

A regular meeting of the **FINANCE COMMITTEE** was held tonight, Vice Chairman Morton J. Simon, Jr. presiding. Members present were Commissioners Hampton, Haywood, McKeown, Sharkey and Portner. Staff members present were Acting Township Manager Bryan Havir; Director of Fiscal Affairs Joseph Galdo. Also in attendance was Finance Officer Stephen Burns. A Public Attendance List is attached.

1. A review of the Executive Financial Summary Report for the period ended October 31, 2012 was reviewed and approved by the Committee (see attached five-year analysis).

2. The Committee heard a presentation from Township Solicitor Bagley about the Montgomery County collection initiative with regard to delinquent real estate taxes. A letter dated September 21, 2012 from the County Commissioners to the Township was discussed. Additionally, a presentation by Michelle Portnoff, Esq., of Portnoff Law Associates was provided to the Committee. Currently, Portnoff Law Associates handles the Township's collection efforts with regard to delinquent real estate taxes. Recommendation was made by Acting Township Manager Havir and Director Galdo to renew Portnoff Law Associates contract for one year. Township Solicitor Bagley commented that the Township has to make a decision contractually due to the contract language to either take no action thereby allowing the Township's contract with Portnoff to renew itself, or to give notice to Portnoff that it will terminate its service agreement.

Upon the motion of Commissioner Sharkey, and approved by the Committee, no action was recommended.

3. Upon motion of Commissioner Haywood, and approved by the Committee, it was recommended to the Board of Commissioners that the following transfers within the 2012 General Operating Budget be approved by Resolution:

By Resolution

<i>From:</i> <u>Administration</u> 01-090 Wages Pools	\$ 4,200	<i>To:</i> <u>Administration</u> 01-091 Pool Equipment & Supplies	\$ 4,200
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4. Upon motion of Mr. Haywood, and approved by the Committee, it was recommended to the Board of Commissioners that the following transfers within the 2012 Operating Budget be approved by Ordinance (see attached):

By Ordinance

<i>From:</i> <u>Administration-Miscellaneous</u> 01-169 Unallocated Appropriation	\$ 75,000	<i>To:</i> <u>Sewer</u> 01-041 Operating Expense	\$360,000
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<u>Administration</u>	
01-060 / 01-077 Police	\$125,000
01-131 / 01-137 EMS	\$ 43,000
01-080 / 01-085 Parks & Recreation	\$ 72,000
01-050 / 01-051 Refuse	<u>\$ 45,000</u>
Total:	\$360,000

5. Upon motion of Mr. Haywood, and approved by the Committee, it was recommended to the Board of Commissioners that the proposed fee increases notated in the November 9, 2012 memorandum be approved with the caveat that information be provided from

Township Staff documenting the revenues and expenses on the Parks & Recreation Department's recommendation to increase fees and expanding the summer playground programs by one additional week (see attached).

6. Director Galdo referenced that the fire companies submitted certain financial documents including year-end audits and operating budgets to the Township for review. It was notated that one fire company (Elkins Park) did not apparently submit an audit. The referenced fire company will send over the financial document as soon as possible. Joe Stuckert, on behalf of all the companies spoke about the importance to procure Firehouse software for the various fire companies. This will help them with uniform reporting and federal grants.

7. Commissioner Simon spoke on the President's 2013 Budget Message & Proposed 2013 Operating and Capital Budgets. Although there is currently a budget gap of \$2.358 million, the Township is making progress in whittling down the deficit.

Upon motion of Mr. Portner, and approved by the Committee, it was recommended to the Board of Commissioners that the Preliminary Operating Budget for 2013 be adopted as per the November 7, 2012 Budget Message.

Upon motion of Mr. Portner, and approved by the Committee, it was recommended to the Board of Commissioners that the Preliminary 2013 Capital Budget and 2013-2017 Capital Program be adopted as per the November 7, 2012 Budget Message.

8. Old Business:

A presentation was made by Peter Nissen, of Acacia Financial Group, Inc. with

regard to the Ordinance authorizing the incurring of Non-Electoral Debt. The Bond Ordinance will have certain narrow parameters so that the Township can have a sale date of November 28, 2012 with a settlement date in late December, 2012 (tentatively December 27, 2012).

Mr. Nissen commented on next year's Tax Anticipation Note since the Township is leaning towards doing a non-bank qualified Note and Bond issuance so as to meet the needs of the Capital Improvement Program (CIP). Additionally, Mr. Nissen spoke on the pros and cons of a Wrapped Level Debt structure.

a.) Upon motion of Mr. Haywood, and approved by the Committee, it was recommended to the Board of Commissioners that they authorize the incurring of Non-Electoral Debt through the issuance of Government Obligation Bonds Series 2012 in a maximum amount of \$7,200,000 (see attached).

b.) Upon motion of Mr. Haywood, and approved by the Committee, it was recommended to the Board of Commissioners that PNC Capital Markets, LLC be selected as the Underwriter for the Government Obligation Bonds Series 2012.

c.) Upon motion of Mr. Haywood, and approved by the Committee, it was recommended to the Board of Commissioners that a Wrapped Level Debt Structure be utilized for this Issuance.

9. Citizens Forum.

Mr. Stephen Burns, Tax Collector and Finance Officer, mentioned that in accordance with the Township's Home Rule Charter, an Ordinance would have to be presented by the Township next month with regard to setting the Tax Collector's/Finance Officer's

November 14, 2012
Curtis Hall

compensation for calendar years 2014-2018.

There being no further business, upon motion of Commissioner Haywood, and approved by the Committee, the meeting was adjourned.



Bryan T. Havir
Acting Township Manager

Per: Joseph L. Galdo, Jr.
Director of Fiscal Affairs

PUBLIC ATTENDANCE LIST
Public Works Committee @ 7:30 PM
Finance Committee @ 7:45 PM
Wednesday, November 14, 2012
Curtis Hall
Wyncote, PA 19095

NAME (Please Print)	AFFILIATION/COMPANY AND/OR ADDRESS	EMAIL ADDRESS AND/OR TELEPHONE NUMBER
Dob Mcglade	320 Brookdale Ave	dmcglade320@comcast.net
Dave Schultz	15 Wawmly Rd Wyncote	davisimv@hishultz.com
Gary H Bondy	LA MOTT FIRE CO	
Terri Schuck	CHELT FC	
Rich Schwab	" "	
Al Regenhard	Glenside Fire Co.	
J Siegl	Elkins Park Fire Co	
Ken Wietschnor	" "	
ROBERT HYSLOP	211 HARRISON	215-886-0813
Barb Duffy	8 Hewett R	
TYSHA WILLIAMS	LAMOTT FIRE CO	
ART GORDON	Ogontz Fire Co	artgordon@contel.net

FIVE YEAR ANALYSIS - AS OF OCTOBER 2012

	2012	2011	2010	2009	2008
Expenses	84%	86%	83%	83%	82%
Revenues	90%	91%	88%	89%	87%
EIT	81%	78%	77%	65%	66%
Group Health Ins.	83%	84%	79%	79%	83%
Real Estate	97%	96%	97%	97%	96%

Township of Cheltenham

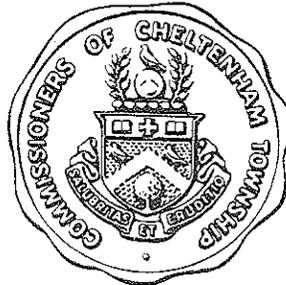
Montgomery County, Pennsylvania

Board of Commissioners

Art Haywood, President
Harvey Portner, Vice President
Kathy A. Hampton
Charles D. McKeown
Daniel B. Norris
J. Andrew Sharkey
Morton J. Simon, Jr.

