

TOWNSHIP OF LOWER FREDERICK
Montgomery County, Pennsylvania

ORDINANCE NO. 2021- 02

AUTHORIZING THE INCURRENCE BY THE TOWNSHIP OF LOWER FREDERICK OF NONELECTORAL DEBT BY THE ISSUANCE OF A GENERAL OBLIGATION NOTE, SERIES OF 2021 IN THE PRINCIPAL AMOUNT OF \$8,870,000 FOR THE PURPOSE OF PROVIDING FUNDS TO (1) FINANCE A CAPITAL IMPROVEMENT PROJECT; (2); CURRENTLY REFUND THE TOWNSHIP'S OUTSTANDING GENERAL OBLIGATION BOND, SERIES OF 2018; AND (3) PAYING THE COSTS OF ISSUING THE NOTE; AUTHORIZING THE PREPARATION OF A DEBT STATEMENT AND OTHER DOCUMENTATION; COVENANTING TO CREATE A SINKING FUND AND TO BUDGET, APPROPRIATE AND PAY DEBT SERVICE ON THE NOTE; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWNSHIP FOR THE PROMPT AND FULL PAYMENT OF THE NOTE; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTE; SETTING FORTH THE STATED PRINCIPAL MATURITY DATES AND AMOUNTS, INTEREST RATES AND INTEREST PAYMENT DATES, PLACE OF PAYMENT AND OTHER DETAILS OF THE NOTE; AUTHORIZING THE EXECUTION OF A PAYING AGENT AGREEMENT; FINDING THAT A PRIVATE INVITED SALE OF THE NOTE IS IN THE BEST FINANCIAL INTEREST OF THE TOWNSHIP AND ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE NOTE; APPOINTING A PAYING AGENT AND SINKING FUND DEPOSITORY; AND AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, pursuant to the Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 *et seq.* (the “**Act**”), the Township of Lower Frederick (the “**Township**”) may incur indebtedness for the purposes of financing capital projects and refunding outstanding indebtedness; and

WHEREAS, on December 13, 2018, the Township issued nonelectoral debt evidenced by its General Obligation Bond, Series of 2018 (DCED Approval No. GOB-181206-06, December 6, 2018) (the “**2018 Bond**”) which was issued to finance (i) the current refunding of the Township's General Obligation Note, Series of 2015 (the “**2015 Note**”); and (ii) to pay the costs of issuing the 2018 Bond (the “**2018 Project**”); and

WHEREAS the 2015 Note was issued to finance (i) certain capital projects of the Township including without limitation, the design and construction of a new sewer treatment plant, pump station and other related improvements to the Township sewer system (the “**Treatment Plant Project**”) and the design and construction of a collection system expansion

for the Spring Mount area (the “**Collection System Project**”); and (ii) to pay the costs of issuing the 2015 Note (collectively, the “**2015 Project**”); and

WHEREAS, the Township has completed the Treatment Plant Project but the Collection System Project has been delayed; and

WHEREAS, the Township has determined to undertake a refunding project to achieve debt service savings (the “**Refunding Project**”) consisting of the current refunding of the 2018 Bond currently outstanding in the approximate principal amount of \$8,525,000 (the “**Refunded Bond**”); and

WHEREAS, the unspent proceeds of the 2018 Bond allocated to the Collection System Project will be applied toward the Refunding Project; and

WHEREAS, pursuant to the Act, the Township has determined to undertake capital projects (the “**Capital Project**”), of the Township including without limitation, financing the Collection System Project and other necessary and related improvements to the Township’s sewer system; and

WHEREAS, the Township has determined to issue its General Obligation Note, Series of 2021 (the “**Note**”) in the principal amount of \$8,870,000 to finance, together with other funds available to the Township, (i) the costs of the Capital Project; (ii) the Refunding Project, and (iii) the costs and expenses of issuing the Note; and

WHEREAS, the Township has retained Concord Public Financial Advisors, Inc., Lancaster, Pennsylvania, as financial advisor in connection with the issuance of the Note (the “**Financial Advisor**”); and

WHEREAS, pursuant to a Request for Proposal and Term Sheet (the “**Request for Proposal**”) prepared by the Financial Advisor, the Township solicited and received proposals for the Note, the results of which were summarized by the Financial Advisor for the Township; and

