BOROUGH OF HATBORO
Montgomery County, Pennsylvania

ORDINANCE NO. 1037

AUTHORIZING THE INCURRENCE BY THE BOROUGH OF HATBORO OF NONELECTORAL DEBT BY THE ISSUANCE OF ITS GENERAL OBLIGATION NOTE, SERIES OF 2016 IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO: (1) REBUILD THE BOROUGH'S POLICE STATION; (2) RENOVATE AND ADD AN ADDITION TO THE BOROUGH'S PUBLIC WORKS BUILDING; (3) FUND GENERAL MUNICIPAL PROJECTS AND (4) PAY 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 BOROUGH 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 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 BOROUGH 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 Borough of Hatboro (the "Borough") may incur indebtedness for rebuilding the Borough's police station, renovating and adding an addition to the Borough's public works building, and funding general municipal projects (collectively the "Project"), and paying the costs of issuing the Note; and

WHEREAS, pursuant to a Request for Proposal (the "Request for Proposal"), the Borough solicited and received proposals for the purchase of the Note; and

WHEREAS, the Borough has determined that the proposal that offers the terms that are in the best financial interest of the Borough for the purchase of the Note (the "Purchase Proposal") is from TD Bank, N.A. (the "Lender"); and

WHEREAS, the Borough Council of the Borough (the "Council") desires to approve the issuance of the Note, approve the Project and accept the Purchase Proposal of the Lender.

NOW, THEREFORE, BE IT RESOLVED by the Borough Council of the Borough of HATBORO and IT IS HEREBY RESOLVED, as follows:

1. **Authorization of the Project and Incurrence of Indebtedness; Estimated Useful Life and Cost of the Projects.** The Borough hereby approves the 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 aggregate principal amount of $2,000,000 for the purpose of providing funds for and toward the costs of the Project and the costs and expenses of issuing the Note.

It is hereby determined and stated that the useful lives of the Project is in excess of the term of the Note.

2. **Authorization of Issuance of the Note.** The Borough shall issue, pursuant to the Act and this Ordinance, $2,000,000 principal amount of its General Obligation Note, Series of 2016 in order to provide funds for and toward the costs of the 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 President or Vice President of the Borough Council and the Secretary or Assistant Secretary of the Borough 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 Borough 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 Borough or by the accountants of the Borough 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 Borough 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 Borough hereby covenants with the registered owners of the Note: (a) that the Borough 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 Borough shall appropriate from its general revenues such amounts to

the payment of such debt service; and (c) that the Borough 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 Borough hereby pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable. The amounts to be budgeted, appropriated and paid pursuant to the foregoing covenants are set forth in **Exhibit A** 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 B** 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 Borough and the Lender shall agree. The Note shall be issued in the aggregate principal amount of $2,000,000, and shall bear interest from the date thereof payable quarterly. Quarterly payments shall commence on the date that is three months from the date the Note is executed. Each subsequent quarterly payment shall be due on the date that is the three months from the previous payment. Borrower shall make quarterly payments of principal in installments of twenty-five thousand dollars ($25,000.00) and interest payments in accordance with the schedule attached hereto as **Exhibit A** and made a part hereof. Exhibit A reflects an estimate of the payments as if the Note had settled on August 10, 2016 and a new schedule will be created at settlement. The Note shall mature on the date that is twenty (20) years from the date hereof.

The principal of the Note shall be payable in lawful money of the United States of America at the corporate trust office of TD Bank, N.A., which is hereby appointed paying agent and registrar for 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 Borough as a whole or from time to time in part, in any portion of a maturity as selected by the Borough on any date, upon payment of a redemption price of 100% of principal amount plus interest accrued to the redemption date. If less than an entire year's maturity 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 the Note as the Borough 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 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 by first class mail, postage prepaid, of any redemption shall be given by the Borough to the Paying Agent not less than ten (10) days prior to the date designated for redemption and then mailed by the Paying Agent not less than ten (10) days before such redemption date to the registered owners of the Note at their addresses as they appear on the Note register maintained by the Paying Agent. Such notice may also be given by the Borough directly to the holder of the Note in a manner as further agreed to by the Borough and such holder with a copy to the Paying Agent.

With respect to any optional redemption of the Note, if at the time of mailing such notice of redemption, the Borough shall not have deposited with the Paying Agent monies sufficient to redeem the Note or the portion of it 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.

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 Borough Council of the Borough hereby finds and determines that such an invited private sale of the Note is in the best financial interest of the Borough. 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 Borough 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 2016" 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 Borough, but subject to withdrawal only by the Paying Agent.

The Borough covenants and agrees to deposit in the Sinking Fund no later than each Payment Date the debt service payable on the Note on such dates, all as set forth in **Exhibit A** 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 President or Vice President of the Borough Council or the Treasurer of the Borough 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 such Sinking Fund and shall be credited against the deposit next required to be made in such Sinking Fund.

The Paying Agent is hereby authorized and directed, without further action by the Borough, to pay from such 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 Borough 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 owners 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 Borough. Nothing contained herein shall relieve the Borough of its liability to the registered owners of the unpresented Note.