Township Manager

David G. Kraynik



Administration Building

8230 Old York Road
Elkins Park, PA 19027-1589

Phone: 215 887-1000

FAX: 215 887-1561

Website: cheltenhamtownship.org

MEMORANDUM

TO: Finance Committee

FROM: Bryan T. Havir, Acting Township Manager
Joseph L. Galdo, Jr., Director of Fiscal Affairs

DATE: November 9, 2012

RE: Proposed Revenue Fee Increases into the 2013 Budget

As a result of the budget workshop on October 2, 2012, and a means to improve Cheltenham Township's yearly revenue picture, we are recommending to the Committee that consideration be given to the following Fee Increases:

	<u>Projected Increase</u>	<u>2012</u>	<u>2013</u>
Police - Finger Printing	\$ 1,750	\$ 15	\$ 25
Parks & Recreation – Playground Registration (Camp increased by 1 week)	\$ 22,525	\$275	\$350
Pools – Family Membership Fee	\$ 9,500	\$210	\$225
Building & Zoning - Grading Permit Fee (No stormwater management/Stormwater)	\$ 5,000	New	\$200/\$400
- Zoning U & O Cert (Residential/Commercial)	\$ 20,000	\$ 30	\$ 60/\$120
- Zoning Compliance Letter (Residential/Commercial)	\$ 5,000	New	\$ 50/\$100
- Fine Penalty (Residential/Commercial)	\$ 7,500	\$ 75	\$150/\$250
EMS – 3 rd Party Billings (Medicare)	\$230,000	\$870,000	\$1,100,000

By approving these fee increases, we are creating a budget tool for the Township as we attempt to minimize a budget gap. Combined these processes can present the Township with a positive budget outcome; although, there may be some off-setting miscellaneous costs.

In closing, we would highly recommend that these fee increases be implemented.

ORDINANCE NO. _____ - 12

AN ORDINANCE AMENDING ORDINANCE NO. 2230-11 ENACTED DECEMBER 22, 2011 AFFIXING THE TAX RATE FOR THE YEAR 2011 AND APPROPRIATING SPECIFIC SUMS ESTIMATED TO BE REQUIRED FOR THE PURPOSE OF TOWNSHIP GOVERNMENT DURING THE CURRENT FISCAL YEAR.

The Board of Commissioners of the Township of Cheltenham hereby ordains:

SECTION I. That Section 2 of Ordinance No. 2230-11 enacted December 22, 2011 setting forth amounts appropriated for expenses for various departments, is hereby amended and modified as follows:

<i>From:</i>			<i>To:</i>		
<u>Administration-Miscellaneous</u>			<u>Sewer</u>		
01-169 Unallocated Appropriation	\$ 75,000		01-041 Operating Expense	\$360,000	
<u>Administration</u>					
01-060 / 01-077 Police	\$125,000				
01-131 / 01-137 EMS	\$ 43,000				
01-080 / 01-085 Parks & Recreation	\$ 72,000				
01-050 / 01-051 Refuse	\$ 45,000				
Total:	\$360,000				

ENACTED into an Ordinance this 20th day of November, A.D., 2012.

**TOWNSHIP OF CHELTENHAM
BOARD OF COMMISSIONERS**

BY: _____
Art Haywood, President

ATTEST:

Bryan T. Havir, Secretary

ORDINANCE
TOWNSHIP OF CHELTENHAM
Montgomery County, Pennsylvania

ORDINANCE NO. _____

TO AUTHORIZE AND DIRECT THE INCURRING OF NON-ELECTORAL DEBT THROUGH THE ISSUANCE OF TOWNSHIP OF CHELTENHAM GENERAL OBLIGATION BONDS, SERIES OF 2012 (THE "2012 BONDS" OR "BONDS"), IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$7,200,000 FOR THE PURPOSE OF PROVIDING FUNDS FOR AND TOWARD THE PAYMENT OF THE COSTS OF A PROJECT (THE "2012 PROJECT") CONSISTING OF: (1) UPGRADES AND REHABILITATION TO THE TOWNSHIP'S SANITARY SYSTEM; (2) VARIOUS STREET IMPROVEMENTS WITHIN THE TOWNSHIP; (3) VARIOUS PUBLIC SAFETY PROJECTS, IMPROVEMENTS, RENOVATIONS AND EQUIPMENT ACQUISITIONS WITHIN THE TOWNSHIP; (4) THE PAYMENT OF CAPITALIZED INTEREST ON THE 2012 BONDS; AND (5) THE PAYMENT OF ALL COSTS OF ISSUANCE RELATED TO THE 2012 BONDS; STATING THE PURPOSE OF ISSUING THE 2012 BONDS; DECLARING THE USEFUL LIFE OF THE 2012 PROJECT; AUTHORIZING THE INCURRING OF NON-ELECTORAL DEBT TO BE EVIDENCED BY THE ISSUANCE OF THE 2012 BONDS; AUTHORIZING THE PRESIDENT OR VICE PRESIDENT OF THE BOARD OF COMMISSIONERS AND THE SECRETARY OR ASSISTANT SECRETARY OF THE TOWNSHIP, AND THEIR RESPECTIVE SUCCESSORS, TO FILE WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF PENNSYLVANIA THE DEBT STATEMENT REQUIRED UNDER THE DEBT ACT AND A BORROWING BASE CERTIFICATE, AND TO TAKE ALL OTHER ACTION REQUIRED BY THE DEBT ACT OR UNDER THE ORDINANCE IN CONNECTION WITH THE ISSUANCE OF THE 2012 BONDS; STATING THAT THE 2012 BONDS WILL BE GENERAL OBLIGATION BONDS AND DESIGNATING THE 2012 BONDS AS THE TOWNSHIP'S GENERAL OBLIGATION BONDS TO BE ISSUED IN FULLY REGISTERED FORM IN THE DENOMINATIONS OF FIVE THOUSAND DOLLARS AND INTEGRAL MULTIPLES THEREOF; PROVIDING FOR BONDS WITHIN SUCH MATURITIES AND VARYING MAXIMUM RATES OF INTEREST AS SPECIFIED IN THE PROPOSAL; AUTHORIZING THE PRESIDENT OR VICE PRESIDENT OF THE BOARD OF COMMISSIONERS AND THE SECRETARY OR ASSISTANT SECRETARY OF THE TOWNSHIP, AND THEIR RESPECTIVE SUCCESSORS, TO EXECUTE AND DELIVER THE 2012 BONDS AND THE PAYING AGENT TO AUTHENTICATE THE 2012 BONDS AND PROVIDING FOR THE DELIVERY OF THE 2012 BONDS; PROVIDING FOR THE MANDATORY AND OPTIONAL REDEMPTION OF THE 2012 BONDS IN ACCORDANCE WITH THE TERMS CONTAINED IN THE ACCEPTED PROPOSAL; STATING THAT THE TOWNSHIP WILL ASSUME AND AGREE TO PAY ANY TAX OR TAXES WHICH THE TOWNSHIP OR THE DIRECTOR OF FISCAL AFFAIRS MAY BE REQUIRED TO PAY