WHEREAS, upon the advice of its Financial Advisor, the Township has determined that the proposal that offers the terms that are in the best financial interest of the Township for the purchase of the Note is from First National Bank and Trust Company of Newtown, Newtown, Pennsylvania (the “**Lender**”), which it desires to accept; and

WHEREAS, the Board of Supervisors (the “**Board**”) desires to approve the issuance of the Note, approve the Refunding Project, and accept the note purchase proposal of the Lender.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the Township of Lower Frederick and IT IS HEREBY RESOLVED, as follows:

1. Authorization of the Capital Project and the Refunding Project and Incurrence of Indebtedness; Statement of Average Useful Lives of the Projects; and Purpose of the Refunding Program. The Township hereby approves the Capital Project and the Refunding Project as described in the recitals to this Ordinance, and shall incur indebtedness in the form of the Note, pursuant to the Act, in the principal amount of \$8,870,000 for the

purpose of providing funds for and toward the costs of the Capital Project, the Refunding Project and the costs and expenses of issuing the Note.

It is hereby determined and stated that the estimated useful life of the Capital Project is in excess of thirty (30) years. The Township has obtained realistic estimates of the costs of the Capital Project determined through bid prices or estimates from persons qualified by experience to provide such estimate. The cost of the Capital Project being financed with a portion of Note is \$2,849,000. The estimated completion date of the Capital Project is December, 2022.

The Township hereby reserves the right to undertake the individual components of the Capital Project in such order and at such time or times as it shall determine and to allocate a portion of the proceeds of the Note and other available moneys to the final costs of the projects in such amounts and order of priority as it shall determine; but the proceeds of the Note shall be used solely to pay "costs" as defined in the Act, of the Capital Project or, upon appropriate amendments to this Ordinance, to pay the costs of other capital projects for which the Township is authorized to incur indebtedness.

It is hereby determined and stated that the portion of the Note allocated to the Capital Project is scheduled to mature in accordance with the limitations set forth in Section 8142(a)(2) of the Act.

The costs of the Refunding Project being financed with a portion of the Note is \$6,021,000. It is hereby determined and set forth that the purpose of the Refunding Project is to reduce the total debt service that would otherwise be payable on the Refunded Bond over the life of the issue. Attached hereto as **Exhibit A** and made a part hereof is the schedule of the debt service savings in connection with the refinancing of such of the Refunded Bond as is being refunded with a portion of the Note and computed in accordance with Section 8242(b) of the Act.

The remaining estimated useful life of the 2015 Project, which was originally financed by the 2015 Note and refunded with the 2018 Bond, under the ordinance enacted on May 5, 2015 in connection with the 2015 Note, was determined by the Township to be not less than thirty (30) years. The remaining useful life of the 2015 Project as of the date hereof is not less than twenty-four (24) years.

It is hereby determined and stated that the portion of the Note allocable to the refunding of the Refunded Bond is scheduled to mature in accordance with the limitations set forth in Section 8142(a)(2) of the Act taking into account the useful life of the projects financed.

The Township confirms the realistic estimated useful life of the projects financed with the Refunded Bond, and determines that the refunding portion of the Note was not extended to a maturity which could not have been included in the Refunded Bond.

The Township further determined that the 2015 Note was scheduled to mature in accordance with the limitations set forth in the Act

2. Authorization of Issuance of the Note. The Township shall issue, pursuant to the Act and this Ordinance, \$8,870,000 principal amount of its General Obligation Note, Series

of 2021 in order to provide funds for and toward the costs of the Capital Project, the Refunding Project and paying the costs of issuing the Note as authorized and provided in Section 1 hereof.

3. **Type of Indebtedness.** The indebtedness evidenced by the Note is nonelectoral debt.

4. **Execution of Debt Statement; Note and Other Documents.** The Chairman and Secretary of the Board of Supervisors or the Vice Chairman or Assistant Secretary, in the absence of the Chairman or 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 Note in the name and on behalf of the Township and to take all other action required by the Act or this Ordinance in order to effect the issuance of the Note. 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 or 8026 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 or self-liquidating debt.

5. **Type of Note.** The Note when issued will be a general obligation note.

