

**MUNICIPALITY OF NORRISTOWN
A HOME RULE MUNICIPALITY
MONTGOMERY COUNTY, PENNSYLVANIA**

ORDINANCE NO. 17-06 of 2017

MONTGOMERY COUNTY, PENNSYLVANIA (PREVIOUSLY KNOWN AS THE BOROUGH OF NORRISTOWN), SETTING FORTH ITS INTENT TO ISSUE A GENERAL OBLIGATION NOTE IN THE AGGREGATE PRINCIPAL AMOUNT OF THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000) (THE "NOTE") PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA. C.S. CHAPTERS 80-82, AS AMENDED AND SUPPLEMENTED (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE MUNICIPALITY; DETERMINING THAT SUCH NOTE SHALL EVIDENCE NONELECTORAL DEBT OF THE MUNICIPALITY; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS TO FINANCE CERTAIN PROJECTS OF THE MUNICIPALITY WHICH CONSISTS OF, AMONG OTHER THINGS: (1) THE DESIGN, ACQUISITION, CONSTRUCTION AND INSTALLATION OF CERTAIN CAPITAL IMPROVEMENTS TO THE STREETS, ROADWAYS AND ALLEYWAYS OF THE MUNICIPALITY, INCLUDING, BUT NOT LIMITED TO THE INSTALLATION OF ADA CURB RAMPS ON STREETS IN THE MUNICIPALITY AND THE MILLING AND OVERLAY OF CERTAIN STREETS LOCATED IN THE MUNICIPALITY; AND (2) THE PAYMENT OF THE COSTS OF ISSUANCE OF THE NOTE; SETTING FORTH A REASONABLE ESTIMATE OF THE USEFUL LIVES OF THE PROJECTS TO BE FINANCED; ACCEPTING A COMMITMENT FOR THE PURCHASE OF SUCH NOTE AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH NOTE, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE MUNICIPALITY; FIXING THE FORM, NUMBER, DATE, INTEREST AND MATURITY THEREOF AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTE; AUTHORIZING SPECIFIED OFFICERS OF THE MUNICIPALITY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE NOTE, IF NECESSARY; SETTING FORTH THE SUBSTANTIAL FORM OF THE NOTE EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH NOTE; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH NOTE TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE MUNICIPALITY IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH NOTE, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE MUNICIPALITY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE NOTE, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND

ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH NOTE, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE MUNICIPALITY, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE MUNICIPALITY TO DELIVER THE NOTE UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HEREWITH.

WHEREAS, the Municipality of Norristown, Montgomery County, Pennsylvania (previously known as the Borough of Norristown) (the "Municipality"), was incorporated under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, it is necessary that the indebtedness of the Municipality be increased for the purposes of providing funds to fund a project of the Municipality (the "Project") consisting of, among other things, (1) the design, acquisition, construction and installation of certain capital improvements to the streets, roadways and alleyways of the Municipality, including, but not limited to the installation of ADA curb ramps on streets in the Municipality and the milling and overlay of certain streets located in the Municipality; and (2) the payment of the costs of issuance of the Note (as hereinafter defined); and

WHEREAS, the proposed increase of debt, together with its nonelectoral indebtedness and its lease rental indebtedness presently outstanding, will not cause the limitations of the Municipality, pursuant to constitutional and statutory authority, to be exceeded; and

WHEREAS, the Municipality received a commitment letter for the financing of the Project (the "Commitment Letter") from the Commonwealth of Pennsylvania, Department of Transportation (the "Purchaser"); and

WHEREAS, the Municipality desires to formally approve the Project, to accept the Commitment Letter and to authorize the incurrence of nonelectoral debt under the Act, and the execution and delivery of the Commitment Letter.

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

1. The aggregate principal amount of the General Obligation Note (the "Note") of the Municipality proposed to be issued shall be \$3,500,000. The Note shall be incurred as nonelectoral debt.

2. The Municipality hereby approves the Project to be undertaken consisting of, among other things, (1) the design, acquisition, construction and installation of certain capital improvements to the streets, roadways and alleyways of the Municipality, including, but not limited to the installation of ADA curb ramps on streets in the Municipality and the milling and

overlay of certain streets located in the Municipality; and (2) the payment of the costs of issuance of the Note.

It is hereby determined and declared that the estimated useful lives of the projects to be financed with the proceeds of the Note range from at least 10 years to at least 25 years.

It is hereby certified that an aggregate principal amount of the Note at least equal to the realistic estimated cost of each such capital project shall mature prior to the end of the useful life of such project. Stated installments or maturities of principal of the Note will not be deferred beyond the later of one year after the estimated date for the completion of the construction portion of the Project, if any, or two years from the date of issuance of the Note.