THEREON; COVENANTING TO INCLUDE THE ANNUAL AMOUNT OF PAYMENT OF THE DEBT SERVICE FOR EACH FISCAL YEAR IN WHICH SUMS ARE PAYABLE IN THE TOWNSHIP'S BUDGET FOR THAT FISCAL YEAR AND TO APPROPRIATE THOSE AMOUNTS FROM ITS REVENUES FOR PAYMENT OF THE DEBT SERVICE AND TO DULY AND PUNCTUALLY PAY OR CAUSE TO BE PAID FROM ITS SINKING FUNDS OR ANY OTHER OF ITS REVENUES OR FUNDS THE PRINCIPAL AND INTEREST ON THE 2012 BONDS AT THE DATES AND PLACES AND IN THE MANNER STATED IN THE 2012 BONDS WHEN DUE; PLEDGING THE FULL FAITH CREDIT AND TAXING POWER OF THE TOWNSHIP FOR SUCH BUDGETING, APPROPRIATION AND PAYMENT; ESTABLISHING A SINKING FUND WITH RESPECT TO THE 2012 BONDS; REQUIRING THE DIRECTOR OF FISCAL AFFAIRS OF THE TOWNSHIP TO DEPOSIT THEREIN ON CERTAIN DATES THE AMOUNTS REQUIRED FOR DEBT SERVICE AND ASSUMED TAXES; APPOINTING THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., PHILADELPHIA, PENNSYLVANIA, AS PAYING AGENT; COVENANTING THAT THE TOWNSHIP WILL NOT TAKE OR OMIT TO TAKE ANY ACTION SO AS TO CAUSE THE INTEREST ON THE 2012 BONDS TO NO LONGER BE EXCLUDABLE FROM GROSS INCOME FOR THE PURPOSES OF FEDERAL INCOME TAXATION AND TO OTHERWISE COMPLY WITH SECTIONS 103 AND 141 THROUGH 150 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") AND FURTHER COVENANTING THAT IT WILL MAKE NO INVESTMENT OR OTHER USE OF THE PROCEEDS WHICH CAUSE THE 2012 BONDS TO BE ARBITRAGE BONDS WITHIN THE MEANING OF SECTION 148 OF THE CODE; FINDING THAT A PRIVATE SALE OF THE 2012 BONDS BY NEGOTIATION IS IN THE BEST FINANCIAL INTEREST OF THE TOWNSHIP; PROVIDING FOR THE 2012 BONDS TO BE SOLD AT SUCH SALE UPON RECEIPT OF THE PROPOSAL; PROVIDING FOR ACCEPTANCE OF A PROPOSAL AND AUTHORIZING THE AWARDED AND DELIVERY OF THE 2012 BONDS TO THE UNDERWRITER PURSUANT TO THE TERMS HEREOF AND OF AN ADDENDUM; ALLOWING ENFORCEABILITY OF THE REMAINDER OF THE ORDINANCE IF SECTIONS OF IT ARE FOUND TO BE ILLEGAL, INVALID, OR UNENFORCEABLE; DESIGNATING THE 2012 BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS UNDER THE CODE; AUTHORIZING THE TOWNSHIP TO ENTER INTO A CONTINUING DISCLOSURE AGREEMENT; REPEALING PRIOR INCONSISTENT ORDINANCES AND RESOLUTIONS; REQUIRING NOTICE TO RATING AGENCIES OF AMENDMENTS TO THE ORDINANCE; APPROVING THE PRELIMINARY OFFICIAL STATEMENT FOR THE 2012 BONDS THAT THE TOWNSHIP DEEMS FINAL AND APPROVING THE PREPARATION AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT; ADOPTING THE FORM OF THE 2012 BONDS WITH SUCH AMENDMENTS AND ADDITIONS AS MAY BE REQUIRED AND THE SCHEDULE OF MAXIMUM PRINCIPAL MATURITY OR MANDATORY REDEMPTION AMOUNTS AND DATES, THE MAXIMUM RATE OR RATES OF INTEREST AND INTEREST PAYMENT DATES, PLACES OF PAYMENT, AND REDEMPTION PROVISIONS FOR THE 2012 BONDS.

WHEREAS, the Board of Commissioners of the Township of Cheltenham, Montgomery County, Pennsylvania (the "Township"), desires to incur debt in the maximum aggregate principal amount of Seven Million Two Hundred Thousand Dollars (\$7,200,000), without the assent of the electors and to issue General Obligation Bonds, Series of 2012 (the "2012 Bonds") in evidence of such debt for the purpose of providing funds for and toward a project (the "2012 Project") consisting of (1) upgrades and rehabilitation to the Township's sanitary system; (2) various street improvements within the Township; (3) various Public Safety projects, improvements, renovations and equipment acquisitions within the Township; (4) the payment of capitalized interest on the 2012 Bonds; and (5) the payment of all costs of issuance related to the 2012 Bonds; and

WHEREAS, such incurrence of authorized debt by the Township will not, when aggregated with the existing net non-electoral debt of the Township, result in a violation of the limitations of the Constitution of the Commonwealth of Pennsylvania or of the Local Government Unit Debt Act (Act No. 52 of April 28, 1978, as amended and reenacted by Act No. 177 of 1996, as further amended and supplemented) (the "Act"); and

WHEREAS, the Board of Commissioners of the Township (the "Board") has determined that it is desirable and in the best interests of the Township to sell the 2012 Bonds at private negotiated sale, as authorized by Section 8161(a) of the Act; and