12. No Taxes Assumed. The Borough 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 Borough 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 expression of interest of the Lender dated June 13, 2016 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 Borough are hereby authorized and directed to endorse the acceptance of the Borough 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 have become final.

14. Contract with Paying Agent. The proper officers of the Borough are authorized to contract for the Note with TD Bank, N.A., in connection with the performance of their 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 Borough 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 Code, and all applicable regulations promulgated with respect thereto, throughout the term of the Note. The Borough 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 Borough 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 Borough 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 Borough (and all entities that must be aggregated with it pursuant to the Code) during the 2016 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 Borough hereby designates the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code. The Borough hereby authorizes the proper officers of the Borough to execute a certificate to that effect at the time of closing.

16. Execution and Authentication of Note. As provided in Section 4, the Note shall be executed by the President or the Vice President of the Borough Council and the Secretary or Assistant Secretary of the Borough 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.

17. Application of Note Proceeds. The portion of the proceeds of the Note issued to rebuild the Borough's police station shall be applied to that project and the portion of the proceeds of the Note issued to improve the Borough's public works building shall be applied to that project.

18. Compliance Policies and Procedures. The policies and procedures set forth in **Exhibit C** hereto are intended to address post-issuance compliance matters. The Borough hereby approves and adopts the policies and procedures substantially as set forth in **Exhibit C**. These policies and procedures may be amended from time to time by resolution of the Borough Council.

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 President of the Borough Council or the Secretary or Treasurer of the Borough 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 President of the Borough Council or the Assistant Secretary or Assistant Treasurer of the Borough, respectively, are hereby authorized and directed to execute documents, or otherwise to act on behalf of the Borough in their stead.

20. Contract with Note Owners. This Ordinance constitutes a contract with the registered owners 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 Borough set forth in this Ordinance and in the documents authorized hereby shall be deemed to be the covenants, obligations and agreements of the Borough to the full extent authorized or permitted by law, and all such covenants, obligations and agreements shall be binding upon the Borough 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 Borough 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 Borough 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 supervisor, officer, agent or employee of the Borough in his or her individual capacity and neither the Council of the Borough 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.** The Borough hereby appoints Hamburg, Rubin, Mullin, Maxwell & Lupin to act as Bond Counsel to the Borough with respect to the transactions contemplated by this Ordinance.

23. **Further Action.** The proper officers of the Borough 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 Borough.

24. **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.

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

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

ENACTED this _____ day of _____, 2016

(BOROUGH SEAL)

BOROUGH OF HATBORO

ATTEST

_____ _____

Secretary

Title: _____

Name: _____

Approved this _____ day of _____, 2016

_____

Mayor

EXHIBIT A

$2,000,000 GENERAL OBLIGATION NOTE, SERIES OF 2016

Note Schedule

****** The foregoing schedule represents an estimate of the payment dates and amounts as if the loan closed on August 10, 2016. An updated schedule will be created at settlement.***

Rate Period ..... : Exact Days

Nominal Annual Rate .... : 2.280 %

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	08/10/2016	2,000,000.00	1		
2	Payment	09/10/2016	25,000.00	80	Quarterly	06/10/2036
	Fixed Principal (+Int.)					

AMORTIZATION SCHEDULE - U.S. Rule (no compounding), 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	08/10/2016				2,000,000.00
1	09/10/2016	28,926.67	3,926.67	25,000.00	1,975,000.00
2	12/10/2016	36,382.58	11,382.58	25,000.00	1,950,000.00
2016 Totals		65,309.25	15,309.25	50,000.00	
3	03/10/2017	36,115.00	11,115.00	25,000.00	1,925,000.00
4	06/10/2017	36,216.33	11,216.33	25,000.00	1,900,000.00
5	09/10/2017	36,070.67	11,070.67	25,000.00	1,875,000.00
6	12/10/2017	35,806.25	10,806.25	25,000.00	1,850,000.00
2017 Totals		144,208.25	44,208.25	100,000.00	
7	03/10/2018	35,545.00	10,545.00	25,000.00	1,825,000.00
8	06/10/2018	35,633.67	10,633.67	25,000.00	1,800,000.00
9	09/10/2018	35,488.00	10,488.00	25,000.00	1,775,000.00
10	12/10/2018	35,229.92	10,229.92	25,000.00	1,750,000.00
2018 Totals		141,896.59	41,896.59	100,000.00	
11	03/10/2019	34,975.00	9,975.00	25,000.00	1,725,000.00
12	06/10/2019	35,051.00	10,051.00	25,000.00	1,700,000.00
13	09/10/2019	34,905.33	9,905.33	25,000.00	1,675,000.00
14	12/10/2019	34,653.58	9,653.58	25,000.00	1,650,000.00
2019 Totals		139,584.91	39,584.91	100,000.00	
15	03/10/2020	34,509.50	9,509.50	25,000.00	1,625,000.00
16	06/10/2020	34,468.33	9,468.33	25,000.00	1,600,000.00
17	09/10/2020	34,322.67	9,322.67	25,000.00	1,575,000.00
18	12/10/2020	34,077.25	9,077.25	25,000.00	1,550,000.00
2020 Totals		137,377.75	37,377.75	100,000.00	
19	03/10/2021	33,835.00	8,835.00	25,000.00	1,525,000.00
20	06/10/2021	33,885.67	8,885.67	25,000.00	1,500,000.00
21	09/10/2021	33,740.00	8,740.00	25,000.00	1,475,000.00
22	12/10/2021	33,500.92	8,500.92	25,000.00	1,450,000.00
2021 Totals		134,961.59	34,961.59	100,000.00	
23	03/10/2022	33,265.00	8,265.00	25,000.00	1,425,000.00
24	06/10/2022	33,303.00	8,303.00	25,000.00	1,400,000.00