6. **Covenant to Pay Debt Service - Pledge of Taxing Power.** The Township hereby covenants with the registered owner of the Note: (a) that the Township will include in its budget for each fiscal year for the life of the Note, the amount of the debt service on the Note which will be payable in each such fiscal year so long as the Note shall remain outstanding; (b) that the Township shall appropriate from its general revenues such amounts to the payment of such debt service; and (c) that the Township shall duly and punctually pay or cause to be paid from the sinking fund hereinafter created the principal of the Note and the interest thereon on the dates and at the place and in the manner stated in the Note according to the true intent and meaning thereof. For such budgeting, appropriation and payment the Township hereby pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable. The maximum amounts to be budgeted, appropriated and paid pursuant to the foregoing covenants are 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.

7. **Form of Note.** The Note shall be substantially in the form set forth in **Exhibit C** hereto, with appropriate omissions, insertions and variations.

8. **Terms of Note.** The Note shall be issued in fully registered form, in a single denomination equal to the principal amount thereof and shall be dated the date of issuance

thereof or such other date as the Township and Lender shall agree. The Note shall be issued in the principal amount of \$8,870,000. The Note shall bear interest from the date thereof payable semiannually on June 1 and December 1 of each year, commencing December 1, 2021 (each an “**Interest Payment Date**”), at the rates and shall be due in the principal installments on June 1 and December 1 of the years as set forth in the Note Amortization Schedule attached hereto as **Exhibit B** and made a part hereof.

The Note is being amortized so that the debt service on all outstanding debt of the Township following the issuance of the Note will be brought more nearly into an overall level annual debt service plan.

The principal of the Note shall be payable in lawful money of the United States of America at the designated office of First National Bank and Trust Company of Newtown, Newtown, Pennsylvania, which is hereby appointed paying agent and registrar for the Note and the sinking fund depository (the “**Paying Agent**”). Interest on the Note shall be payable in the manner provided in the form of Note set forth herein.

9. Redemption of Note. The Note is subject to redemption prior to maturity at the option of the Township as a whole or from time to time in part, in any order of maturity or portion of a maturity as selected by the Township at any time, upon payment of a redemption price of 100% of principal amount plus interest accrued to the redemption date. If less than an entire principal installment of the Note is to be redeemed at any particular time, such portion of the Note so to be called for redemption shall be chosen by lot by the Paying Agent. Any partial redemption of principal of the Note may be credited against such stated installments of principal on such Note as the Township may designate in writing to the Paying Agent; otherwise a partial prepayment shall be applied against the principal installments last, by date, due and payable.

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 Note called for redemption, interest on the Note or portions thereof so called for redemption shall cease to accrue and the Note or portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Ordinance, and the registered owner of the Note shall have no rights with respect to the Note or portion thereof so called for redemption, except to receive payment of the principal of and accrued interest on the Note or portion thereof so called for redemption to the date fixed for redemption.

Notice, if any, with respect to optional redemption shall be given in the manner and at the times provided in the Note.

10. Sale of Note. The Note shall be sold at an invited private sale as hereinafter set forth in Section 13. After due consideration, the Board of Supervisors of the Township hereby finds and determines, on the basis of the advice and recommendation of its Financial Advisor and all available information, that such an invited private sale of the Note 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 Request for Proposal, are hereby approved and ratified.

11. 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 designated "Sinking Fund - General Obligation Note, Series of 2021" for the Note (the "**Sinking Fund**") 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 no later than each Interest Payment Date the debt service payable on the Note 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 Note becoming due on each such date.

Pending application to the purpose for which the Sinking Fund is established, the Chairman or Vice Chairman of the Board or the 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 Note as the same become due and payable in accordance with the terms thereof and the Township hereby covenants that such monies, to the extent required, will be applied to such purpose.

All monies deposited in the Sinking Fund for the payment of the Note which have not been claimed by the registered owner thereof after two years from the date when 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 owner of the unrepresented Note.

12. No Taxes Assumed. The Township shall not assume the payment of any tax or taxes in consideration of the purchase of the Note.

13. Award and Sale of Note. The Township hereby awards and sells the Note to the Lender at a price equal to the face amount of the Note and in accordance with the terms and conditions contained or incorporated in the Form of Proposal of the Lender dated May 12, 2021 which is hereby approved and accepted. A copy of said proposal shall be attached to this Ordinance and lodged with the official minutes of this meeting and is 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 a copy thereof to the Lender. Delivery of the accepted proposal to the Lender shall constitute conclusive evidence that the award and sale of the Note under this Ordinance has become final.