WHEREAS, the Township has invited PNC Capital Markets LLC (the "Underwriter") to make a proposal with respect to the purchase of the 2012 Bonds at private negotiated sale; and

WHEREAS, the Board wishes to accept a proposal from the Underwriter for the purchase of the 2012 Bonds at a net purchase price, including the Underwriter's discount and total net original issue discount or premium, of not less than 95% nor more than 110% of the aggregate principal amount of the 2012 Bonds to be issued and delivered by the Township, plus accrued interest, if any, on the 2012 Bonds from the

dated date of the 2012 Bonds to the date of delivery, with the Underwriter's discount not to exceed \$_____ per \$1,000 principal amount of the 2012 Bonds, assuming a date of delivery of the 2012 Bonds of December 27, 2012 (the "Proposal"); and

WHEREAS, the Board deems it in the best interests of the Township to accept the Proposal and authorize the awarding of the 2012 Bonds to the Underwriter pursuant to the terms of this Ordinance and an addendum to the Proposal which will set forth final prices, sizing, interest rates and redemption provisions that are within the parameters set forth herein (the "Addendum"); and

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE BOARD OF COMMISSIONERS OF THE TOWNSHIP OF CHELTENHAM AND IT IS HEREBY ENACTED AND ORDAINED BY THE AUTHORITY OF SAID BOARD THAT:

Section 1. The corporate authorities of the Township do hereby authorize and direct the incurring of non-electoral debt through the issuance of General Obligation Bonds, Series of 2012, in the maximum aggregate principal amount of Seven Million Two Hundred Thousand Dollars (\$7,200,000), for the purposes of providing funds for and towards (1) upgrades and rehabilitation to the Township's sanitary system; (2) various street improvements within the Township; (3) various Public Safety projects, improvements, renovations and equipment acquisitions within the Township; (4) the payment of capitalized interest on the 2012 Bonds; and (5) the payment of all costs of issuance related to the 2012 Bonds (collectively the "2012 Project").

The Township shall, from the proceeds of the 2012 Bonds, deposit any accrued interest received in the Sinking Fund for application to the payment of the interest on the 2012 Bonds on the next succeeding Interest Payment Date, pay the costs of issuance of the 2012 Bonds, and the proceeds then remaining shall be made available to the Township for the purposes set forth above.

Section 2. The average useful life of the 2012 Project is in excess of forty (40) years. The term of the 2012 Bonds is not to exceed (30) years. Therefore, the term of the 2012 Bonds is less than the useful life of the 2012 Project. No portion of the proceeds of

the 2012 Bonds is being used to pay for projects whose useful life is less than the term of that portion of the 2012 Bonds for which they are issued.

Section 3. Pursuant to Section 8110 of the Act, the President or Vice President of the Board and the Secretary or Assistant Secretary of the Township, and their respective successors, are hereby authorized and directed to prepare or cause to be prepared, certify and file with the Department of Community and Economic Development of the Commonwealth of Pennsylvania, a debt statement and borrowing base certificate and, if deemed appropriate, an application for exclusion of subsidized or self-liquidating debt, and the Township shall certify to and send to the Department of Community and Economic Development an accurate copy of the proceedings held for increasing the debt of the Township, and shall take all such further action as may be required by the Act for the purpose of obtaining said Department's approval of said increase of debt.

Section 4. The Board shall and does hereby accept the Proposal for the purchase of the 2012 Bonds in accordance with the terms and conditions of this Ordinance and authorizes awarding the 2012 Bonds to the Underwriter upon the terms to be set forth in the Addendum. The officers of the Township are hereby authorized to endorse the acceptance of the Township upon such proposal, to deliver a copy, as so endorsed, to the Underwriter. The accepted Proposal is incorporated herein by reference and is attached to this Ordinance as Exhibit A and shall be maintained with the minutes of this meeting.

The President of the Board, or the Vice President in the absence of the President, is hereby authorized to accept, execute and deliver the Addendum in the name and on behalf of the Township and to cause the official seal of the Township to be affixed thereto, and the Secretary of the Township or Assistant Secretary is hereby authorized and directed to attest to such acceptance and execution, provided the final prices, sizing, interest rates and redemption provisions are within the parameters set forth herein, the Underwriting Discount does not exceed \$_____ per \$1,000 principal

amount of the 2012 Bonds, and the interest rate savings have a net present value of at least \$_____.

The execution and delivery of the Addendum by the appropriate officers of the Township shall constitute conclusive evidence of the approval and acceptance of the Addendum by the Township.

It is hereby determined that the Addendum meet the following requirements:

A. The net purchase price for the 2012 Bonds to be purchased pursuant to the Proposal and Addendum, including the Underwriter's discount and total net original issue discount or premium, shall not be less than 95% nor more than 110% of the aggregate principal amount of the 2012 Bonds to be issued and delivered by the Township, plus accrued interest, if any, on the 2012 Bonds from the dated date of the 2012 Bonds to the date of delivery.

B. The annual principal maturities (whether by maturity or mandatory sinking fund redemption) and annual debt service and interest rates shall not exceed the maximum amounts set forth on Exhibit B attached hereto.

C. The Underwriter's discount shall not exceed \$_____ per \$1,000 principal amount of the 2012 Bonds.

D. The Addendum must identify the dated date and the interest payment dates and the principal retirement dates (whether such retirement be by maturity or mandatory sinking fund redemption) for the 2012 Bonds.

The 2012 Bonds shall be general obligation bonds and shall be designated as the Township's "General Obligation Bonds, Series of 2012." The 2012 Bonds shall be issued in fully registered form, without coupons, in the denomination of \$5,000 each or in integral multiples of \$5,000 thereof, shall be numbered from 1 upward, shall be dated the date of delivery, shall bear interest from such date or from the most recent date to which interest has been paid until payment of the principal sum has been made or provided for upon redemption or at maturity, payable initially on July 1, 2013 and semi-annually thereafter on January 1 and July 1 of each year (each an "Interest Payment

Date”), at the rates of interest per annum and shall mature on July 1 of the years and in the amounts as set forth in the Proposal.

The 2012 Bonds shall be subject to redemption, in whole or in part, in any order of maturity and in any principal amount within a maturity, prior to their respective maturities at the option of the Township upon payment of a redemption price of 100% of the principal amount, plus unpaid interest accrued to the date fixed for redemption, as set forth in the Proposal. A portion of the 2012 Bonds are also subject to mandatory redemption prior to maturity by lot on July 1 of the years indicated in the Proposal from moneys to be deposited in the Sinking Fund provided herein at a redemption price equal to 100% of the principal amount thereof together with interest accrued to the date fixed for redemption. Specific provisions of the mandatory redemption are set forth in the Proposal.