	Date	Payment	Interest	Principal	Balance
25	09/10/2022	33,157.33	8,157.33	25,000.00	1,375,000.00
26	12/10/2022	32,924.58	7,924.58	25,000.00	1,350,000.00
2022 Totals		132,649.91	32,649.91	100,000.00	
27	03/10/2023	32,695.00	7,695.00	25,000.00	1,325,000.00
28	06/10/2023	32,720.33	7,720.33	25,000.00	1,300,000.00
29	09/10/2023	32,574.67	7,574.67	25,000.00	1,275,000.00
30	12/10/2023	32,348.25	7,348.25	25,000.00	1,250,000.00
2023 Totals		130,338.25	30,338.25	100,000.00	
31	03/10/2024	32,204.17	7,204.17	25,000.00	1,225,000.00
32	06/10/2024	32,137.67	7,137.67	25,000.00	1,200,000.00
33	09/10/2024	31,992.00	6,992.00	25,000.00	1,175,000.00
34	12/10/2024	31,771.92	6,771.92	25,000.00	1,150,000.00
2024 Totals		128,105.76	28,105.76	100,000.00	
35	03/10/2025	31,555.00	6,555.00	25,000.00	1,125,000.00
36	06/10/2025	31,555.00	6,555.00	25,000.00	1,100,000.00
37	09/10/2025	31,409.33	6,409.33	25,000.00	1,075,000.00
38	12/10/2025	31,195.58	6,195.58	25,000.00	1,050,000.00
2025 Totals		125,714.91	25,714.91	100,000.00	
39	03/10/2026	30,985.00	5,985.00	25,000.00	1,025,000.00
40	06/10/2026	30,972.33	5,972.33	25,000.00	1,000,000.00
41	09/10/2026	30,826.67	5,826.67	25,000.00	975,000.00
42	12/10/2026	30,619.25	5,619.25	25,000.00	950,000.00
2026 Totals		123,403.25	23,403.25	100,000.00	
43	03/10/2027	30,415.00	5,415.00	25,000.00	925,000.00
44	06/10/2027	30,389.67	5,389.67	25,000.00	900,000.00
45	09/10/2027	30,244.00	5,244.00	25,000.00	875,000.00
46	12/10/2027	30,042.92	5,042.92	25,000.00	850,000.00
2027 Totals		121,091.59	21,091.59	100,000.00	
47	03/10/2028	29,898.83	4,898.83	25,000.00	825,000.00
48	06/10/2028	29,807.00	4,807.00	25,000.00	800,000.00
49	09/10/2028	29,661.33	4,661.33	25,000.00	775,000.00
50	12/10/2028	29,466.58	4,466.58	25,000.00	750,000.00
2028 Totals		118,833.74	18,833.74	100,000.00	
51	03/10/2029	29,275.00	4,275.00	25,000.00	725,000.00
52	06/10/2029	29,224.33	4,224.33	25,000.00	700,000.00
53	09/10/2029	29,078.67	4,078.67	25,000.00	675,000.00
54	12/10/2029	28,890.25	3,890.25	25,000.00	650,000.00
2029 Totals		116,468.25	16,468.25	100,000.00	
55	03/10/2030	28,705.00	3,705.00	25,000.00	625,000.00
56	06/10/2030	28,641.67	3,641.67	25,000.00	600,000.00
57	09/10/2030	28,496.00	3,496.00	25,000.00	575,000.00
58	12/10/2030	28,313.92	3,313.92	25,000.00	550,000.00
2030 Totals		114,156.59	14,156.59	100,000.00	