14. Contract with Paying Agent. The proper officers of the Township are authorized to contract for the Note with First National Bank and Trust Company of Newtown, Newtown, 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.

15. Federal Tax Covenants. The Township hereby covenants not to take or omit to take any action so as to cause interest on the Note to be no longer excluded from gross income for 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 Note. The Township further covenants that it will make no investments or other use of the proceeds of the Note which would cause the Note to be "arbitrage bonds" as defined in Section 148 of the Code. The Township further covenants to comply with the rebate requirements (including the prohibited payment provisions) 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 Note is not a "private activity bond" 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 entities that must be aggregated with it pursuant to the Code) during the 2021 calendar year is not reasonably expected to exceed \$10,000,000 (other than certain other obligations not required to be taken into account for purposes of Section 265 of the Code). The Township hereby designates or deem designates, as applicable, the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code. The Township hereby authorizes the proper officers of the Township to execute a certificate to that effect at the time of closing.

16. Redemption of Refunded Bond and Deposit of Funds. The Township hereby calls for redemption on July 21, 2021 (or such other date as the Chairman or Vice Chairman shall designate) the Refunded Bond. The Township shall deposit with The First National Bank and Trust Company of Newtown, as paying agent for the Refunded Bond (the "Prior Bond Paying Agent"), the amounts required to pay the principal of and interest on the Refunded Bond to the date of redemption. The officers of the Township are hereby authorized and directed to execute all documents and to take such other action as may be necessary or advisable to cause the redemption and payment of the Refunded Bond. Upon redemption of the Refunded Bond on July 21, 2021, any excess moneys shall be transferred by the Prior Bond Paying Agent to the Paying Agent, and the Paying Agent shall deposit the same in the Sinking Fund. The deposit of Township funds to pay a portion of the redemption price of the 2018 Bond is hereby authorized.

17. Execution and Authentication of Note. As provided in Section 4, the Note shall be executed by the Chairman or the Vice Chairman of the Board and the Secretary or Treasurer of the Township and each such execution shall be by manual or facsimile signature. If any officer whose signature appears on the Note shall cease to hold such office before the actual delivery date of the Note, 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 Note.

The Note shall be authenticated by the manual signature of an authorized representative of the Paying Agent.

18. **Application of Note Proceeds.** The purchase price for the Note will be the principal amount thereof and consist of the amounts to be advanced by the Lender to the Township upon the written request of the Township to the Lender and be paid to the Paying Agent on behalf of the Township. The period for such subsequent advances shall expire on December 1, 2023 and thereafter the Lender shall not be obligated to make any further advances of the proceeds of the Note. Upon receipt of the purchase price for the Note, the Paying Agent shall pay the costs and expenses of the financing and the costs of the Projects, and the proper officers of the Township are authorized to direct the Paying Agent in writing as to such payments.

19. **Officers Authorized to Act.** For the purpose of expediting the closing and the issuance and delivery of the Note, or in the event that the Chairman of the Board or the Secretary or Treasurer 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 any of them may be authorized to take pursuant to this Ordinance, the Vice Chairman of the Board or the Assistant Secretary or Assistant Treasurer of the Township, respectively, are hereby authorized and directed to execute documents, or otherwise to act on behalf of the Township in their stead.

20. **Contract with Note Owner.** This Ordinance constitutes a contract with the registered owner of the Note outstanding hereunder and shall be enforceable in accordance with the provisions of the laws of the Commonwealth of Pennsylvania.