Any such redemption shall be made by notice thereof sent by the Paying Agent, hereinafter appointed, by first class mail, postage prepaid, to the registered owners of the 2012 Bonds at the registered addresses set forth on the bond registry books kept by the Paying Agent not less than thirty (30) days before the date fixed for such redemption, unless notice thereof is waived in writing by the registered owners of the 2012 Bonds so called for redemption. Any notice of redemption shall state the redemption date and redemption price and shall identify the 2012 Bonds to be redeemed and shall further state that, on such redemption date, the redemption price, together with accrued interest, shall be payable at the principal corporate trust office of the Paying Agent and that, from such date thereon, interest shall cease to accrue. If the Township shall have caused notice of redemption to be so mailed (or if such notice has been so waived) and shall have deposited funds sufficient for redemption, the 2012 Bonds so called for redemption shall become due and payable on the date fixed for redemption, and interest shall cease to accrue thereon on the date fixed for redemption, whether such 2012 Bonds shall be presented for payment or not. Any defect in any such

notice or in the mailing thereof shall not affect the validity of any redemption of the 2012 Bonds as to which proper notice of redemption shall be given.

Section 5. The principal of the 2012 Bonds shall be payable at the corporate trust office in Philadelphia, Pennsylvania, or such other place as the Paying Agent may designate, of the Paying Agent hereinafter appointed, or the corporate trust office of any successor paying agent appointed by the Township pursuant to the Act.

Interest on the 2012 Bonds shall be paid by check drawn upon the Paying Agent and mailed, on each Interest Payment Date as defined in Section 4 of this Ordinance, to the addresses of the registered owners of the 2012 Bonds as recorded on the registration books maintained at the corporate trust office of the Paying Agent in Philadelphia, Pennsylvania, or such other location as the Paying Agent may designate, as of the close of business on the fifteenth (15th) day (whether or not a business day) next preceding each Interest Payment Date (the "Record Date"), notwithstanding any exchange or transfer thereof by the registered owners subsequent to the record date and prior to the Interest Payment Date. If and to the extent there shall be a default in the payment of the interest due on an Interest Payment Date, such defaulted interest shall be paid to the registered owners in whose name the 2012 Bonds (or any bonds issued upon transfer or exchange thereof) are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed to the registered owners not less than fifteen (15) days preceding such special record date. Any notice of a special record date will be mailed to the person in whose name the 2012 Bonds are registered at the close of business on the fifth (5th) day next preceding the date of mailing.

Any payments of principal or interest on the 2012 Bonds shall be in such coin or currency as at the respective times of payment shall constitute legal tender for the payment of public and private debts, without deduction for any tax or taxes except gift, estate, succession or inheritance taxes or any other taxes not levied directly on the 2012 Bonds, or the income therefrom, of which the Township may be required to pay thereon

or retain therefrom under or pursuant to any present or future law of the Commonwealth of Pennsylvania.

Section 6. The 2012 Bonds shall be executed with the manual or facsimile signature of the President or Vice President of the Board, attested with the manual or facsimile signature of the Secretary or Assistant Secretary of the Township, and their respective successors, and shall have affixed thereto a manual or facsimile of the corporate seal of the Township. No 2012 Bond shall be valid or enforceable unless such bond has been authenticated by the certificate endorsed thereon, manually signed by an officer of the Paying Agent appointed in Section 11 of this Ordinance. The President or Vice President of the Board and the Secretary or Assistant Secretary of the Township are hereby authorized to execute and deliver the 2012 Bonds and the Paying Agent is hereby authorized to authenticate and deliver the 2012 Bonds as directed by the Underwriter.

So long as the 2012 Bonds are in book-entry form, the following provisions will apply:

(a) The 2012 Bonds, upon original issuance, will be issued in the form of a single, fully registered bond for each maturity, in the denomination equal to the principal amount of 2012 Bonds maturing on each such date, and will be delivered to The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co. Each such 2012 Bond will be registered on the registration books kept by the Paying Agent, as registrar and transfer agent, in the name of DTC or, at DTC's option, in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the 2012 Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the 2012 Bonds for an equal aggregate principal amount of 2012 Bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the Township or the Paying Agent either a 2012 Bond or any other evidence of ownership of the 2012 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall

transfer record ownership of all or any portion of the 2012 Bonds on the registration books maintained by the Paying Agent in connection with discontinuing the book-entry system, as provided below or otherwise.

(b) The execution and delivery by the Township of the Blanket Letter of Representations (the "Representation Letter") shall not in any way create, expand or limit any undertaking or arrangement contemplated or provided for herein in respect of DTC or the book-entry registration, payment and notification system or in any other way impose upon the Township or the Paying Agent any obligation whatsoever with respect to beneficial owners having interests in the 2012 Bonds, any such obligation extending solely to DTC, as sole bondholder, as shown on the registration books kept by the Paying Agent. The Paying Agent shall take all action necessary for all representations of the Township in the Representation Letter with respect to the Paying Agent to be complied with at all times.

(c) So long as the 2012 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of principal or redemption price of, and interest on, the 2012 Bonds shall be made to DTC or its nominee in accordance with the Representation Letter on the dates provided for such payments under this Ordinance in immediately available funds. All payments made by the Paying Agent to DTC or its nominee shall fully satisfy the Township's obligations to pay principal and interest, and any applicable redemption premium, on the 2012 Bonds to the extent of such payments, and no beneficial owner of any 2012 Bond registered in the name of DTC or its nominee shall have any recourse against the Township or the Paying Agent hereunder for any failure of DTC or its nominee or any participant therein to remit such payments to the beneficial owners of such 2012 Bonds.

(d) If all or fewer than all 2012 Bonds of a maturity are to be redeemed, the Paying Agent shall notify DTC within the time periods required by the Representation Letter. If fewer than all 2012 Bonds of a maturity are to be redeemed, DTC shall determine by lot the principal of each DTC participant's interest in the

maturity of 2012 Bonds to be redeemed. In the event of the redemption of less than all of the 2012 Bonds outstanding, the Paying Agent shall not require surrender by DTC or its nominee of the 2012 Bonds so redeemed, but DTC (or its nominee) may retain such 2012 Bonds and make an appropriate notation on the 2012 Bond certificate as to the amount of such partial redemption; provided that in each case, the Paying Agent shall request, and DTC shall deliver to the Paying Agent, a written confirmation of such partial redemption, and thereafter the records maintained by the Paying Agent shall be conclusive as to the amount of the 2012 Bonds of such maturity which have been redeemed.