	Date	Payment	Interest	Principal	Balance
59	03/10/2031	28,135.00	3,135.00	25,000.00	525,000.00
60	06/10/2031	28,059.00	3,059.00	25,000.00	500,000.00
61	09/10/2031	27,913.33	2,913.33	25,000.00	475,000.00
62	12/10/2031	27,737.58	2,737.58	25,000.00	450,000.00
2031 Totals		111,844.91	11,844.91	100,000.00	
63	03/10/2032	27,593.50	2,593.50	25,000.00	425,000.00
64	06/10/2032	27,476.33	2,476.33	25,000.00	400,000.00
65	09/10/2032	27,330.67	2,330.67	25,000.00	375,000.00
66	12/10/2032	27,161.25	2,161.25	25,000.00	350,000.00
2032 Totals		109,561.75	9,561.75	100,000.00	
67	03/10/2033	26,995.00	1,995.00	25,000.00	325,000.00
68	06/10/2033	26,893.67	1,893.67	25,000.00	300,000.00
69	09/10/2033	26,748.00	1,748.00	25,000.00	275,000.00
70	12/10/2033	26,584.92	1,584.92	25,000.00	250,000.00
2033 Totals		107,221.59	7,221.59	100,000.00	
71	03/10/2034	26,425.00	1,425.00	25,000.00	225,000.00
72	06/10/2034	26,311.00	1,311.00	25,000.00	200,000.00
73	09/10/2034	26,165.33	1,165.33	25,000.00	175,000.00
74	12/10/2034	26,008.58	1,008.58	25,000.00	150,000.00
2034 Totals		104,909.91	4,909.91	100,000.00	
75	03/10/2035	25,855.00	855.00	25,000.00	125,000.00
76	06/10/2035	25,728.33	728.33	25,000.00	100,000.00
77	09/10/2035	25,582.67	582.67	25,000.00	75,000.00
78	12/10/2035	25,432.25	432.25	25,000.00	50,000.00
2035 Totals		102,598.25	2,598.25	100,000.00	
79	03/10/2036	25,288.17	288.17	25,000.00	25,000.00
80	06/10/2036	25,145.67	145.67	25,000.00	0.00
2036 Totals		50,433.84	433.84	50,000.00	
Grand Totals		2,460,670.84	460,670.84	2,000,000.00	

EXHIBIT B

FORM OF NOTE

$2,000,000.00

UNITED STATES OF AMERICA

COMMONWEALTH OF PENNSYLVANIA

BOROUGH OF HATBORO

GENERAL OBLIGATION NOTE, SERIES OF 2016

The Borough of Hatboro, Montgomery County, Pennsylvania (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania, for value received, hereby promises to pay to TD Bank, N.A. (the "Lender" also referred to as the "Paying Agent"), or registered assigns, the maximum principal sum of

TWO MILLION DOLLARS ($2,000,000.00),

and to pay interest on the unpaid principal balance of this Note from the date hereof at the rates hereinafter set forth. The principal of and interest on this Note are payable quarterly The first quarterly payment shall be made on the date that is three months from the date hereof and each subsequent quarterly payment shall be made on the date that is the three month anniversary of the previous payment. The outstanding principal shall be paid in eighty equal quarterly payments and in the amounts and in the dates further provided on Schedule I attached hereto, in lawful money of the United States of America at the office of the Lender in King of Prussia, Pennsylvania or at such other place as the registered owner of this Note may designate in writing. All outstanding principal and interest shall be due and payable in full upon maturity on the date that is twenty (20) years from the date hereof. Interest shall be calculated based on a year of 360 days comprised of twelve (12) thirty (30) day months.

This Note shall initially bear interest at a fixed rate of 2.28% per annum for the first ten (10) years that this Note is outstanding. Commencing on the date that is the ten (10) year anniversary of this Note, the applicable interest rate shall automatically adjust to a fixed rate that is 67% of the then 30-day Libor plus 150 basis points with a ceiling of 5%. Commencing on the date that is the fifteen (15) year anniversary of this Note, the interest rate on this Note shall automatically adjust to a fixed rate that is 67% of the 30-day Libor plus 150 basis points with a ceiling of 6%.

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 Borough duly enacted on August 15, 2016 (the "Ordinance"). This Note is issued for the purpose of (i) rebuilding the Borough's police station; (ii) renovating and adding an addition to the Borough's public works building; (iii) funding general municipal projects, and (iv) to pay the costs of issuing the Note.

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 Borough as a whole or from time to time in part, in any order of maturity or portion of a maturity as selected by the Borough on any date, upon payment of a redemption price of 100% of principal amount plus interest accrued to the redemption date. If less than an entire year's maturity of the Note is to be redeemed at any particular time, the 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 the Note as the Borough 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 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.

Notice of any redemption shall be given by first class mail, postage prepaid, mailed by the Paying Agent not less than ten (10) days before the redemption date to the registered owners of this Note at their addresses as they appear on the Note register maintained by the Paying Agent. Such notice may also be given by the Borough directly to the holder of this Note in a manner as further agreed to by the Borough and such holder with a copy to the Paying Agent.

With respect to any optional redemption of this Note, if at the time of mailing such notice of redemption, the Borough shall not have deposited with the Paying Agent monies sufficient to redeem all or such portion of this Note 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.

This Note is 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 to transfer or exchange this Note if selected for redemption in whole or in part.

The Borough 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 Borough 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 councilman, officer, supervisor, or employee, past, present or future, of the Borough or of any successor body, as such, either directly or through the Borough 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 Council, 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 corporate trust 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 Borough 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 Borough, is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth of Pennsylvania; that the Borough 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 Borough 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.

[Signature Page Follows]

IN WITNESS WHEREOF, the Borough of Hatboro, Montgomery County, Pennsylvania has caused this Note to be signed in its name and on its behalf by the signature of the President of its Borough Council and an impression of its corporate seal to be hereunto affixed, duly attested by the signature of the Secretary of the Borough.

