOWNSHIP OF LOWER MERION
(Montgomery County, Pennsylvania)
\$ _____ GENERAL OBLIGATION BONDS, SERIES A OF 2019

BOND AMORTIZATION SCHEDULE

DRAFT

EXHIBIT “C”
TOWNSHIP OF LOWER MERION
(Montgomery County, Pennsylvania)
\$ _____ GENERAL OBLIGATION BONDS, SERIES A OF 2019
TOTAL WRAP AROUND DEBT SERVICE SCHEDULE

DRAFT

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the Board of Commissioners of the Township of Lower Merion, HEREBY CERTIFIES that:

The foregoing Ordinance authorizing the issuance of General Obligation Bonds, Series A of 2019 of the Township was duly moved and seconded and enacted by a majority vote of all the Board of Commissioners of said Township at a duly called and convened public meeting of said Board held on May 8, 2019; that public notice of said meeting was given as required by law; and that the roll of the Township Board of Commissioners was called and such members voted or were absent as follows:

<u>Name</u>	<u>Vote</u>
Daniel S. Bernheim, Esquire, President	
C. Brian McGuire, Vice President	
Rick Churchill	
Ray A. Courtney	
Anna Durbin	
Andrew S. Gavrin	
Joshua L. Grimes, Esquire	
George T. Manos, AIA	
Michael F. McKeon, Esquire	
Tiffany O'Neill	
Elizabeth S. Rogan	
Todd M. Sinai	
Anthony C. Stevenson, Ed.D.	
V. Scott Zelov	

and that such Ordinance and the votes thereon have been duly recorded in the minutes.

WITNESS my hand and seal of the Township this 8th day of May, 2019.

(TOWNSHIP SEAL)

Jody L. Kelley, Township Secretary