21. **Binding Effect of Covenants and Agreements.** All covenants, obligations and agreements of the Township set forth in this Ordinance and in the documents authorized hereby shall be deemed to be the covenants, obligations and agreements of the Township to the full extent authorized or permitted by law, and all such covenants, obligations and agreements shall be binding upon the Township and its successors from time to time and upon any board or body to which any powers or duties affecting the same shall be transferred by or in accordance with law. Except as otherwise provided in this Ordinance, all rights, powers and privileges conferred and duties and liabilities imposed upon the Township or the members thereof by the provisions of this Ordinance or the documents authorized hereby shall be exercised or performed, by such members, officers or other representatives of the Township as may be required or permitted by law to exercise or perform the same. No covenant, obligation or agreement herein contained or contained in any documents authorized hereby shall be deemed to be a covenant, obligation or agreement of any Commissioner, officer, agent or employee of the Township in his or her individual capacity and neither the Supervisors of the Township nor any officer executing the other documents authorized by this Ordinance shall be liable personally thereunder or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

22. **Bond Counsel and Financial Advisor.** The Township hereby appoints Cozen O'Connor to act as Bond Counsel and Concord Public Financial Advisors, Inc. to act as financial advisor to the Township with respect to the transactions contemplated by this Ordinance.

23. **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.

24. **Act Applicable to Note.** This Ordinance is enacted pursuant to, and the Note 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.

25. **Severability.** In case any one or more of the provisions contained in this Ordinance or in the Note 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 Note, and this Ordinance or said Note shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

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

27. **Effective Date.** This Ordinance shall take effect on the earliest date permitted by the Act.

ENACTED this 22 day of June, 2021.

(TOWNSHIP SEAL)

TOWNSHIP OF LOWER FREDERICK

ATTEST


Secretary


Chairman
Board of Supervisors

EXHIBIT A

TOWNSHIP OF LOWER FREDERICK

\$8,870,000 GENERAL OBLIGATION NOTE, SERIES OF 2021

**Schedule of Debt Service Savings for the Portion of the Refunded Bond
being Refunded with Note Proceeds**

General Obligation Note Series of 2021						DATED 7/21/2021	
Portion that Refunds the Portion of the 2018 Bond Refunded by the 2021 Note							
1	2	3	4	5	6	7	8
Date	Principal Installment	Rate* 2.500 4.250	Interest	Debt Service	Annual Debt Service	Existing Not to Exceed Debt Service Refunded by 2021 Note (Assume Cap)	Annual Increase/ (Decrease)