BOROUGH OF HATBORO

By:_____
President, Borough Council

Attest:_____
Secretary

(BOROUGH SEAL)

AUTHENTICATION CERTIFICATE

This Note is the Borough of Hatboro General Obligation Note, Series of 2016, described in the within mentioned Ordinance.

DATE OF AUTHENTICATION:

TD BANK, N.A. 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
(see attached)

****** The foregoing schedule represents an estimate of the payment dates and amounts as if the loan closed on August 10, 2016. An updated schedule will be created at settlement.***

Rate Period ..... : Exact Days

Nominal Annual Rate .... : 2.280 %

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	08/10/2016	2,000,000.00	1		
2	Payment	09/10/2016	25,000.00	80	Quarterly	06/10/2036
	Fixed Principal (+Int.)					

AMORTIZATION SCHEDULE - U.S. Rule (no compounding), 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	08/10/2016				2,000,000.00
1	09/10/2016	28,926.67	3,926.67	25,000.00	1,975,000.00
2	12/10/2016	36,382.58	11,382.58	25,000.00	1,950,000.00
2016 Totals		65,309.25	15,309.25	50,000.00	
3	03/10/2017	36,115.00	11,115.00	25,000.00	1,925,000.00
4	06/10/2017	36,216.33	11,216.33	25,000.00	1,900,000.00
5	09/10/2017	36,070.67	11,070.67	25,000.00	1,875,000.00
6	12/10/2017	35,806.25	10,806.25	25,000.00	1,850,000.00
2017 Totals		144,208.25	44,208.25	100,000.00	
7	03/10/2018	35,545.00	10,545.00	25,000.00	1,825,000.00
8	06/10/2018	35,633.67	10,633.67	25,000.00	1,800,000.00
9	09/10/2018	35,488.00	10,488.00	25,000.00	1,775,000.00
10	12/10/2018	35,229.92	10,229.92	25,000.00	1,750,000.00
2018 Totals		141,896.59	41,896.59	100,000.00	
11	03/10/2019	34,975.00	9,975.00	25,000.00	1,725,000.00
12	06/10/2019	35,051.00	10,051.00	25,000.00	1,700,000.00
13	09/10/2019	34,905.33	9,905.33	25,000.00	1,675,000.00
14	12/10/2019	34,653.58	9,653.58	25,000.00	1,650,000.00
2019 Totals		139,584.91	39,584.91	100,000.00	
15	03/10/2020	34,509.50	9,509.50	25,000.00	1,625,000.00
16	06/10/2020	34,468.33	9,468.33	25,000.00	1,600,000.00
17	09/10/2020	34,322.67	9,322.67	25,000.00	1,575,000.00
18	12/10/2020	34,077.25	9,077.25	25,000.00	1,550,000.00
2020 Totals		137,377.75	37,377.75	100,000.00	
19	03/10/2021	33,835.00	8,835.00	25,000.00	1,525,000.00
20	06/10/2021	33,885.67	8,885.67	25,000.00	1,500,000.00
21	09/10/2021	33,740.00	8,740.00	25,000.00	1,475,000.00
22	12/10/2021	33,500.92	8,500.92	25,000.00	1,450,000.00
2021 Totals		134,961.59	34,961.59	100,000.00	
23	03/10/2022	33,265.00	8,265.00	25,000.00	1,425,000.00
24	06/10/2022	33,303.00	8,303.00	25,000.00	1,400,000.00

