

KENNETT TOWNSHIP,

Chester County, Pennsylvania

ORDINANCE NO. 290

AN ORDINANCE INCREASING THE INDEBTEDNESS OF KENNETT TOWNSHIP, CHESTER COUNTY, PENNSYLVANIA BY DIRECTING THE ISSUANCE OF A GENERAL OBLIGATION BOND IN THE MAXIMUM PRINCIPAL AMOUNT OF \$5,000,000.00 TO BE ISSUED TO TD BANK, NA (the "PURCHASER"), PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT, TO PROVIDE FUNDS FOR (1) THE REFINANCING OF ITS SERIES 2018 NOTE, WHICH NOTE WAS ISSUED IN CONNECTION WITH THE ACQUISITION OF REAL PROPERTY FOR THE PURPOSE OF PROVIDING OPEN SPACE BENEFITS (the "REFUNDING PROJECT") AND (2) FOR ACQUISITION OF ADDITIONAL OPEN SPACE INTERESTS AND OPEN SPACE CAPITAL IMPROVEMENTS (the "OPEN SPACE CAPITAL PROJECT") (COLLECTIVELY THE "PROJECT"); ACCEPTING A CERTAIN PROPOSAL FOR THE PURCHASE OF SUCH BOND, AT PRIVATE SALE; SPECIFYING THE REALISTIC USEFUL LIFE OF SAID PROJECT; AUTHORIZING AND DIRECTING APPROPRIATE OFFICERS OF THE TOWNSHIP TO TAKE CERTAIN ACTIONS AND TO EXECUTE CERTAIN DOCUMENTS REQUIRED BY THE PENNSYLVANIA LOCAL GOVERNMENT UNIT DEBT ACT; APPROVING THE SUBSTANTIAL FORM, MAXIMUM PRINCIPAL AMOUNTS, DATE, INTEREST MATURITY, AND SOURCES OF PAYMENT OF SAID OBLIGATION, SECURED BY THE GENERAL REVENUES OF THE TOWNSHIP AND PLEDGING THE FULL FAITH, CREDIT, AND TAXING POWER OF THIS TOWNSHIP IN SUPPORT THEREOF; APPOINTING A PAYING AGENT AND SINKING FUND DEPOSITORY; AND PROVIDING FOR REPEAL OF ALL INCONSISTENT ORDINANCES OR PARTS OF ORDINANCES; AND PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE.

WHEREAS, The Township of Kennett (the "Township") is a political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth") and is a "local government unit" under provisions of the "Local Government Unit Debt Act", 53 Pa.C.S.A. §8001 et. seq. (the "Act"); and

WHEREAS, The Township has heretofore acquired real property for the purpose of providing open space benefits with all appurtenances, rights of ways, land and improvements associated thereto (the "Open Space Lands"); and

WHEREAS, The Township desires to obtain a more favorable interest rate and realize debt service savings in connection with the debt issued in connection with the acquisition of the Open Space Lands, and therefore wishes to refinance the Series 2018 Note (the "Refunding Project"), in

order to reduce total debt service over the life of the 2018 Note in accordance with Section 8241(b)(1) of the Act; and

WHEREAS, the outstanding balance of the Series 2018 Note along with the costs of issuance associated with the Refunding Project totals approximately \$2,950,000.00; and

WHEREAS, the Township also desires to fund the acquisition of additional open space interests and the planning, design, purchase, acquisition, construction, as applicable, of building and facilities related thereto, and various other capital improvements and renovations to such buildings and facilities for governmental use, as necessary, and related appurtenances, and suitable fixtures, furnishings, and equipment therefor, to the extent of available funds (the “Open Space Capital Project” and together with the Refunding Project, collectively, the “Project”); and

WHEREAS, the Township estimates that the cost of the Open Space Capital Project, along with the cost of issuance associated with the Open Space Capital Project totals approximately \$2,050,000.00; and