(e) The book-entry system for registration of the ownership of the 2012 Bonds may be discontinued at any time if either: (i) after written notice to the Township and the Paying Agent, DTC determines to resign as securities depository for the 2012 Bonds; or (ii) after written notice to DTC and the Paying Agent, the Township determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the holders of the 2012 Bonds. In either of such events, the Paying Agent shall cause certificates to be prepared for delivery to such beneficial owners, or their nominees, making such adjustments and allowances as it may find necessary or appropriate as to the date of such certificates, accrued interest and previous calls for redemption. The names, addresses of record and taxpayer identification numbers of the beneficial owners shall be furnished to the Paying Agent by DTC, or such other securities depository then acting as such, and the Paying Agent may conclusively rely upon such information in delivering certificates to beneficial owners. In such event, all references to DTC herein shall relate only to the period of time when DTC has possession of at least one 2012 Bond, and shall be applicable only to such 2012 Bond so held.

(f) In the event of a change in the identity of DTC, the Paying Agent shall request any successor securities depository to present to the Township and the Paying Agent written evidence satisfactory to the Township and the Paying Agent with

respect to its ability to discharge its responsibilities. Any such successor securities depository shall be a securities depository which is registered as such under the United States Securities Exchange Act of 1934, as amended, or other applicable statute or regulations, and has complied with all applicable requirements thereof (or, if there are no such requirements with respect to the 2012 Bonds, the Township may permit a successor securities depository with comparable qualifications, upon evidence satisfactory thereof being delivered to the Township and the Paying Agent). The Paying Agent, upon its receipt of a 2012 Bond certificate from DTC for cancellation, shall cause the authentication and delivery of 2012 Bond certificates to the successor securities depository (or its nominee) in appropriate denominations, and form as authorized hereunder.

Section 7. Until 2012 Bonds in definitive form are ready for delivery, the proper officers of the Township may execute, and upon their request in writing, the Paying Agent shall authenticate and deliver in lieu of the 2012 Bonds in definitive form and subject to the same provisions, limitations and conditions, one or more printed or typewritten bonds in temporary form, substantially of the tenor of the 2012 Bonds herein before described in fully registered form, without coupons and with appropriate omissions, variations and insertions. Such bond or bonds in temporary form may be for the principal amount of Five Thousand Dollars (\$5,000) or any whole multiple or multiples thereof, as such officers may determine. The aforesaid officers, without unnecessary delay, shall cause 2012 Bonds in definitive form to be prepared, executed and delivered to said Paying Agent, and thereupon, upon presentation and surrender of the bond or bonds in temporary form, said Paying Agent shall authenticate and deliver, in exchange therefor, 2012 Bonds in definitive form in authorized denominations for the same aggregate principal amount and bearing interest at the same rate per annum as the bond or bonds in temporary form surrendered. Such exchange shall be made by the Township at its own expense and without any charge therefor to the holders thereof. When and as interest is paid upon the bond or bonds in temporary form, the fact of

such payment shall be endorsed thereon. Until so exchanged, the temporary bond or bonds shall be in full force and effect according to its or their terms.

Section 8. The 2012 Bonds, as general obligations of the Township, shall be payable from unlimited ad valorem taxes on property in the Township taxable for Township purposes. The Township hereby covenants with the registered owners of the 2012 Bonds that the Township shall include the annual amount of the debt service on the 2012 Bonds for each fiscal year of the Township in which such sums are payable in its budget for such 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 the Sinking Fund established for the 2012 Bonds hereunder or any of its other revenues or funds the principal of and interest on every 2012 Bond at the dates and places or in the manner stated in the 2012 Bonds, according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, the Township hereby pledges its full faith, credit and taxing power. This covenant shall be specifically enforceable.

Section 9. If the Township shall fail or refuse to make any required deposit in the sinking fund established by Section 10 of this Ordinance, or to satisfy any of the covenants herein contained, the Paying Agent may, and upon request of the registered owners of 25% of the principal amount of the 2012 Bonds then outstanding, upon being furnished with indemnity satisfactory to it against the expenses and possible liabilities in connection with the duties thereby accepted, shall, exercise any remedy provided in the Act or at law or in equity for the benefit of all registered owners of the 2012 Bonds and shall disburse all funds so collected to the persons entitled to receive payments pursuant to the terms of the 2012 Bonds as provided in the Act, subject to any limitations contained in Subchapter D thereof. If the Paying Agent is willing at such time to serve and exercise the powers conferred upon a trustee appointed in the manner provided in Section 8263 of the Act, subject as aforesaid, such representation shall be exclusive for the purposes therein and in the Act provided.

Section 10. A sinking fund is hereby established designated "Sinking Fund - Township of Cheltenham General Obligation Bonds, Series of 2012" (the "Sinking Fund"), which shall be held by the Paying Agent segregated from all other funds of the Township. The Township, except as otherwise provided herein, shall deposit in the Sinking Fund, not later than 11:00 AM on the date at least five (5) days prior to the date when interest or principal is to become due on the 2012 Bonds, a sufficient part of each above-mentioned appropriation so that, on each such payment date, the Sinking Fund will contain, together with any other available funds therein, sufficient moneys to pay in full interest and principal then due on the 2012 Bonds. The Sinking Fund shall be secured and invested by the Paying Agent in securities or deposits authorized by the Act, upon direction of the Township, all as provided in the Act. Said deposits and securities shall be in the name of the Township, but subject to withdrawal or collection only by the Paying Agent, and said deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund. The Paying Agent is authorized and directed to pay from the Sinking Fund the principal of and interest on the 2012 Bonds when due and payable.

Section 11. The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania, is hereby appointed paying agent, sinking fund depository and registrar for the 2012 Bonds (the "Paying Agent"). The President or Vice President of the Board and Secretary or Assistant Secretary of the Township are hereby authorized to contract with the Paying Agent for its services as Paying Agent, Sinking Fund Depository and Registrar pursuant to Section 8103(a)(2)(viii) of the Act. The Paying Agent is hereby authorized and requested, upon written order of the President or Vice President of the Board or other authorized officer of the Township, to authenticate the 2012 Bonds and deliver them to the purchaser thereof designated in such order.

Section 12. The Township covenants with the registered owners of the 2012 Bonds that (i) no part of the proceeds of the 2012 Bonds shall at any time be used directly or indirectly to acquire securities or obligations the acquisition of which would

cause the 2012 Bonds to be "arbitrage bonds" as defined in Section 103(b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or any similar statutory provision or any rule or regulation promulgated thereunder, such that the interest on the 2012 Bonds would no longer be exempt from Federal income tax and (ii) it will comply with each applicable requirement of the Code to the extent required to maintain the exemption from Federal income taxation of the interest payable on the 2012 Bonds under Section 103(a) of the Code, including, without intending to limit the generality of the foregoing, compliance with its obligations, if any, to rebate arbitrage profits applicable to the 2012 Bonds under Section 148(f) of the Code. The Township is authorized to comply with such procedures as may be recommended by its duly appointed bond counsel in complying with the provisions of such Section 148(f). This Ordinance and the Act as in force from time to time shall constitute a contract between the Township and the registered owners of the 2012 Bonds. Said contract may be modified with the consent of the registered owners of a majority in principal amount of the 2012 Bonds then outstanding, provided that no such modification may be made which would reduce the percentage required for consent or affect the rights of the registered owners of less than all of the outstanding 2012 Bonds or modify the terms of payment of or the rate of interest payable on the 2012 Bonds without the consent of the registered owners of all of the 2012 Bonds then outstanding.