	Date	Payment	Interest	Principal	Balance
25	09/10/2022	33,157.33	8,157.33	25,000.00	1,375,000.00
26	12/10/2022	32,924.58	7,924.58	25,000.00	1,350,000.00
2022 Totals		132,649.91	32,649.91	100,000.00	
27	03/10/2023	32,695.00	7,695.00	25,000.00	1,325,000.00
28	06/10/2023	32,720.33	7,720.33	25,000.00	1,300,000.00
29	09/10/2023	32,574.67	7,574.67	25,000.00	1,275,000.00
30	12/10/2023	32,348.25	7,348.25	25,000.00	1,250,000.00
2023 Totals		130,338.25	30,338.25	100,000.00	
31	03/10/2024	32,204.17	7,204.17	25,000.00	1,225,000.00
32	06/10/2024	32,137.67	7,137.67	25,000.00	1,200,000.00
33	09/10/2024	31,992.00	6,992.00	25,000.00	1,175,000.00
34	12/10/2024	31,771.92	6,771.92	25,000.00	1,150,000.00
2024 Totals		128,105.76	28,105.76	100,000.00	
35	03/10/2025	31,555.00	6,555.00	25,000.00	1,125,000.00
36	06/10/2025	31,555.00	6,555.00	25,000.00	1,100,000.00
37	09/10/2025	31,409.33	6,409.33	25,000.00	1,075,000.00
38	12/10/2025	31,195.58	6,195.58	25,000.00	1,050,000.00
2025 Totals		125,714.91	25,714.91	100,000.00	
39	03/10/2026	30,985.00	5,985.00	25,000.00	1,025,000.00
40	06/10/2026	30,972.33	5,972.33	25,000.00	1,000,000.00
41	09/10/2026	30,826.67	5,826.67	25,000.00	975,000.00
42	12/10/2026	30,619.25	5,619.25	25,000.00	950,000.00
2026 Totals		123,403.25	23,403.25	100,000.00	
43	03/10/2027	30,415.00	5,415.00	25,000.00	925,000.00
44	06/10/2027	30,389.67	5,389.67	25,000.00	900,000.00
45	09/10/2027	30,244.00	5,244.00	25,000.00	875,000.00
46	12/10/2027	30,042.92	5,042.92	25,000.00	850,000.00
2027 Totals		121,091.59	21,091.59	100,000.00	
47	03/10/2028	29,898.83	4,898.83	25,000.00	825,000.00
48	06/10/2028	29,807.00	4,807.00	25,000.00	800,000.00
49	09/10/2028	29,661.33	4,661.33	25,000.00	775,000.00
50	12/10/2028	29,466.58	4,466.58	25,000.00	750,000.00
2028 Totals		118,833.74	18,833.74	100,000.00	
51	03/10/2029	29,275.00	4,275.00	25,000.00	725,000.00
52	06/10/2029	29,224.33	4,224.33	25,000.00	700,000.00
53	09/10/2029	29,078.67	4,078.67	25,000.00	675,000.00
54	12/10/2029	28,890.25	3,890.25	25,000.00	650,000.00
2029 Totals		116,468.25	16,468.25	100,000.00	
55	03/10/2030	28,705.00	3,705.00	25,000.00	625,000.00
56	06/10/2030	28,641.67	3,641.67	25,000.00	600,000.00
57	09/10/2030	28,496.00	3,496.00	25,000.00	575,000.00
58	12/10/2030	28,313.92	3,313.92	25,000.00	550,000.00
2030 Totals		114,156.59	14,156.59	100,000.00	

	Date	Payment	Interest	Principal	Balance
59	03/10/2031	28,135.00	3,135.00	25,000.00	525,000.00
60	06/10/2031	28,059.00	3,059.00	25,000.00	500,000.00
61	09/10/2031	27,913.33	2,913.33	25,000.00	475,000.00
62	12/10/2031	27,737.58	2,737.58	25,000.00	450,000.00
2031 Totals		111,844.91	11,844.91	100,000.00	
63	03/10/2032	27,593.50	2,593.50	25,000.00	425,000.00
64	06/10/2032	27,476.33	2,476.33	25,000.00	400,000.00
65	09/10/2032	27,330.67	2,330.67	25,000.00	375,000.00
66	12/10/2032	27,161.25	2,161.25	25,000.00	350,000.00
2032 Totals		109,561.75	9,561.75	100,000.00	
67	03/10/2033	26,995.00	1,995.00	25,000.00	325,000.00
68	06/10/2033	26,893.67	1,893.67	25,000.00	300,000.00
69	09/10/2033	26,748.00	1,748.00	25,000.00	275,000.00
70	12/10/2033	26,584.92	1,584.92	25,000.00	250,000.00
2033 Totals		107,221.59	7,221.59	100,000.00	
71	03/10/2034	26,425.00	1,425.00	25,000.00	225,000.00
72	06/10/2034	26,311.00	1,311.00	25,000.00	200,000.00
73	09/10/2034	26,165.33	1,165.33	25,000.00	175,000.00
74	12/10/2034	26,008.58	1,008.58	25,000.00	150,000.00
2034 Totals		104,909.91	4,909.91	100,000.00	
75	03/10/2035	25,855.00	855.00	25,000.00	125,000.00
76	06/10/2035	25,728.33	728.33	25,000.00	100,000.00
77	09/10/2035	25,582.67	582.67	25,000.00	75,000.00
78	12/10/2035	25,432.25	432.25	25,000.00	50,000.00
2035 Totals		102,598.25	2,598.25	100,000.00	
79	03/10/2036	25,288.17	288.17	25,000.00	25,000.00
80	06/10/2036	25,145.67	145.67	25,000.00	0.00
2036 Totals		50,433.84	433.84	50,000.00	
Grand Totals		2,460,670.84	460,670.84	2,000,000.00	

EXHIBIT C

BOROUGH OF HATBORO, PENNSYLVANIA

COMPLIANCE POLICIES AND PROCEDURES FOR TAX-EXEMPT BONDS

1. Purpose. The purpose of these compliance policies and procedures ("Compliance Policy") is to ensure compliance with (a) requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied to maintain the tax-exempt status of any tax-exempt notes or bonds ("bonds") issued by the Borough of Hatboro, Pennsylvania (the "Issuer"), and (b) requirements of the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB") under SEC Rule 15c2-12 (the "Rule") regarding secondary market disclosure filings relating to the Issuer's bonds. In connection with the issuance of each series of bonds, the Issuer may also execute a tax certificate, a continuing disclosure agreement and other documentation as advised by bond, disclosure or tax counsel (collectively, the "Issuance Documentation") which will require it to take certain actions with respect to the requirements under the Code and the Rule for such bonds.