WHEREAS, the Township has determined that the Project will be funded by the issuance of a general obligation bond, to be sold at private sale; and

WHEREAS, the Township has determined that the private sale by negotiation is in the best financial interest of the Township; and

WHEREAS, TD Bank, NA (the “Purchaser”) has submitted a bid to purchase the general obligation bond, and such bid has been duly opened, read, and considered; and

WHEREAS, the Township desires to accept the bid of the Purchaser at par with a maximum purchase price of \$5,000,000.00, award the general obligation bond to the Purchaser, and to incur the non-electoral debt in the maximum principal amount of \$5,000,000.00 in connection with the refinancing and pursuant to the provisions of the Act; and

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

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of Supervisors of the Township of Kennett, Chester County, Pennsylvania, as follows:

ARTICLE I

SECTION 1.01. The Board of Supervisors of this Township hereby authorizes and directs the issuance of a general obligation bond of this Township, as provided in Section 2.01 hereof and as permitted by the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S.A. §8001 et. seq. (the “Act”), pursuant to this Ordinance (the “Ordinance”) to provide funds for and toward the Project, as such costs are permitted and defined in Section 8007 of the Act.

SECTION 1.02. The Township specifies that the realistic, estimated, useful life of the Project is at least thirty (30) years. The remaining estimated useful life of the Open Space Lands financed with the 2018 Note is in excess of 18 years. The estimated useful lives of the Open Space Capital Project and the Open Space Lands exceeds the final maturity of the Bond (hereinafter defined).

SECTION 1.03. The Township hereby declares, for purposes of the Act, that the Refunding Project, along with the cost of issuance associated therewith does not exceed \$2,950,000.00, and the cost of the Open Space Capital Project, along with the cost of issuance associated therewith shall not exceed \$2,050,000.00. The total Project cost shall not exceed Five Million Dollars (\$5,000,000.00). The Refunding Project and the Capital Project, as permitted by Section 8101 of the Debt Act, shall be combined for the purposes of financing the costs and expenses thereof, and the Township hereby approves the undertaking of the Refunding Project and the Capital Project.

ARTICLE II

SECTION 2.01. The Township authorizes and directs, as permitted by the Act, the issuance of a general obligation bond of this Township, in the maximum principal amount of \$5,000,000.00, to be designated generally as the “2020 General Obligation Bond” (the “Bond”), to the Purchaser, in accordance with the Act, for purposes of financing the Project, and hereby determines that the debt to be incurred hereby, of which debt the Bond shall be evidence, shall be non-electoral debt of this Township.

SECTION 2.02. The Township covenants to and with the Purchaser and such other holders, from time to time, of the Bond that this Township shall do the following: (i) include the amount of the debt service for the Bond, for each fiscal year of this Township in which such sums are payable, in its budget for that fiscal year; (ii) appropriate such amounts from its tax and other general revenues for the payment of such debt service; and (iii) duly and punctually pay or cause to be paid from the sinking fund created pursuant to Section 2.07 hereof, or any other of its revenue or funds, the principal and interest on the Bond, at the dates and place and in the manner stated therein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, this Township does pledge, irrevocably, its full faith, credit, and taxing power. The foregoing covenant of this Township shall be specifically enforceable.

SECTION 2.03. The Bond, when issued, will be a general obligation of this Township.

SECTION 2.04. The Township shall and does accept the proposal of the Purchaser (the “Proposal”), for purchase of the Bond at par with the maximum purchase price of \$5,000,000.00, and the Bond shall be and is awarded to the Purchaser in accordance with the terms and conditions of the Proposal, at private sale by negotiation. This Township finds that a private sale by negotiation is in the best financial interest of this Township.