3. Said indebtedness shall be evidenced by the Note in the aggregate principal amount of \$3,500,000, dated and bearing interest from the date of execution thereof. In accordance with the provisions of the Commitment Letter, the Note shall bear interest at a fixed rate equal to one and eight hundred seventy-five thousandths percent (1.875%) per annum payable on the unpaid balance of said Note from the date of issuance of said Note through and including the maturity date of the Note. Principal and interest on the Note shall be due and payable in ten (10) consecutive annual payments on or before the first day of the month following the first annual anniversary of the loan disbursement and annually thereafter, as shown on Exhibit A attached hereto.

The Municipality shall have the option to prepay all or a portion of the Note at any time and from time to time without notice and without penalty or premium but with accrued interest to the date of such prepayment on the amount prepaid. Each partial prepayment shall be in the aggregate principal amount of One Thousand Dollars (\$1,000.00) or any integral multiple thereof.

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

4. The Note is hereby declared to be a general obligation of the Municipality. The Municipality hereby covenants that it shall include the amount of debt service on the Note for each fiscal year in which such sums are payable in its budget for that year; shall appropriate such amounts from its general revenues for the payment of such debt service; and shall duly and punctually pay or cause to be paid from its general revenues the principal of the Note and the interest thereon at the dates and places and in the manner stated in the Note according to the true intent and meaning thereof, and for such proper budgeting, appropriation, and payment, the full faith, credit and taxing power of the Municipality are hereby irrevocably pledged.

5. The form of said Note shall be substantially as shown on the attached Exhibit B.

6. The Note shall be executed in the name and under the corporate seal of the Municipality by the President or Vice President of the Council and attested to by the Municipal Administrator of the Municipality. The Municipal Administrator is hereby authorized and directed to deliver said Note to the Purchaser, and receive payment therefor on behalf of the Municipality. The President or Vice President of the Council or the Municipal Administrator is authorized and directed to prepare, verify and file the debt statement required by Section 8110 of the Act, and to take other necessary action, including, if necessary or desirable, the filing, either before or after

the issuance of the Note, of additional debt statements or any statements required to qualify any portion of the debt from the appropriate debt limit as self-liquidating or subsidized debt.

7. The President or Vice President of the Council and the Municipal Administrator are hereby authorized to contract with Bank of America or such other bank or bank and trust company selected by the Municipality that is authorized to do business in the Commonwealth of Pennsylvania for its services as Sinking Fund Depository for the Note and Paying Agent for the same (the "Paying Agent"). The Paying Agent is hereby designated as the Sinking Fund Depository for the obligation herein authorized, and there is hereby created and established a Sinking Fund, to be known as "Municipality of Norristown, Montgomery County, Pennsylvania, Sinking Fund - General Obligation Note", for the payment of the principal and interest thereon which shall be deposited into the Sinking Fund no later than the date upon which the same becomes due and payable. The Municipality shall deposit into the Sinking Fund, which shall be maintained until such obligation is paid in full, sufficient amounts for payment of principal and interest on the obligation no later than the date upon which such payments shall become due. The Sinking Fund Depository shall, as and when said payments are due, without further action by the Municipality withdraw available monies in the Sinking Fund and apply said monies to payment of the principal of and interest on the obligation.

8. In compliance with Section 8161 of the Act, the Council has determined that a private sale by negotiation, rather than public sale, is in the best financial interest of the Municipality. The Commitment Letter is hereby accepted and the Note is hereby awarded and sold to the Purchaser in accordance with its commitment to purchase the Note at par; provided the Note is dated the date of delivery thereof to the Purchaser and is in substantially the form set forth in Exhibit B to this Ordinance with such changes as may be approved by the officers of the Municipality executing such Note; and further provided that the proceedings have been approved by the Department of Community and Economic Development if such approval is required under the provisions of the Act. A copy of said Commitment Letter shall be attached hereto as Exhibit C and lodged with the official minutes of this meeting and is hereby incorporated herein by reference.

9. The action of the proper officers and the advertising of a summary of this Ordinance as required by law in a newspaper of general circulation in the Municipality is ratified and confirmed. The advertisement of enactment in said newspaper is hereby directed within fifteen (15) days following the day of final enactment.

10. The proper officers of the Municipality are hereby authorized to execute and deliver such other documents, including and to take such other action as may be necessary or proper to effect the completion of the financing or the intent and purposes of this Ordinance.

11. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the Municipality that the remainder of this Ordinance shall remain in full force and effect.

All ordinances or parts of ordinances not in accord with this Ordinance are hereby repealed insofar as they conflict herewith.

This Ordinance shall be effective in accordance with Section 8003 of the Act.

ENACTED and ORDAINED this 20th day of June, 2017.

Seal:

**Municipality of Norristown
Municipal Council**

By: *Sonya Sanders*
Sonya Sanders
Council President

Attest *Crandall O. Jones*
Crandall O. Jones, ICMA / CM
Municipal Administrator