2. Responsibility for Monitoring Compliance. The Borough Council of the Issuer (the "Governing Body") has the overall, final responsibility for monitoring ongoing compliance with the requirements of the Code, the Rule, this Compliance Policy and the Issuance Documentation. The Governing Body assigns to the Borough Manager (the "Compliance Officer") the primary operating responsibility to monitor such compliance. The Compliance Officer may delegate aspects of such responsibility to other employees or contractors of the Issuer, but shall retain overall responsibility for ensuring compliance and coordinating compliance when more than one individual or contractor is given responsibility. The Compliance Officer shall update Exhibit A hereto to the extent that any such responsibility is delegated.

This Compliance Policy shall be used in conjunction with the Issuance Documentation. This Compliance Policy is not a substitute for the specific compliance requirements related to each bond issue contained in the applicable Issuance Documentation, and the Compliance Officer shall review the Issuance Documentation in connection with each bond issue and consult with appropriate counsel and other professionals as to monitoring ongoing compliance with such requirements.

3. Arbitrage Yield Restriction and Rebate Requirements. The Compliance Officer shall maintain or cause to be maintained records of:

a) purchases and sales of investments made with proceeds of bonds (including amounts treated as "gross proceeds" of bonds under section 148 of the Code), any documentation required to establish the fair market value of investments upon purchase and receipts of earnings on those investments;

b) expenditures made with proceeds of bonds (including investment earnings on bond proceeds) for the governmental purposes of the bonds, such as for the costs of purchasing, constructing and/or renovating property and facilities;

c) calculations that will be sufficient to demonstrate that the expenditure of proceeds has complied with an available spending exception to the arbitrage rebate requirement in respect of that bond issue;

d) calculations that will be sufficient to demonstrate that the rebate amount, if any, that was payable to the United States of America in respect of investments made with gross proceeds of that bond issue and records showing that such rebate amount, if any, was paid and a Form 8038-T filed with the Internal Revenue Service ("IRS") on a timely basis;

e) information and records showing that investments held in yield-restricted advance refunding or defeasance escrows for refunded bonds, investments made with unspent bond proceeds after the expiration of the applicable temporary period and any other bond proceeds subject to yield restriction were not invested in higher-yielding investments; and

f) such other information and records as required by the Issuance Documentation.

4. Restrictions on Private Business Use and Private Loans. The Compliance Officer shall enforce the restrictions on private business use that apply to land, buildings, facilities and equipment ("property") which are financed with proceeds of bonds, and of the restriction on the use of proceeds of bonds to make or finance any loan to any person other than a state or local government unit, including:

a) under section 141 of the Code, no more than generally 10% of the proceeds (5% in certain cases) of any bond issue (including the property financed with the bonds) may be used for private business use, and no more than the lesser of $5,000,000 or 5% of the proceeds of a bond issue may be used to make or finance a loan to any person other than a state or local government unit;

b) "private business use" means use by any person other than a state or local government unit, including business corporations, partnerships, limited liability companies, associations, nonprofit corporations, natural persons engaged in trade or business activity, and the United States of America and any federal agency, as a result of ownership of the property or use of the property under a lease, management or service contract (except for certain "qualified" management or service contracts), output contract for the purchase of electricity or water, privately sponsored research contract (except for certain "qualified" research contracts), "naming rights" contract, "public-private partnership" arrangement, or any similar

use arrangement that provides special legal entitlements for the use of the bond-financed property; private business use starts on the first date on which the Issuer enters into a binding contract with a nongovernmental person for use of the financed property which is not subject to any material contingencies;

c) before entering into any use arrangement with a nongovernmental person (which includes the United States of America) that involves the use of bond-financed property, the Compliance Officer will evaluate whether that use arrangement, if put into effect, will be consistent with the restrictions on private business use of the bond-financed property;

d) in connection with the evaluation of any proposed nongovernmental use arrangement under paragraph (c), the Compliance Officer shall determine whether to engage nationally recognized bond counsel to obtain advice on whether that use arrangement, if put into effect, will be consistent with the restrictions on private business use of the bond-financed property, and, if not, whether any "remedial action" permitted under section 141 of the Code may be taken as a means of enabling that use arrangement to be put into effect without adversely affecting the tax-exempt status of any bonds; and

e) records shall be maintained of such nongovernmental uses, if any, of bond-financed property, including copies of the pertinent leases, contracts or other documentation, and the related determination that those nongovernmental uses are not inconsistent with the status of the bonds that financed the property, including any advice received from bond counsel and any remedial actions taken.

5. Secondary Market Disclosure. The Compliance Officer shall be responsible for the filing of annual reports and notices of material events as required by the Rule and the Issuer's continuing disclosure agreements. Such filings shall be made by the Compliance Officer using the MSRB's electronic filing system (currently referred to as the Electronic Municipal Market Access system or EMMA) in accordance with the applicable continuing disclosure agreement. The Compliance Officer shall retain copies of each filing together with a receipt of filing or other acknowledgement from the MSRB.