SECTION 2.05. The form of the Bond shall be substantially as set forth in Exhibit “A”, which is attached hereto and made a part hereof, with appropriate insertions and variations. The Bond shall be in the denomination, shall be subject to redemption, shall bear interest at the rates per annum, and shall be payable in monthly amortized installments of principal and interest in the amounts and on the dates substantially set forth in said form of the Bond

and in the schedule set forth as Exhibit “B”, which is attached hereto and made a part hereof. In accordance with Section 8142(b)(1) of the Act, the principal installments of the Bond have been fixed so as to amortize the Bond on at least an approximately level annual debt service plan during the term of the Bond.

SECTION 2.06. The Bond shall be executed in the name of and on behalf of this Township by the manual signature of the Chairman or Vice Chairman of the Board of Supervisors of this Township, and the official seal of this Township shall be affixed thereto and the manual signature of the Secretary or Assistant Secretary shall be affixed thereto in attestation thereof; and said officers are authorized to execute and attest the Bond.

SECTION 2.07. There is created, pursuant to Section 8221 of the Act, a sinking fund for the Bond, to be known as “Sinking Fund – 2020 General Obligation Bond” (the “Sinking Fund”), which Sinking Fund shall be administered in accordance with applicable provisions of the Act.

SECTION 2.08. The Township appoints TD Bank, NA, with a branch in Chadds Ford, Pennsylvania (the “Bank”), as the sinking fund depository with respect to the Sinking Fund. Appropriate officers of this Township are authorized and directed to contract with the Bank for its services as paying agent with respect to the Bond and as sinking fund depository in connection with the Sinking Fund.

SECTION 2.09. The Township covenants to make payments out of the Sinking Fund, or out of any other of its revenues or funds, at such times and in such amounts as shall be sufficient for prompt and full payment of all obligations of the Bond when due.

SECTION 2.10. The Chairman or Vice Chairman of the Board of Supervisors and the Secretary or Assistant Secretary, respectively, of this Township, which shall include their duly qualified successors in office, if applicable, are authorized and directed, as required, necessary and appropriate: (i) to prepare, to certify, and to file with the Department of Community and Economic Development of the Commonwealth (the “Department”) the debt statement required by Section 8110 of the Act; (ii) to prepare for filing with the Department an appropriate borrowing base certificate as required by Section 8110 of the Act; (iii) to prepare and to file the application with the Department, together with a complete and accurate transcript of the proceedings for the required approval relating to the debt, of which debt the Bond, upon issuance, will be evidence, as required by Section 8111 of the Act; (iv) to pay or cause to be paid to the Department all proper filing fees required in connection with the foregoing; and (v) to take other required, necessary and/or appropriate action.

SECTION 2.11. It is declared that the debt to be incurred hereby, together with any other indebtedness of this Township, is not in excess of any limitation imposed by the Act upon the incurring of debt by this Township.

SECTION 2.12. The principal and interest on the Bond shall be payable at the principal office, or any branch office of the Purchaser, in lawful money of the United States of America.

SECTION 2.13. The Township determines that it has not issued, and does not reasonably

expect to issue, tax-exempt obligations, together with all tax-exempt obligations issued and reasonably expected to be issued by entities that must be aggregated with it pursuant to the Internal Revenue Code of 1986, as amended the (the “Code”), which, in the aggregate, exceed or will exceed Ten Million Dollars (\$10,000,000) during the 2020 calendar year and, accordingly, hereby designates the Note as a “qualified tax-exempt obligation,” as defined in Section 265(b)(3)(B) of the Code, for the purposes and with the effect contemplated by Section 265 of the Code.

ARTICLE III

SECTION 3.01. For the purpose of providing funds for the Project, this Township hereby authorizes the execution and delivery of the Bond and further authorizes the execution and delivery of all other agreements, documents, certificates, and related instruments necessary or appropriate to issue and deliver the Bond to Purchaser (this Ordinance, the Bond, and all other agreements, documents, certificates, and instruments to be executed and delivered concurrently with the issuance of the Bond are collectively referred to herein as “Loan Documents”), and authorizes the taking of all actions necessary and required under the provisions of the Loan Documents.