6/1/2021							
12/1/2021	1,000	2.500	54,356.25	55,356.25	55,356.25	176,703.64	(121,347.39)
6/1/2022	107,000	2.500	75,250.00	182,250.00			
12/1/2022	108,000	2.500	73,912.50	181,912.50	364,162.50	353,573.02	10,589.48
6/1/2023	109,000	2.500	72,562.50	181,562.50			
12/1/2023	111,000	2.500	71,200.00	182,200.00	363,762.50	356,330.02	7,432.48
6/1/2024	112,000	2.500	69,812.50	181,812.50			
12/1/2024	114,000	2.500	68,412.50	182,412.50	364,225.00	356,903.27	7,321.73
6/1/2025	115,000	2.500	66,987.50	181,987.50			
12/1/2025	116,000	2.500	65,550.00	181,550.00	363,537.50	359,317.27	4,220.23
6/1/2026	118,000	2.500	64,100.00	182,100.00			
12/1/2026	119,000	2.500	62,625.00	181,625.00	363,725.00	361,535.27	2,189.73
6/1/2027	121,000	2.500	61,137.50	182,137.50			
12/1/2027	122,000	2.500	59,625.00	181,625.00	363,762.50	363,557.27	205.23
6/1/2028	124,000	2.500	58,100.00	182,100.00			
12/1/2028	125,000	2.500	56,550.00	181,550.00	363,650.00	365,383.27	(1,733.27)
6/1/2029	127,000	2.500	54,987.50	181,987.50			
12/1/2029	129,000	2.500	53,400.00	182,400.00	364,387.50	388,720.81	(24,333.31)
6/1/2030	130,000	2.500	51,787.50	181,787.50			
12/1/2030	132,000	2.500	50,162.50	182,162.50	363,950.00	390,482.06	(26,532.06)
6/1/2031	134,000	2.500	48,512.50	182,512.50			
12/1/2031	135,000	2.500	46,837.50	181,837.50	364,350.00	390,720.81	(26,370.81)
6/1/2032	137,000	2.500	45,150.00	182,150.00			
12/1/2032	139,000	2.500	43,437.50	182,437.50	364,587.50	391,460.81	(26,873.31)
6/1/2033	140,000	2.500	41,700.00	181,700.00			
12/1/2033	142,000	2.500	39,950.00	181,950.00	363,650.00	391,702.06	(28,052.06)
6/1/2034	144,000	2.500	38,175.00	182,175.00			
12/1/2034	146,000	2.500	36,375.00	182,375.00	364,550.00	392,397.06	(27,847.06)
6/1/2035	147,000	2.500	34,550.00	181,550.00			
12/1/2035	149,000	2.500	32,712.50	181,712.50	363,262.50	393,522.06	(30,259.56)
6/1/2036	151,000	2.500	30,850.00	181,850.00			
12/1/2036	133,000	4.250	49,236.25	182,236.25	364,086.25	395,005.81	(30,919.56)
6/1/2037	136,000	4.250	46,410.00	182,410.00			
12/1/2037	138,000	4.250	43,520.00	181,520.00	363,930.00	394,848.31	(30,918.31)
6/1/2038	141,000	4.250	40,587.50	181,587.50			
12/1/2038	145,000	4.250	37,591.25	182,591.25	364,178.75	395,025.81	(30,847.06)
6/1/2039	147,000	4.250	34,510.00	181,510.00			
12/1/2039	151,000	4.250	31,386.25	182,386.25	363,896.25	396,538.31	(32,642.06)
6/1/2040	154,000	4.250	28,177.50	182,177.50			
12/1/2040	157,000	4.250	24,905.00	181,905.00	364,082.50	396,314.56	(32,232.06)
6/1/2041	160,000	4.250	21,568.75	181,568.75			
12/1/2041	164,000	4.250	18,168.75	182,168.75	363,737.50	398,330.81	(34,593.31)
6/1/2042	167,000	4.250	14,683.75	181,683.75			
12/1/2042	171,000	4.250	11,135.00	182,135.00	363,818.75	398,515.81	(34,697.06)
6/1/2043	175,000	4.250	7,501.25	182,501.25			
12/1/2043	178,000	4.250	3,782.50	181,782.50	364,283.75	400,836.58	(36,552.83)
6/1/2044		4.250	0.00	0.00			
12/1/2044		4.250	0.00	0.00	0.00	0.00	0.00
TOTALS	6,021,000		2,041,932.50	8,062,932.50	8,062,932.50	8,607,724.75	(544,792.25)