6. Records to be Maintained for Bonds. It is the policy of the Issuer that, unless otherwise permitted by future IRS regulations or other guidance, written records (which may be in electronic form) will be maintained with respect to each issue of bonds for as long as those bonds remain outstanding plus six (6) years. For this purpose, bonds include refunding bonds that refinance the property that was financed by the original bonds.

The records to be maintained are to include:

1. the official Transcript of Proceedings (including the Issuance Documentation) for the original issuance of the bonds;

2. the records showing compliance with the requirements of paragraph 3 above;

3. the records described in paragraph 4(e) above; and
4. the filings described in paragraph 5 above.

The basic purpose of the foregoing record retention policy is to enable the Issuer (a) to readily demonstrate to the IRS upon an audit of any bond issue that the Issuer has complied with all applicable requirements that it must satisfy after the issue date of the bonds under the Code and (b) to demonstrate compliance with the Rule.

7. Remedial Action.

a) Internal Revenue Code. If the applicable requirements of the Code have been violated with respect to any issue of bonds, the Compliance Officer, after consultation with bond counsel, shall determine whether any remedial actions available under the Code or through the IRS are required to maintain the tax-exempt status of any bonds and recommend such remedial action to the Governing Body. If the Compliance Officer, after consultation with bond counsel, determines that no such remedial actions are required, he or she shall report on the violation to the Governing Body.

b) Available Remedies for Code Violations. Currently available remedies for certain violations of the federal tax laws include:

1. For violations of the restrictions on private business use, Treasury Regulations Section 1.141-12 sets forth certain remedial actions which can be taken following a deliberate action which causes private business use, including redemption of bonds, alternative use of proceeds and alternative use of financed facilities, all subject to the various conditions set forth in such regulations. Certain remedies must be taken by the date of the deliberate action or shortly thereafter (within 90 days, for example, for redemptions). A deliberate action occurs on the first date on which the issuer enters into a binding contract with a nongovernmental person for use of the financed property which is not subject to any material contingencies.

2. The IRS has a voluntary closing agreement program for tax-exempt debt and other tax-advantaged debt ("TEB VCAP") which allows issuers to voluntarily resolve violations of the Code or applicable regulations through closing agreements with the IRS. TEB VCAP is not available when: (a) absent extraordinary circumstances, the violation can be remediated under existing remedial action provisions or other tax-exempt bond closing agreement programs; (b) the issue is under examination; (c) the tax-exempt status or tax-advantaged status of the debt is at issue in any court proceeding or is being considered by the IRS Office of Appeals; or (d) the IRS determines that the violation was due to willful neglect.

3. For certain violations of the rebate and arbitrage rules, an issuer can pay a penalty under Treasury Regulations Section 1.148-3(h) or make yield reduction payments under Treasury Regulations Section 1.148-5(c).

c) Secondary Market Disclosure. If any required filings described in paragraph 5 or any of the Issuance Documentation have not been timely made or are inaccurate or incomplete, the Compliance Officer shall determine if and to what extent remedial action is required and recommend such remedial action to the Governing Body.

8. Annual Review. The Compliance Officer shall complete an annual review by December 31 of each year in order to confirm that the requirements of paragraphs 3, 4 and 5 hereof have been met for the preceding year and whether any violations of the applicable federal tax law have been determined for any issue of bonds. In the case of failure to follow this Compliance Policy, the Compliance Officer shall review such failure with the appropriate employees or contractor and determine appropriate action to ensure future compliance. In the case of a violation of the applicable federal tax law or of the requirements of paragraph 5 hereof, the Compliance Officer shall review the appropriate remedial actions as described above.

9. Bond Counsel/Training. Based on his or her experience, the Compliance Officer, upon assuming such role, shall determine whether he or she needs to attend training in order to perform the duties hereunder. The Compliance Officer shall also determine the same for any employee who has been delegated responsibility under this policy, and shall arrange for the appropriate training in each case. The Compliance Officer may also consult with bond counsel, request to attend such other training program (for him or herself or another employee) or obtain such training materials as are reasonably required in order to permit the Compliance Officer or any delegate to perform his or her duties hereunder.

Date Compliance Policy Adopted by Governing Body: _____

Exhibit A

Delegation of Compliance

Specific Responsibility Delegated	Person to whom Responsibility Delegated	Date

CERTIFICATE OF SECRETARY

The undersigned, Secretary of the Borough of Hatboro, HEREBY CERTIFIES that:

The foregoing Ordinance authorizing the issuance of General Obligation Note, Series of 2016 of the Borough was duly moved and seconded and enacted by a majority vote of all the Borough Council of said Borough at a duly called and convened meeting of said Council held on AUGUST 15th 2016; that public notice of said meeting was given as required by law; and that the roll of the Borough Council was called and such members voted or were absent as follows:

Name	Vote
Bill Tompkins, President	YES
Dave Rich, Vice President	YES
Robert Hegele, Sr., Pro-Tem	ABSENT
George Forgeng	YES
Thomas Harbaugh, Sr.	YES
Martyn Palmer	YES
Theresa McElroy	YES

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

WITNESS my hand and seal of the Borough this 15th day of AUGUST, 2016.

Alfred Zollers, Borough Manager

(BOROUGH SEAL)

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