Section 13. The Board hereby finds that a private negotiated sale is in the best interest of the Township.

Section 14. The Addendum to the Proposal of the Underwriter, dated not later than November 30, 2012, for the purchase of the 2012 Bonds at private negotiated sale, at the price and in accordance with the other terms and conditions contained in such Addendum, shall be accepted so long as it meets the terms set forth in Section 4 herein as well as this Section 14, and the 2012 Bonds are hereby awarded to the Underwriter, said acceptance and award being conditioned, however, upon all parts of this Ordinance becoming effective and the Department of Community and Economic

Development of the Commonwealth of Pennsylvania approving the incurrence of debt to be evidenced by the 2012 Bonds.

The President or Vice President of the Board and their respective successors are further authorized and directed to deliver the 2012 Bonds to the Underwriter upon fulfillment of the aforementioned conditions and receipt of the purchase price payable under the Proposal and Addendum, and, in connection therewith, the proper officials of the Township are hereby authorized to execute the necessary affidavits and all such other papers, including the preliminary official statement and official statement of the Township, to pay the costs of issuing the 2012 Bonds, and otherwise take such other action as may be necessary or convenient to make settlement or as may be required in the issuance of the 2012 Bonds.

Section 15. In case any one or more provisions contained in this Ordinance or in the 2012 Bonds issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Ordinance or of said 2012 Bonds, and this Ordinance or said 2012 Bonds shall be construed and enforced as if such invalid, illegal or unenforceable provision were never contained therein.

Section 16. The Township designates the 2012 Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Township reasonably anticipates that it will not, during the calendar year in which the 2012 Bonds are issued, issue in excess of \$10,000,000 of tax-exempt obligations as calculated by and within the meaning of Section 265(b)(3) of the Code.

Section 17. The appropriate Township officials are hereby authorized and directed to enter into a program of continuing disclosure to and in compliance with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934. The appropriate Township officials are hereby authorized to enter into a Continuing Disclosure Agreement in order to implement such program of continuing

disclosure. The Township covenants and agrees that it will comply with and carry out all the provisions of the Continuing Disclosure Agreement.

Section 18. All ordinances or parts thereof insofar as they are inconsistent herewith are hereby repealed or rescinded.

Section 19. Any rating agency rating the 2012 Bonds must receive notice of each amendment to the Ordinance and a copy thereof at least fifteen (15) Business Days in advance of its execution or adoption. The Preliminary Official Statement for the 2012 Bonds that the Township deems final, and the preparation and distribution of a final Official Statement, are hereby approved.

Section 20. The schedule of stated principal maturity or mandatory redemption amounts and dates, the rate or rates of interest and interest payment dates, places of payment, and redemption provisions for the 2012 Bonds, all of which will be based upon the Proposal for the purchase of the 2012 Bonds, is hereby approved. The 2012 Bonds, the Paying Agent's certificate of authentication, the endorsement and the form of instrument of transfer of the 2012 Bonds shall be substantially in the form shown as follows:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[FORM OF BOND]

NO.

\$

UNITED STATES OF AMERICA
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF MONTGOMERY
TOWNSHIP OF CHELTENHAM
GENERAL OBLIGATION BOND, SERIES OF 2012

INTEREST RATE	MATURITY DATE	INITIAL DATED DATE	CUSIP
%	JULY 1, 2013	DECEMBER 27, 2012	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Township of Cheltenham, Montgomery County, Pennsylvania (the "Township"), for value received, hereby acknowledges itself indebted and promises to pay the Registered Owner hereof on the Maturity Date shown hereon, upon surrender hereof, the Principal Amount hereof unless this 2012 Bond shall be redeemable and shall have been duly called for earlier redemption and payment of the redemption price made or provided for, and to pay interest thereon, from the date of delivery or from the most recent Interest Payment Date (as defined below) to which interest has been paid or provided for until maturity or redemption prior to maturity as herein provided at the annual rate shown hereon. The Principal Amount of this 2012 Bond is payable upon presentation and surrender hereof at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania (the "Paying Agent").

Interest, calculated on the basis of a 360 day year of twelve 30-day months, is payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date") accrued at the Interest Rate set forth above from the Interest Payment Date to which interest has been duly paid or provided for next preceding the date of authentication hereof, unless the date of authentication: (i) is a date after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event this 2012 Bond shall bear interest from the next succeeding Interest Payment Date, or (ii) is an Interest Payment Date to which interest has been duly paid or provided for, in which event this 2012 Bond shall bear interest from the date of authentication hereof, or (iii) is prior to July 1, 2013, in which event this 2012 Bond shall bear interest from the date of delivery or unless, as shown on the records of the Paying Agent, interest on the 2012 Bonds shall be in default, in which event such 2012 Bond will bear interest from the date on which interest was last paid. Interest on this 2012 Bond will be paid on each Interest Payment Date by check drawn on the Paying Agent and mailed to the person in

whose name this 2012 Bond is registered on the bond registry books maintained by the Paying Agent as bond registrar, at the address appearing thereon, at the close of business on the fifteenth (15th) day (whether or not a business day) next preceding each Interest Payment Date (the "Record Date"), irrespective of any transfer or exchange of such 2012 Bond subsequent to the Record Date and prior to such Interest Payment Date unless the Township shall default in the payment of interest due on such Interest Payment Date. In the event of such default, such defaulted interest will be payable to the person in whose name the 2012 Bond is registered at the close of business on a special record date for the payment of the defaulted interest established by notice mailed or by or on behalf of the Township not less than fifteen (15) days preceding such special record date. Notice of the special record date will be mailed to the person in whose name the 2012 Bonds are registered at the close of business on the fifth (5th) day preceding such special record date. The principal of this 2012 Bond shall be payable to the registered owner, upon surrender hereof, at the corporate trust office of the Paying Agent. All payments of principal and interest shall be paid in such money of the United States of America as shall, at the time of payment, be legal payment of public and private debts. If any Interest Payment Date or the Date of Maturity is not a business day, payment shall be made on the next succeeding business day with the same force and effect as if made on the nominal date of payment.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS 2012 BOND SET FORTH ON THE REVERSE SIDE HEREOF, WHICH PROVISIONS SHALL HAVE THE SAME EFFECT AS IF SET FORTH IN FULL ON THE FACE SIDE OF THIS 2012 BOND AT THIS PLACE.