*Rate Assumes 2.50% through 6/1/36, variable thereafter (assumes cap rate of 4.25%)

EXHIBIT B

**TOWNSHIP OF LOWER FREDERICK
AMORTIZATION SCHEDULE FOR NOTE**

Township of Lower Frederick General Obligation Note Series of 2021						
						DATED
						7/21/2021
	10	11	12	13	14	15
	Principal			Annual		
Date	Instalment	Rate*	Interest	Debt Service	Debt Service	Debt Service
		2.500				
		4.250				
6/1/2021						
12/1/2021	52,000	2.500	80,076.39	132,076.39	132,076.39	
6/1/2022	143,000	2.500	110,225.00	253,225.00		
12/1/2022	146,000	2.500	108,437.50	254,437.50	507,662.50	
6/1/2023	147,000	2.500	106,612.50	253,612.50		
12/1/2023	149,000	2.500	104,775.00	253,775.00	507,387.50	
6/1/2024	156,000	2.500	102,912.50	258,912.50		
12/1/2024	159,000	2.500	100,962.50	259,962.50	518,875.00	
6/1/2025	160,000	2.500	98,975.00	258,975.00		
12/1/2026	163,000	2.500	96,975.00	259,975.00	518,950.00	
6/1/2026	164,000	2.500	94,937.50	258,937.50		
12/1/2026	167,000	2.500	92,887.50	259,887.50	518,825.00	
6/1/2027	168,000	2.500	90,800.00	258,800.00		
12/1/2027	171,000	2.500	88,700.00	259,700.00	518,500.00	
6/1/2028	173,000	2.500	86,562.50	259,562.50		
12/1/2028	175,000	2.500	84,400.00	259,400.00	518,962.50	
6/1/2029	177,000	2.500	82,212.50	259,212.50		
12/1/2029	180,000	2.500	80,000.00	260,000.00	519,212.50	
6/1/2030	182,000	2.500	77,750.00	259,750.00		
12/1/2030	184,000	2.500	75,475.00	259,475.00	519,225.00	
6/1/2031	186,000	2.500	73,175.00	259,175.00		
12/1/2031	189,000	2.500	70,850.00	259,850.00	519,025.00	
6/1/2032	191,000	2.500	68,487.50	259,487.50		
12/1/2032	194,000	2.500	66,100.00	260,100.00	519,587.50	
6/1/2033	196,000	2.500	63,675.00	259,675.00		
12/1/2033	198,000	2.500	61,225.00	259,225.00	518,900.00	
6/1/2034	201,000	2.500	58,750.00	259,750.00		
12/1/2034	203,000	2.500	56,237.50	259,237.50	518,987.50	
6/1/2035	206,000	2.500	53,700.00	259,700.00		
12/1/2035	208,000	2.500	51,125.00	259,125.00	518,825.00	
6/1/2036	211,000	2.500	48,525.00	259,525.00		
12/1/2036	182,000	4.250	78,008.75	260,008.75	519,533.75	
6/1/2037	185,000	4.250	74,141.25	259,141.25		
12/1/2037	189,000	4.250	70,210.00	259,210.00	518,351.25	
6/1/2038	193,000	4.250	66,193.75	259,193.75		
12/1/2038	198,000	4.250	62,092.50	260,092.50	519,286.25	
6/1/2039	202,000	4.250	57,885.00	259,885.00		
12/1/2039	206,000	4.250	53,592.50	259,592.50	519,477.50	
6/1/2040	210,000	4.250	49,215.00	259,215.00		
12/1/2040	215,000	4.250	44,762.50	259,762.50	518,967.50	
6/1/2041	219,000	4.250	40,183.75	259,183.75		
12/1/2041	224,000	4.250	35,530.00	259,530.00	518,713.75	
6/1/2042	229,000	4.250	30,770.00	259,770.00		
12/1/2042	234,000	4.250	25,903.75	259,903.75	519,673.75	
6/1/2043	239,000	4.250	20,931.25	258,931.25		
12/1/2043	244,000	4.250	15,873.75	259,873.75	518,805.00	
6/1/2044	249,000	4.250	10,688.75	259,688.75		
12/1/2044	254,000	4.250	5,397.50	259,397.50	519,086.25	
TOTALS	8,870,000		3,176,896.39	12,046,896.39	12,046,896.39	

*Rate Assumes 2.50% through 6/1/36, variable thereafter (assumes cap rate of 4.25%)
(1) Variable Based on 65% of Prime

EXHIBIT C

[FORM OF NOTE]

UNITED STATES OF AMERICA

COMMONWEALTH OF PENNSYLVANIA

TOWNSHIP OF LOWER FREDERICK

GENERAL OBLIGATION NOTE, SERIES OF 2021

The Township of Lower Frederick, Montgomery County, Pennsylvania (the “**Township**”), a political subdivision of the Commonwealth of Pennsylvania, for value received, hereby promises to pay to First National Bank and Trust Company of Newtown, Newtown, Pennsylvania (the “**Bank**”), or registered assigns, the maximum principal sum of

**EIGHT MILLION EIGHT HUNDRED SEVENTY THOUSAND DOLLARS
(\$8,870,000)**

and to pay interest on the unpaid principal balance of this Note from the date hereof at the interest rate hereinafter set forth. The principal of and interest on this Note are payable on June 1 and December 1 with respect to interest, commencing December 1, 2021, and semi-annually on June 1 and December 1 with respect to principal, commencing December 1, 2021, in lawful money of the United States of America at the office of First National Bank and Trust Company of Newtown, Newtown, Pennsylvania (the “**Paying Agent**”) or at such other place as the registered owner of this Note may designate in writing. The principal of this Note is payable in the amounts and on the dates further provided on **Schedule I** attached hereto. All outstanding principal and interest shall be due and payable in full upon maturity on December 1, 2044. Interest shall be calculated based on a year of 360 days comprised of twelve (12) thirty (30) day months.

This Note shall bear interest at a fixed rate of 2.50% per annum, until June 1, 2036. From June 2, 2036 until maturity on December 1, 2044 or earlier redemption, this Note shall bear interest at a variable rate, continually reset, equal to sixty-five percent (65%) of the Wall Street Journal, U.S. Prime Rate, with a maximum interest rate not to exceed 4.25% per annum.