SECTION 3.02. The Chairman or Vice Chairman of the Board of Supervisors of this Township is hereby authorized to execute all Loan Documents necessary to effectuate the issuance of the Bond, subject to such changes and modifications, if any, as may be approved by such officers, the execution of such documents to constitute conclusive evidence of such approval, and the Secretary or Assistant Secretary of this Township is hereby authorized to cause the official seal of the Township to be affixed thereto and to attest to the same. Appropriate officers of this Township are further authorized to acknowledge the same, as appropriate, on behalf of this Township and to deliver said documents to the Purchaser.

SECTION 3.03. The Bond shall be repaid at the times and in the amounts and is subject to early repayment all as set forth in the Loan Documents.

SECTION 3.04. Upon receipt, the proceeds of the Bond shall be applied by this Township under the terms and conditions set forth in the Loan Documents.

SECTION 3.05. Appropriate officers of this Township are hereby authorized, empowered, and directed on behalf of this Township to execute any and all paper and documents and to do or cause to be done any and all acts and things necessary or proper for the execution and carrying out of this Ordinance and the Loan Documents.

SECTION 3.06. 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 this Township that such remainder shall be and shall remain in full force and effect.

SECTION 3.07. All ordinances or parts of ordinances that are inconsistent herewith shall be and the same expressly are repealed.

SECTION 3.09. This Ordinance shall be effective in accordance with the Act.

DULY ENACTED AND ORDAINED, this 27th day of July, 2020, by the Board of Supervisors of the Township of Kennett, in lawful session duly assembled.

TOWNSHIP OF KENNETT,
Chester County, Pennsylvania

By: _____
Dr. Richard L. Leff, Chairman

ATTEST:

Eden R. Ratliff, Township Secretary

(SEAL)

ORDINANCE

EXHIBIT "A"

FORM OF BOND

GOB - 001

\$5,000,000.00

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CHESTER

TOWNSHIP OF KENNETT

GENERAL OBLIGATION BOND, SERIES OF 2020

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Issuance</u>
1.34%	DECEMBER 1, 2030	AUGUST 31, 2020

Registered Owner **TD BANK, NA, Bensalem, Pennsylvania**

Principal Sum: **FIVE MILLION DOLLARS (\$5,000,000.00)**

The TOWNSHIP OF KENNETT, Chester County, Pennsylvania (the "Township"), a municipality existing under the laws of the Commonwealth of Pennsylvania and a local government unit as defined in the "Local Government Unit Debt Act", 53 Pa.C.S.A. §8001 et. seq. as amended and supplemented (the "Debt Act"), for value received, acknowledges itself to be indebted to and promises to pay to TD Bank, NA, Bensalem (the "Bank"), or registered assigns, on the maturity date stated hereon, upon presentation and surrender hereof, the principal sum of FIVE MILLION DOLLARS (\$5,000,000.00), together with interest on the unpaid principal amount of \$5,000,000, with principal and interest payments to be made semi-annually with an interest payable on June 1 and December 1 of each year, commencing June 1, 2021 (each, an "Interest Payment Date"). Principal of this Bond shall be fully amortized over the term of the loan by annual principal payments on December 1 of each year, commencing on December 1, 2021 until the final principal payment on December 1, 2030 (the "Maturity Date"). The principal and interest on this Bond shall be paid in installments as set forth on the schedule of interest and principal payments attached hereto and incorporated herein by reference.

Interest shall be computed on the basis of a 360 day year comprised of twelve (12) thirty (30) day months.

This Bond shall bear interest at a qualified, tax-exempt rate from the date of delivery of this Bond to the Maturity Date at the Interest Rate defined above.

The Township has designated or deemed designated under, and for purposes of Section 265(b)(3) of the Internal Revenue Code, as amended, and regulations promulgated or adopted

pursuant thereto (collectively the "Code") this Bond as a "qualified tax-exempt obligation", as such phrase is defined in Section 265(b)(3)(B) of the Code.