This 2012 Bond shall not be valid or become obligatory for any purpose until it shall have been authenticated by the certificate endorsed hereon, manually signed by the Paying Agent.

IN WITNESS WHEREOF, the Township of Cheltenham has caused this 2012 Bond to be executed by the facsimile signature of the President or Vice President of the Board of Commissioners and a facsimile of its corporate seal to be hereunto affixed, duly attested by the facsimile signature of the Secretary or Assistant Secretary of the Township.

Attest:

TOWNSHIP OF CHELTENHAM

By: _____
Bryan T. Havir, Acting Manager/Secretary
Township of Cheltenham

By: _____
Art Haywood, President
Board of Township Commissioners

20__
20__
20__
20__ (maturity)

July 1, 20__ Maturity

20__
20__
20__
20__
20__ (maturity)

July 1, 20__ Maturity

20__
20__
20__
20__
20__
20__ (maturity)

Any such redemptions, either in whole or in part, shall be made upon not less than thirty (30) days notice thereof sent by the Paying Agent by first class mail, postage prepaid, to the registered owners of the 2012 Bonds at the registered addresses as set forth on the bond registry books maintained by the Paying Agent, unless such notice is waived in writing by the registered owners for the 2012 Bonds so called for redemption. If the Township shall have caused notice of redemption to be so mailed (or if such notice shall have been so waived) and shall have deposited funds sufficient for redemption, the 2012 Bonds so called for redemption shall become due and payable on the date fixed for redemption, whether such 2012 Bonds shall be presented for payment or not.

Reference is hereby made to the Ordinance and the Act for a complete statement of the rights and limitations of rights of the registered owner hereof, to all of which the registered owners hereof, by acceptance of this 2012 Bond, assents.

It is covenanted with the registered owner of this 2012 Bond that the Township shall include the amount of the debt service on the 2012 Bonds for each fiscal year in which such sums are payable in its budget for that year, shall appropriate such amounts to the payment of such debt service, and shall duly and punctually pay or cause to be paid the principal of this 2012 Bond and the interest thereon at the dates and places and in the manner stated in this 2012 Bond, according to the true intent and meaning thereof, and for such budgeting, appropriation and payment, the Township has pledged, and does pledge, irrevocably, its full faith, credit and taxing power. This covenant shall be specifically enforceable.

BOOK ENTRY ONLY: Notwithstanding any other provisions of this bond to the contrary, so long as the 2012 Bonds are registered in the name of The Depository Trust Company, a New York corporation ("DTC"), or its nominee, or any other successor securities depository (collectively, the "Securities Depository"), to the extent available, the Paying Agent shall transfer: (i) on each interest payment date, the amount of interest due on each such date to the Securities Depository; and (ii) on each principal payment date, upon surrender of 2012 Bonds maturing on such date, the amount of principal due on such date to the Securities Depository, which amounts so transferred shall be, on the interest and principal payment date, at the principal office of the Securities Depository, either immediately available or "good funds next day". All payments made by the Paying Agent to the Securities Depository shall fully satisfy the Township's obligations to pay the principal of and interest on the 2012 Bonds to the extent of such payments, and no beneficial owner of any interest in any 2012 Bond registered in the name of the Securities Depository shall have any recourse against the Township hereunder for any failure by the Securities Depository or any direct or indirect participant therein to remit such payments to any beneficial owner of such 2012 Bonds.

Unless this certificate is presented by an authorized representative of DTC to the Township or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

To the extent permitted and as provided in the Ordinance and the Act, modification of the contract created by the Ordinance and the Act and of the rights of the registered owners of 2012 Bonds thereunder may be made with the consent of the registered owners or a majority in principal amount of the 2012 Bonds then outstanding, provided that no such modification may be made which would reduce such percentage required for consent or affect the rights of the registered owners of less than all of the then outstanding 2012 Bonds or modify the terms of payment of or the rate of interest payable on the 2012 Bonds without the consent of the registered owners of all of the 2012 Bonds then outstanding.

The 2012 Bonds are issued in fully registered form and without coupons in denominations of \$5,000 or any integral multiples of \$5,000 thereof. This 2012 Bond may be transferred at the principal corporate trust office of the Paying Agent by surrendering this 2012 Bond for cancellation accompanied by a written instrument of transfer in form approved by the Paying Agent duly executed by the registered owner

hereof or by his attorney authorized in writing or by his legal representative, and thereupon the Paying Agent shall issue in the name of the transferee or transferees and, after authentication, shall deliver in exchange a new 2012 Bond or 2012 Bonds in authorized denominations, for a like aggregate principal amount upon the payment of any taxes levied on such issuance. Such transfer shall be noted upon the bond registry book to be kept at the principal corporate trust office of the Paying Agent. The Township and Paying Agent may deem and treat only the person in whose name this 2012 Bond is registered as the absolute owners hereof for the purpose of receiving payment of or on account of the principal hereof and for all other purposes. Neither the Township nor the Paying Agent shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this 2012 Bond, or for any claim based on any covenant or agreement contained herein or in the Ordinance, against any member of the Township Board of Commissioners or officer, agent or employee, past, present or future, of the Township in his individual capacity.

It is hereby certified that all acts, conditions and things required by the laws of the Commonwealth of Pennsylvania to have happened or to have been performed or to exist precedent to or with respect to the issuance of this 2012 Bond or in the creation of the debt of which this 2012 Bond is evidence have happened, have been performed and exist in due and regular form and manner as required by law; and that the debt represented by this 2012 Bond, together with all other nonelectoral debt of the Township, is not in excess of any constitutional or statutory limitation.

**[FORM OF PAYING AGENT'S CERTIFICATE OF AUTHENTICATION]
CERTIFICATE OF AUTHENTICATION**

This Bond is one of the General Obligation Bonds, Series of 2012, described in the within-mentioned Ordinance. Printed on the reverse hereof is the completed text of the opinion of Troncelliti Law Associates, King of Prussia, Pennsylvania, delivered and dated on the date of the original delivery of and payment for said Bonds, an executed original of which is on file with the undersigned.

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
PAYING AGENT**

BY: _____
Authorized Officer

Date of Authentication: __/__/2__

[FORM OF INSTRUMENT OF TRANSFER]

ASSIGNMENT AND TRANSFER
FOR VALUE RECEIVED

The Undersigned hereby sells, assigns and transfers unto _____ the within-mentioned bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer said bond on the bond register of the within-named Paying Agent, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alterations or enlargements or any change whatsoever.

Section 21. This Ordinance shall become effective on the earliest date permitted by the Act.

ENACTED AND ORDAINED this 20th day of November, 2012.

TOWNSHIP OF CHELTENHAM

[SEAL]

**ART HAYWOOD, PRESIDENT
BOARD OF COMMISSIONERS**

**BRYAN T. HAVIR
ACTING MANAGER/SECRETARY**