This Note is issued in fully registered form in accordance with the Local Government Unit Debt Act, 53 Pa. Cons. Stat. § 8001, et seq., as amended (the “**Act**”), and pursuant to an ordinance of the Township duly enacted on June 22, 2021 (the “**Ordinance**”). This Note is issued for the purpose of financing a capital project, a refunding project and to pay the costs of issuing the Note, as described in the Ordinance.

Under the laws of the Commonwealth of Pennsylvania, this Note and the interest thereon shall at all times be free from taxation within the Commonwealth of Pennsylvania, but this exemption shall not extend to gift, estate, succession or inheritance taxes or to any other taxes

not levied or assessed directly on this Note or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of this Note are subject to state and local taxation.

The Note is subject to redemption prior to maturity at the option of the Township as a whole or from time to time in part, in any order of maturity or portion of a maturity as selected by the Township at any time, upon payment of a redemption price of 100% of principal amount plus interest accrued to the redemption date. If less than an entire principal installment of the Note is to be redeemed at any particular time, such portion of the Note so to be called for redemption shall be chosen by lot by the Paying Agent. Any partial redemption of principal of the Note may be credited against such stated installments of principal on such Note as the Township may designate in writing to the Paying Agent; otherwise a partial prepayment shall be applied against the principal installments last, by date, due and payable. The registered owner hereof, by acceptance hereof, agrees that any such redemption may be made by the Township without any prior notice, of any nature whatsoever, to the registered owner hereof.

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

This Note is transferable by the registered owner thereof, subject to payment of any required tax, fee or other governmental charge, upon presentation and surrender thereof at the designated 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 to transfer or exchange this Note if selected for redemption in whole or in part.

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

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 Supervisor, officer or employee, past, present or future, of the Township or of any successor body, as such, either directly or through the Township or through 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 Supervisors, officers or employees is released as a condition of and as consideration for the execution and issuance of this Note.

Whenever the due date for payment of interest on or principal of this Note shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania or in the jurisdiction in which the designated office or payment office of the

Paying Agent is located are authorized 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 Note 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 Note or in the creation of the debt of which this Note is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Note, 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 Note and shall deposit therein amounts sufficient to pay the principal of and interest on the Note as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are hereby irrevocably pledged.

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

IN WITNESS WHEREOF, the Township of Lower Frederick, Montgomery County, Pennsylvania has caused this Note to be signed in its name and on its behalf by the signature of the Chairman of its Board of Supervisors and an impression of its corporate seal to be hereunto affixed, duly attested by the signature of the Secretary of the Township.

TOWNSHIP OF LOWER FREDERICK

By: _____
Chairman, Board of Supervisors

Attest: _____
Secretary

(SEAL)

AUTHENTICATION CERTIFICATE

This Note is the Township of Lower Frederick General Obligation Note, Series of 2021, described in the within mentioned Ordinance.

DATE OF AUTHENTICATION:

FIRST NATIONAL BANK AND TRUST
COMPANY OF NEWTOWN, as Paying Agent

By: _____
Authorized Representative

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 Note and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ attorney to transfer said Note 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 Note in every
particular, without alteration or enlargement or
any change whatever.

(Authorized Signature)

Schedule I

TOWNSHIP OF LOWER FREDERICK

[END OF NOTE FORM]

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the Township of Lower Frederick HEREBY CERTIFIES that:

The foregoing Ordinance authorizing the issuance of General Obligation Note, Series of 2021 of the Township was duly moved and seconded and enacted by a majority vote of all the Board of Supervisors of said Township at a duly called and convened meeting of said Board held on June 22, 2021; that public notice of said meeting was given as required by law; and that the roll of the Board of Supervisors was called and such members voted or were absent as follows:

<u>Name</u>	<u>Vote</u>
Charles W. Yeiser, Chairman	<u>Y</u>
Marla Hexter, Vice Chair	<u>Y</u>
Terry Bird	<u>Y</u>
Dan Orfe	<u>Y</u>
Noelle Halter	<u>Y</u>

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

WITNESS my hand and seal of the Township this 22 day of June , 2021.



Mark L. Hudson, Township Secretary

(SEAL)