Payments of principal hereof, in whole or in part, and of interest hereon shall be made in any coin or currency of the United States of America which, at time of payment, shall be legal tender for payment of public and private debts, at the office of TD Bank, NA (the "Paying Agent" which term shall include any duly appointed alternate or successor paying agent), at any of the Bank's office locations. So long as the Bank shall be the registered owner hereof, payment of any part of the principal of and interest on this Bond by or in behalf of the Township shall be valid and effective to satisfy and discharge fully the obligations of the Township or its Paying Agent, with respect to such payments of principal and interest, without surrender hereof to the Paying Agent for appropriate notation upon the Payment Record attached hereto and made part hereof. So long as the registered owner hereof shall not be the Bank, payment of any part of the principal of and interest on this Bond shall be made only upon surrender hereof by the registered owner at the office of the Paying Agent (or the office of any successor paying agent) for appropriate notations with respect to such payments and any unrecorded prior payments upon such Payment Record. Notations upon such Payment Record with respect to payments of principal and interest shall satisfy and discharge fully the obligations of the Township with respect to such payments of principal and interest, and such notations upon such Payment Record shall be conclusive and binding upon the registered owner hereof.

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

The principal hereof is subject to prepayment prior to maturity, at the option of the Township, without penalty or premium, as a whole, or, from time to time, in part, on any date, in any amount, in each case upon payment of the principal amount thereof, together with accrued interest to the date fixed for prepayment. Any partial prepayment of principal may be credited against such principal on this Bond as the Township may designate in writing to the Bank at the time of prepayment. The registered owner hereof, by acceptance hereof, agrees that any such prepayment may be made by the Township without any prior notice, of any nature whatsoever, to the Bank or subsequent registered owner hereof.

This Bond is issued in accordance with provisions of the Debt Act, and by virtue of a duly enacted Ordinance (the "Ordinance") of the Board of Supervisors of the Township. The Debt Act, as such shall have been in effect when this Bond was authorized, and the Ordinance shall constitute a contract between the Township and the registered owner, from time to time, of this Bond. A copy of the Ordinance, duly certified by the Secretary of the Township, is on file at the principal office of the Township.

The Township has covenanted in the Ordinance, to and with registered owners, from time to time, of the Bond that shall be outstanding, from time to time, pursuant to the Ordinance, that the Township shall do the following: (i) include the amount of the debt service for the Bond, for each fiscal year of the Township in which such sums are payable, in its budget for that fiscal year; (ii) appropriate such amounts from its tax and other general revenues for the payment of such debt service; and (iii) duly and punctually pay or cause to be paid from the sinking fund created pursuant to the Ordinance, or any other of its revenue or funds, the principal and interest on the

Bond, at the dates and place and in the manner stated herein, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the Township has pledged, irrevocably, its full faith, credit, and taxing power. The foregoing covenant of this Township shall be specifically enforceable.

The Township, in the Ordinance, has established a sinking fund with the TD Bank, NA (the "Paying Agent"), as the sinking fund depository, into which funds for the payment of the principal of and the interest on this Bond shall be deposited not later than the date fixed for disbursement thereof. The Township has covenanted in the Ordinance to make payments out of such sinking fund or out of any other of its revenues or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of this Bond.

This Bond, immediately upon execution and delivery hereof by the Township, shall be registered, both as to principal and interest, in the name of the owner, on records of the Township to be kept for that purpose by the Paying Agent, such registration to be noted hereon by a duly authorized representative of the Paying Agent. After such registration, no transfer hereof shall be valid unless made by the registered owner hereof in person or by his duly authorized attorney and similarly noted upon said records and hereon. Rights of any registered owner hereof, subsequent to the initial registered owner hereof, shall not exceed rights of the predecessor registered owner hereof.

This Bond is issuable only in the form of a fully registered Bond, without coupons.

The registered owner shall have all rights and remedies granted under the Debt Act, including without limitation, the right to serve and exercise the powers conferred upon a trustee appointed pursuant to the Debt Act.

It is hereby certified that: (i) all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to and in issuance of this Bond or in creation of the debt of which this Bond is evidence have been done, have happened or have been performed in due and regular form and manner, as required by law; and (ii) the debt represented by this Bond, together with any other indebtedness of the Township, if any, is not in excess of any limitation imposed by the Debt Act upon the incurring of debt by the Township.

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IN WITNESS WHEREOF, the TOWNSHIP OF Kennett, Chester County, Pennsylvania, as provided by the Debt Act and in the Ordinance, has caused this Bond to be executed in its name and in its behalf by its Chairman or Vice Chairman of the Board of Supervisors of the Township of Kennett and the official seal of the Township to be affixed hereunto and the signature of its Secretary or Assistant Secretary to be affixed hereunto in attestation thereof and to be delivered as of this 31st day of August, 2020.

TOWNSHIP OF KENNETT
Chester County, Pennsylvania

Dr. Richard L. Leff,
Chairman of the Board of Supervisors

Eden R. Ratliff, Secretary of the Township

(SEAL)

REGISTRATION RECORD

NOTHING TO BE WRITTEN HERE EXCEPT BY A DULY AUTHORIZED
REPRESENTATIVE OF TD BANK, NA, BENSALEM, PENNSYLVANIA (THE "PAYING
AGENT")

DATE OF REGISTRY	NAME OF REGISTERED OWNER	REGISTERED BY AUTHORIZED REPRESENTATIVE OF THE PAYING AGENT
_____, 2020	TD Bank NA	

ORDINANCE

EXHIBIT "B"

The maximum Debt Service on the 2020 General Obligation Bond, (in the maximum principal amount of \$5,000,000.00), being issued by Kennett Township.

SEE ATTACHED PAGES.

KENNETT TOWNSHIP

Series of 2020

Settle

8/31/2020

Combined Overall Amortization

Dated

8/31/2020

1	2	3	4	5	6
<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Semi-Annual Debt Service</u>	<u>Fiscal Year Debt Service</u>
6/1/2021		1.340	50,436.11	50,436.11	
12/1/2021	455,000	1.340	33,500.00	488,500.00	538,936.11
6/1/2022		1.340	30,451.50	30,451.50	
12/1/2022	480,000	1.340	30,451.50	510,451.50	540,903.00
6/1/2023		1.340	27,235.50	27,235.50	
12/1/2023	485,000	1.340	27,235.50	512,235.50	539,471.00
6/1/2024		1.340	23,986.00	23,986.00	
12/1/2024	490,000	1.340	23,986.00	513,986.00	537,972.00
6/1/2025		1.340	20,703.00	20,703.00	
12/1/2025	500,000	1.340	20,703.00	520,703.00	541,406.00
6/1/2026		1.340	17,353.00	17,353.00	
12/1/2026	505,000	1.340	17,353.00	522,353.00	539,706.00
6/1/2027		1.340	13,969.50	13,969.50	
12/1/2027	510,000	1.340	13,969.50	523,969.50	537,939.00
6/1/2028		1.340	10,552.50	10,552.50	
12/1/2028	520,000	1.340	10,552.50	530,552.50	541,105.00
6/1/2029		1.340	7,068.50	7,068.50	
12/1/2029	525,000	1.340	7,068.50	532,068.50	539,137.00
6/1/2030		1.340	3,551.00	3,551.00	
12/1/2030	530,000	1.340	3,551.00	533,551.00	537,102.00
TOTALS	5,000,000		393,677.11	5,393,677.11	5,393,677.11

The Series of 2020 Note is prepayable, at whole or in part, at any time without penalty